

Welcome to your CDP Water Security Questionnaire 2021

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

ASELSAN is a face of technology in Turkey for decades and an inspiration for the manufacture of electrical /electronic equipment since its establishment in 1975.

ASELSAN's vision is being a national technology company that maintains its sustainable growth by creating value in the global market; preferred due to its competitiveness, trusted as a strategic partner, and caring for the environment and people.

Today ASELSAN is a world class brand in expanding systematically into the local and global markets, with over \$2.3 B in revenue and almost 8,800 employees. ASELSAN has become a high technology, multi-product defense electronics company by introducing state-of-the-art equipment and systems solutions for both military and professional applications in 3 continents and over 70 countries.

ASELSAN is a technology provider not only for the military but for Turkey in general. Military technologies are translated into novel products in a wide array of areas such as public safety, transportation, health, energy and automation systems, communication and high-end agricultural technologies. In addition to meeting the national technological needs in line with the mission, ASELSAN also enjoys the contribution of its export contracts to the progress of Turkey.

ASELSAN operates under five business sectors:

- Communications and Information Technologies Business Sector (HBT): Tactical Radios, Tactical Area Communication Systems, Avionic, Satellite and Naval Communication Systems, Public Safety Communication Systems
- Radar, Electronic Warfare Business Sector (REHIS): Radar Systems, Electronic Warfare Self Protection Systems, Electronic Warfare Intelligence and Attack Programs
- Defense Systems Technologies Business Sector (SST): Weapon Systems, Command Control (C4ISR) Systems, Naval Combat Systems, Air and Missile Defense
- Microelectronics, Guidance & Electro-Optics Business Sector (MGEO): Electro-Optic Systems, Guidance & Unmanned Systems, Avionic Systems, Microelectronics
- Transportation, Security, Energy, Automation & Healthcare Systems Business Sector: Transportation Systems, Security Systems, Traffic and Automation Systems, Energy Systems, Homeland Security Systems, Healthcare Systems(UGES)

The Company maintains engineering operations in Ankara, production and engineering operations in Macunköy, Akyurt and Gölbaşı. General Management is located in Ankara Macunköy. Some management offices are located in Istanbul Teknopark.

The Macunköy Facility was established over a total area of 186,000 m2 of which 132,551 m2, is closed. ASELSAN Macunköy Facility is home to the CEO, Communications and Information Technologies Business Sector and Defense System Technologies Business Sector and Transportation, Security Energy Automation and Health Business Sector.

The Akyurt Facility was established on a total area of 302,402 m2 of which 80,672 m2 is closed. The Microelectronics Guidance and Electro-Optic Business Sector is located in the ASELSAN Akyurt Facility.

The Gölbaşı Facility was established in the Gölbaşı district of Ankara, and houses production plants for radar and electronic warfare systems for land, air, sea, space and unmanned platforms. This Facility was established on a total area of 664,273, of which 84,530 m2 is closed. In the reporting year; Teknokent (ODTU- Titanium) offices and Akyurt 2 facility were included in the boundaries.

In ASELSAN, where decreasing carbon emission is one of the strategic goals, carbon emission is monitored since 2009. In 2020, ASELSAN was ranked in A (-) band, she is the first and only company that is ranked with the highest initial score among Defense Industry firms in Turkey and in the Region, participating in CDP survey. ASELSAN has decreased carbon emission significantly through its efforts, and continues its operations by increasing momentum in the fields of increasing energy efficiency in production, giving priority to production technologies that decrease carbon emission, switching to use of energy that does not cause carbon emission. On-line training on ISO 50001:2018 EMS and climate change related impacts of energy usage, have been completed in 2020, covering all workers of ASELSAN.

The evaluation of corporate governance rating performed by SAHA Corporate Governance and Credit Rating Services was confirmed as 9.29 out of 10 on 11.12.2020.

ASELSAN, which has been working seriously since the first day of the Covid-19 pandemic process, won the Silver Award at the Stevie International Business Awards with its practices that add value to its employees and stakeholders. The company became the first defense industry company to be awarded the COVID 19 Safe Production / Safe Service Certification by fulfilling all the standards set by the TSE.

Deloitte, which has determined the fastest growing technology companies in Turkey for the 143rd time with the Technology Fast 50 Turkey Program, has awarded ASELSAN in the Big Star and Fast 50 categories.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2020	December 31, 2020

W0.3

(W0.3) Select the countries/areas for which you will be supplying data.

Turkey

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Access to sufficient volumes and good quality water is required in direct or indirect operations, the operations are not water intensive. The direct use of water in our facilities' offices, laboratories, printed circuit board manufacturing area, cafeteria services and green areas covers operational and maintenance activities for cooling, heating, laboratory tests and cleaning/ hygiene purposes. In the short term, reducing water usage during these services is in our plans in the context of ISO 50001:2018 activities. For current conditions, the efficient use of water has importance for indirect activities performed by our suppliers. Due to our risk assessments, in 5 years the water efficiency will be in their concern base on water management principles. So, there is a need to understand the relevant water aspects and

			<p>volumetric data for indirect uses. The water related data collection process from our supply chain is in place, and it is in the improvement phase.</p> <p>Reducing water usage by monitoring water quantity and quality is always in our concern during our activities. In the short term ISO 14046 certification process will be included in our business plan .</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Neutral	<p>For our facilities reducing water stress risk and ensuring adequate water for all needs are important. For current conditions, there is no any urgent need for recycled or produced water both for direct and indirect use. In the med- term; quality and quantity of water may be affected by pollution or salinity, which may increase the need for recycled water.</p> <p>For this reason, we prefer to use water efficiently in our activities. In the med- term, the recovery of wastewater through water management will be in our activity plan. For this purpose, the feasibility work for the recycle/reuse of the waste water has a great importance in the domestic treatment plants.</p>

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	<p>100% of the organization’s facilities are regularly (at least annually) measured for each of the defined aspects; 8% of it represents various offices located in İstanbul and in Ankara Campuses that fall outside of our control boundary. The main 3 facilities: Macunköy, Akyurt(I&II) and Gölbaşı are into our control boundaries.</p> <p>In all facilities & offices 100% of water used is withdrawn from municipal supply system; ASKI (Ankara Municipality Waterworks) & ISKI (Istanbul Municipality Waterworks).</p> <p>The water taken by tanker as 3 rd party, is used for irrigation purposes, in case of any</p>

		<p>requirement.</p> <p>Total Volumes are cross-checked by bills.</p> <p>The data is entered monthly into a corporate database, to evaluate consumption trends and reduction target.</p>
Water withdrawals – volumes by source	100%	<p>100% of the organization’s facilities are regularly (at least annually) measured for each of the defined aspects; 8% of it represents various offices located in İstanbul and in Ankara Campuses that fall outside of our control boundary. The main 3 facilities: Macunköy, Akyurt(I&I) and Gölbaşı are into our control boundaries.</p> <p>Water is important for our activities and we measure water withdrawals by their sources. In all facilities and offices 100% of water used is withdrawn from municipal supply system; ASKI & ISKI</p> <p>The data is entered monthly into a corporate database, to evaluate consumption trends and reduction target.</p>
Water withdrawals quality	100%	<p>100% of the organization’s facilities are regularly (at least annually) measured and monitored for each of the defined aspects; 8% of it represents various offices located in İstanbul and in Ankara Campuses that fall outside of our control boundary. The main 3 facilities: Macunköy,Akyurt(I&I) and Gölbaşı are into our control boundaries. Ankara Municipal Waterworks Directorate reports and monitors the water quality in daily periods. The quality of water could be regularly accessed through their official website. We can monitor the quality of water from their system. In our activities, the municipal water is used for all facilities and offices. As a cross check of quality, the clean water is sampled and monitored periodically in our facilities, in the context of WASH services. The data is entered monthly into a corporate database, to evaluate consumption trends and reduction target.</p>
Water discharges – total volumes	76-99	<p>100% of the organization’s facilities are regularly (at least annually) measured for each of the defined aspects; 8% of it represents various offices located in İstanbul and in Ankara Campuses that fall outside of our control</p>

		<p>boundary. The main 3 facilities: Macunköy, Akyurt(I&II) and Gölbaşı are into our control boundaries where total volumes of water discharges are measured.</p> <p>The data is entered monthly into a corporate database, to evaluate consumption trends and reduction targets.</p>
Water discharges – volumes by destination	76-99	<p>100% of the organization’s facilities are regularly (at least annually) measured for each of the defined aspects; 8% of it represents various offices located in İstanbul and in Ankara Campuses that fall outside of our control boundary. The main 3 facilities: Macunköy, Akyurt(I&II) and Gölbaşı are into our control boundaries where discharged water volumes by destination are measured internally, it is cross-checked by the bills. In Gölbaşı Facility the domestic waste water is first treated in the biologic treatment plant then discharged into the river by monitoring with flow-meter.</p> <p>In Macunköy Facility the domestic waste water is first treated in the chemical treatment plant then discharged to sewer system.</p> <p>The discharge volume by destination is monitored by legal authority -ASKİ in real-time. The data is entered monthly into a corporate database, to evaluate consumption trends and reduction targets.</p>
Water discharges – volumes by treatment method	76-99	<p>100% of the organization’s facilities are regularly (at least annually) measured and monitored for each of the defined aspects; 8% of it represents various offices located in İstanbul and in Ankara Campuses that fall outside of our control boundary. The main 3 facilities: Macunköy, Akyurt(I&II) and Gölbaşı are into our control boundaries where discharged water volumes by treatment method and quality parameters are monitored internally by ASELSAN and externally by the legal authority ASKİ in real-time.</p> <p>In Gölbaşı Facility, the domestic waste water is first treated in the biologic treatment plant then discharged into the river.</p> <p>In Macunköy Facility, the domestic waste water is discharged to sewer system.</p> <p>The data is entered monthly into a corporate</p>

		database, to evaluate consumption trends and reduction targets
Water discharge quality – by standard effluent parameters	76-99	<p>100% of the organization’s facilities are regularly (at least annually) measured and monitored for each of the defined aspects; 8% of it represents various offices located in İstanbul and in Ankara Campuses that fall outside of our control boundary. The main 3 facilities: Macunköy, Akyurt(I&II) and Gölbaşı are into our control boundaries where standard effluent parameters are internally and externally monitored:</p> <p>The parameters: COD,SS, pH,Oil & Grease, Fe, Pb, Ni, Cr, Cu, Zn, Al for Macunköy chemical treatment plant COD, BOD, SS, pH for Gölbaşı biological treatment plant.</p> <p>The Akyurt’s water is discharged directly into the sewer system where ASKI the local authority takes regular samples to control the discharge. Plant effluents are always monitored and verified by an accredited external company and the results are always reported to the Legal Authority (ASKI).</p>
Water discharge quality – temperature	Not relevant	It is at ambient temperature level; this is not a relevant metric for ASELSAN. Other discharge volume and quality parameters are monitored by legal authority ASKI in real-time.
Water consumption – total volume	100%	<p>In all facilities and offices, water consumption 100% measured as total volume to assess consumption trends and reduction targets.</p> <p>In our reporting the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination”</p>
Water recycled/reused	Less than 1%	<p>ASELSAN has office and R&D base activities. The cafeteria base activities could bring some future burdens in case of any scarcity in urban/ municipal water supply. In case of the occurrence of this risk, ASELSAN is able to collect rainwater and the wastewater of the cooling towers in the facilities for irrigation</p>

		purpose. For the time being the amount of recycled water is less than 1%.
The provision of fully-functioning, safely managed WASH services to all workers	100%	The Corporate Responsibility requirements are fully clear to provide a fully-functioning, safely managed WASH services to all workers at 100% of our facilities. At existing facilities WASH services are measured and monitored 100% to ensure the fully-functioning.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	502.71	This is our first year of measurement	The data is entered monthly into a corporate database, to evaluate consumption trends and reduction targets for the purpose to understand the overall scale of our impact to environment. Water management process and water withdrawal values are publicly available in our Sustainability Report (In the Report water withdrawal is referred to as water consumption)
Total discharges	502.71	This is our first year of measurement	The data is entered monthly into a corporate database, to evaluate consumption trends and reduction targets for the purpose to understand the overall scale of our impact to environment. Water management process and water withdrawal values are publicly available in our Sustainability Report (In the Report water withdrawal is referred to as water consumption)
Total consumption	502.71	This is our first year of measurement	Here the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination. The data is entered monthly into a corporate database, to evaluate consumption trends and reduction targets for the purpose to understand the overall scale of our impact to environment. Water management process and water withdrawal values are publicly available in our

			Sustainability Report (In the Report water withdrawal is referred to as water consumption)
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W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	100%	This is our first year of measurement	WRI Aqueduct	WRI Aqueduct "Global Water Risk Mapping Atlas" enables to map future water risks. It is a recommended tool by TCFD. In addition to this tool, by using the results and country wide knowledge such as; General Directorate of State Hydraulic Works- DSI and ASKI Information from their official WEB page we can conclude that all of our facilities are located in water stressed areas. Turkey is water stress country according to annual volume of water available per capita. Standards and water risks are being studied also for all 3 main facilities located in Kızılırmak basin. which is a water stress basin area.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater,	Not relevant			ASELSAN do not use fresh surface water in the activities. For the next year, it is

water from wetlands, rivers, and lakes				planned to collect rain water from the roof of the buildings for irrigation purpose. Municipal water is withdrawn from the water supply network.
Brackish surface water/Seawater	Not relevant			ASELSAN do not use Brackish surface water/Seawater in the activities. Municipal water is withdrawn from the water supply network
Groundwater – renewable	Not relevant			ASELSAN do not use Groundwater – renewable in the activities. Municipal water is withdrawn from the water supply network
Groundwater – non-renewable	Not relevant			ASELSAN do not use Groundwater –non-renewable in the activities. Municipal water is withdrawn from the water supply network
Produced/Entrained water	Not relevant			ASELSAN do not use produced water in the activities. Municipal water is withdrawn from the water supply network
Third party sources	Relevant	502.71	This is our first year of measurement	Total water is withdrawn from third party sources.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
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Fresh surface water	Relevant	94.88	This is our first year of measurement	In Gölbaşı Facility the domestic waste water is first treated in the biologic treatment plant then discharged into the river. The discharge volume by destination is measured and monitored by legal authority - ASKİ in real-time.
Brackish surface water/seawater	Not relevant			There is no discharge into brackish surface/sea water
Groundwater	Not relevant			There is no discharge into ground water
Third-party destinations	Relevant	407.83	This is our first year of measurement	It is discharged to municipal sewer system.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant				There is no any tertiary treatment in ASELSAN.
Secondary treatment	Relevant	314.06	This is our first year of measurement	61-70	This is the sum of Macunköy and Gölbaşı waste water discharge after secondary treatment. In Macunköy there is chemical treatment plant where

					<p>treated water is discharged into municipal sewage system. In Gölbaşı after domestic treatment the water is discharged into the river under the control and permits of ASKI. It is controlled internally by ASELSAN in daily periods, and monthly by ASKI</p> <p>In all facilities and offices, the chemical or other contaminated liquids generated from laboratories are collected in special storage tanks and disposed as hazardous waste in line with regulation.</p>
Primary treatment only	Not relevant				There is no primary treatment.

Discharge to the natural environment without treatment	Not relevant				There is no discharge to the natural environment without treatment.
Discharge to a third party without treatment	Relevant	129.73	This is our first year of measurement	11-20	The Akyurt's water is discharged directly into the sewer system where ASKI, the local authority takes regular samples to control the discharge. Plant effluents are regularly monitored and verified by an accredited external company and the results are always reported to the Legal Authority (ASKI). In all facilities and offices the chemical or other contaminated liquids generated from laboratories are collected

					in special storage tanks and disposed as hazardous waste in line with regulation.
Other	Not relevant				There is no any other water discharged.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

26-50

% of total procurement spend

51-75

Rationale for this coverage

Within the scope of the purchasing processes, it has been decided by the Board to collect data on climate change/water related issues from the suppliers who have a direct impact on ASELSAN. (Due date: End of 2021)

ASELSAN's Water Policy, was updated with the action of the Integrated Management Systems. After the approval of the CEO, it was announced to all employees, suppliers and stakeholders.

Through Water Policy, ASELSAN takes on responsibilities on awareness-raising of its suppliers and other stakeholders as well as its operations. First of all, we monitor the compliance of our suppliers with the quality and operational standards through comprehensive audits. We contribute to the process or activity development of our suppliers with audits and field visits. (In 2020 the hybrid operating system was not implemented in the company). Site Assessment audits were performed only for above

stated proportion on our suppliers. The Supplier Identification and Evaluation Questionnaire was applied to suppliers for collecting data on water use and wastewater management system.

Impact of the engagement and measures of success

Our suppliers need to improve their water related consumption figures every year in order to continue to keep their approval. Expectations and demands of ASELSAN's Supply Chain Management from the suppliers:

- To obtain ISO 14001 certification and / or activate existing environmental management systems, (Ex: Waste management practices, use of reusable equipment, etc.)
- To reduce the consumption of electricity / water / natural gas etc. by starting to record the consumption, waste water management and legal compliance.
- To use energy-saving and sensor lamps / taps etc.
- To consider Environmentally Friendly Technology in their investment decisions,
- To participate the training on Greenhouse Gas Emission monitoring and reduction methods, executed by ASELSAN
- To participate the Carbon Disclosure Project Supplier Module.

Supplier risk assessment studies have started as of August 2020, and a total of 72 companies have been subject to risk assessments. Within the scope of supplier risks, the targets are:

* High Risk Critical Supplier Ratio: 0% *High Risk Supplier Ratio <1%

At ASELSAN, supply chain risks are determined and followed up by the relevant units in detail, such as global crises, epidemics, natural disasters and terrorist incidents, which are difficult to foresee, as well as those arising from the dynamics of the industry, suppliers, customers or production activities. Risks that are evaluated at a critical level are monitored and measured. Short and medium-term strategies are developed, and necessary practices are implemented to prevent risks or reduce their effects. ASELSAN determines the risks of all its approved suppliers, primarily critical suppliers. After the follow-up visits and the completion of the improvements, the medium risk companies are placed in the low-risk group to be eligible as good performers. The topics of GHG emissions measurement and water& climate related questions are added into environmental management questionnaire and our suppliers are monitored and scored according to their replies. For the next five years, we will help them to set targets by guiding them to make improvements in water and energy related actions. We will introduce an easy methodology to determine their water/climate related risks by themselves with public scenarios. The supplier risk assessment of ASELSAN will be improved with specified measurements of success by this way.

Comment

Some examples from Environment and Climate Change Questionnaire:

Environmental Management

- Do you have any studies / management system related to Environmental Management and policies and targets within this scope? - Do you have any products / activities that you think pose a risk for the environment? If yes, please provide information about the products and activities and the works you carry out in this context
- Do you have any work to reduce consumption on wastes, energy, water?

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Incentivizing for improved water management and stewardship

Details of engagement

Demonstrable progress against water-related targets is incentivized in your supplier relationship management

Water management and stewardship action is integrated into your supplier evaluation

Water management and stewardship is featured in supplier awards scheme

Offer financial incentives to suppliers reducing your operational water impacts through the products they supply to you

Offer financial incentives to suppliers improving water management and stewardship across their own operations and supply chain

% of suppliers by number

26-50

% of total procurement spend

51-75

Rationale for the coverage of your engagement

Within the scope of the purchasing processes, it has been decided by the Board to collect data on climate related and water issues from the suppliers who have a direct impact on ASELSAN. (Due date: End of 2021)

ASELSAN's Water Policy, is updated with the action of the Integrated Management Systems. After the approval of the CEO, it was announced to all suppliers.

In 2020, during the supplier meetings, we shared the latest environmental and climate related information with them. In the reporting year, we have informed and trained our suppliers about climate change and its impacts. The importance of data gathering about water use and energy consumption was shared with them. We encourage them to implement these initiatives in their own activities and to share the responsibility of environmental impact further down the supply chain.

Impact of the engagement and measures of success

Supplier risk assessment studies have started as of August 2020, and the companies have been subject to risk assessments. Within the scope of supplier risks, the targets are:

* High Risk Critical Supplier Ratio: 0% *High Risk Supplier Ratio <1%

Our suppliers need to improve their water related consumption figures every year in order to continue to keep their approval. Water & climate related questions are added into environmental management questionnaire and our suppliers are monitored and scored according to their replies.

In order to appreciate the efforts of the suppliers, who have made extraordinary

contributions to current activities, business continuity and success, it has been decided to evaluate the suppliers within the scope of their excellence in 3 different categories with the Supplier Award Program in 2021.

1) SUPPLIER EXCELLENCE AWARD

It covers suppliers who contribute greatly to ASELSAN's activities and success by providing organizational excellence in all managerial, operational, social and environmental practices.

2) SUPPLIER NATIONALIZATION AWARD

It covers suppliers who provide backlog support to ASELSAN's nationalization efforts.

3) SUPPLIER SUSTAINABILITY AWARD

ASELSAN includes suppliers who have achieved backlog success in environmental and social sustainability practices, which are highly valued. With the reward system, it is aimed to encourage suppliers to improve their processes and reduce sustainability risks. ASELSAN, also provides financial support to its suppliers. Sub-industry companies that have been approved within the scope of this application and whose cooperation has been continuing for a certain period of time, can only get an additional guarantee, guarantor, etc., by contacting the banks within the scope of the relevant system with the orders.

They can have the opportunity to use credit and receive a letter of guarantee without citing a source.

94 companies within ASELSAN benefited from the Supplier Financing System, and a total of USD 134 million, was used.

Comment

Some examples from Environment and Climate Change Related Questionnaire:

Environmental Management

- Do you have any studies / management system related to Environmental Management and policies and targets within this scope? - Do you have any products / activities that you think pose a risk for the environment? If yes, please provide information about the products and activities and the works you carry out in this context
- Do you have any work to reduce consumption on wastes, energy, water?

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

ASELSAN received an award in the field of "Most Valuable Corporate Behavior" from Stevie Awards. ASELSAN, which has been working seriously since the first day of the Covid-19 pandemic process, won the Silver Award at the Stevie International Business Awards with its practices that add value to its employees and stakeholders.

ASELSAN prioritizes engagement with its employees and the communities where its activities are performed. Many employee volunteers are also engaged in our community-based efforts to conserve water and promote responsible water stewardship. By engaging with employees, we engage company's water conservation goal and strategy within each employee's daily works. We prove our commitment to the human right, to water and the provision of WASH services to all by engaging with local communities near the main facilities.

In the reporting year the Board level decisions on climate/water related topic was to prepare videos on climate/ water related issues to all delegations and employees of the value chain till the end of 2021. ISO 50001 Energy Management Systems and Climate/Water related impacts on-line training for all employees of ASELSAN was completed in 2020. Monitoring and approval process was completed by the Board.

A contest is organized in order to eliminate or reduce the adversities that may be encountered in terms of the environment with the suggestion of measures to be taken against these situations. The awards are presented at the award ceremony held at the General Directorate. The Development Workshop Suggestion System, in which the "Sector Analysis" and "Business Excellence" working groups took an active role. In 2020, a total of 1,424 suggestions were submitted. 1,089 of them were considered as valuable and processed. Suggestions were made mostly in the categories of process improvement, productivity enhancing and employee motivation. In July 2020, the social areas were opened to the use of the personnel to grow plants as 65 hobby gardens.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
International methodologies
Databases
Other

Tools and methods used

WRI Aqueduct
ISO 31000 Risk Management Standard
IPCC Climate Change Projections
Internal company methods
External consultants
National-specific tools or standards
Other, please specify
ISO 14001 EMS Standard

Comment

We develop projects in order to reduce and recycle the amount of water we use as part of water management.

Water related risk assessments are embedded in HSE documentation system which is revised as the part of enterprise risk management framework.

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
International methodologies
Databases

Other

Tools and methods used

WRI Aqueduct
ISO 31000 Risk Management Standard
IPCC Climate Change Projections
Internal company methods
External consultants
National-specific tools or standards
Other, please specify
Tubitak and DSI reports

Comment

The critical suppliers were asked to report water management through the questionnaire. These suppliers are selected based on the water intensive activities. Critical suppliers undergo environmental audits. Necessary tools and methods are always used to evaluate the related risks.

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of an enterprise risk management framework

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market
Enterprise Risk Management
International methodologies
Databases

Tools and methods used

WRI Aqueduct
ISO 31000 Risk Management Standard
IPCC Climate Change Projections

Comment

It will be fully in the concern of the company in the next 10 years. We engage with our customers in various ways including information sharing about our water policy, water performance and water management approach. Identifying and knowing the global and local risks related with water will be very effective in explaining the functions and efficiency of the products that we will produce in the med-term. For this purpose, it is

very important for our business to fully identify the risks at the customer scale. We share with them the knowledge that our products will solve their water-related problems in the near future.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	<p>ASELSAN's facilities and other offices buildings withdraw adequate amount of water from water basins. The water used is considered important for our business continuity, ASELSAN uses municipal water which may have impacts by the variables in the Kızılırmak basin. This contextual issue will be relevant, always included in our risk management, as we set-up water reduction targets. Water availability is always in the concern of the company. Availability of water indicates an important basis for understanding the water quantity. This will always bring clearness to assessment and planning of water budgets. In water risk assessment procedure; we assess both current and future water availability and changes at a basin/catchment level through the use of regional government databases (DSİ) and WRI Aqueduct Water Risk Atlas Tool. IPCC Climate Change, RCP 4.5 scenario projections for Turkey is also in our assessment context as well as water availability in Kızılırmak basin, over the long term.</p> <p>Risk assessment elements cover our value chain in short, med and long term. The Physical Risk Quantity section of WRI Aqueduct Water Risk Atlas is evaluated on the basis of Kızılırmak basin and the acquired data is used in risk assessments.</p>
Water quality at a basin/catchment level	Relevant, always included	<p>Integrated water resources management (IWRM) and strategic river basin planning is always implemented at basin level and it is always included as " important" in our assessments.</p> <p>The specific discharge quality parameters are determined in our facilities which have water discharge permits. ASELSAN performs local and national regulations and internal company knowledge for the assessments. In our treatment plants, all related microbiological and chemical analyses are fulfilled periodically. In order to prevent environmental pollution and stakeholder expectations we</p>

		<p>always monitor the quality of our discharged water. The hazardous materials are under control counter spills, and all relevant liquids are collected in special storage tanks before disposal. The use of regional government databases (DSİ) and WRI Aqueduct Water Risk Atlas Tool. IPCC Climate Change, RCP 4.5 scenario projections for Turkey is also in our assessment plan over the long term. The risk analysis carried out within the scope of ISO14001, the quality of the withdrawn and discharged water is evaluated on the basis of the facility. This element of risk assessment covers all aspects of our value chain and both current and future issues.</p>
Stakeholder conflicts concerning water resources at a basin/catchment level	Not relevant, included	<p>Chamber of Industries, associations, institutions, and other local NGOs are always incorporated in our assessments. In the short, med and long-term stakeholder conflicts concerning water resources, water allocation and water discharged do not pose any problem at a local level</p>
Implications of water on your key commodities/raw materials	Not relevant, included	<p>Current implications of water on our key commodities/raw materials do not pose any problem, but for precautionary purpose it is factored into water risk assessments.</p>
Water-related regulatory frameworks	Relevant, always included	<p>Water related existing and potential regulatory frameworks for water withdrawals, discharges, tariff changes, water costs, licences, and other water catchment plans are all important and incorporated in our assessments. The legal department works regularly on these matters, and relevant developments are incorporated into our Enterprise Risk Management system to inform on-site management and strategic corporate level.</p>
Status of ecosystems and habitats	Relevant, always included	<p>The main locations & offices are located in industrial zones. We do not discharge wastewater in environments with high biodiversity value, there are no habitats affected by our operations that have been officially put under protection for their biodiversity qualities. To properly assess this risk, we employ company knowledge, collaboration with national or international research bodies and community participation to identify the potential natural areas which could have a risk to be affected under the future expansion projects.</p>
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	<p>For our activities it is not a material water-related risk, we include this element in our workplace assessments at every location to ensure implementation of the human right to water and sanitation HSE risks are assessed in relevant KPIs. We use national and international implementation</p>

		guidelines for business action for safe water, sanitation and hygiene.
Other contextual issues, please specify	Not relevant, explanation provided	There is not any other contextual issue considered in the reporting year.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	<p>Customers' needs are taken into account during risk assessments.</p> <p>In our sustainable and profitable growth, our customers play a key role with their decisions We engage with our customers in various ways including information sharing about our water policy, water performance and water management approach. It is fulfilled in our Sustainability Reports and Corporate web page. We share with them the knowledge that our products can solve their water-related problems.</p>
Employees	Relevant, always included	<p>Employee needs are taken into account during risk assessments. The quality and value of our business is assured by our employees. The R&D culture that our employees internalized with our HSE best available practices, ensures efficiency in the risk assessment. In the process of water risk assessments, we consider the risk of water incidents posed on our employees. These risks can include access to clean and available water, regulatory framework and legal requirements related to HSE that we must comply with in order to continue our activities.</p> <p>For the purpose to raise awareness we periodically work on annual training and communications on water issues. Water related hygiene audits were fulfilled in 2020 during pandemic.</p>
Investors	Relevant, always included	<p>Our investor's opinion on our direct and indirect activities and business continuity has a great importance. The activity disruption evaluations are performed each year in the risk assessments. Currently, by assessing water risks in the context of all stakeholders, we include our value chain in our risk assessment.</p> <p>Water related performance is reported to all stakeholders in ASELSAN's Sustainability Report.</p> <p>BIST Sustainability Index requirements, water related performance parameters are reported as disclosures.</p>

		The climate/water related transitional and reputation risks are evaluated in this context. All information is also provided to our CEO/Board Chairman, who has direct oversight of climate/water-related issues.
Local communities	Relevant, always included	Local Communities are the most material stakeholders for water related risk assessments. By using municipal water, we use the same water resources as local communities. But we do not pose any negative impact on them. We support them by continuing our works on water consumption reduction plans. Our aim is to protect the environment by preventing and minimizing the environmental footprint of all our activities
NGOs	Relevant, always included	ASELSAN is not a company with operations depending on water. For future potential stakeholder conflicts, evaluations are carried out beyond compliance with a risk-based systematic approach. We include NGOs in our risk assessments and engage as a relevant stakeholder both at the local and corporate levels. They are always included in our risk assessments. The communication methods with NGOs are: Working groups, Committee and Board of Directors Memberships, joint projects and initiatives, meetings and discussions.
Other water users at a basin/catchment level	Relevant, always included	It is always included in our risk assessment. Other water users in basin/ catchment level are the actors who may have potential impacts of regulatory, market and reputation risks on our company. Their activities are always in our concern. During the information and consultation sessions there are opportunities to understand key issues in the river basin. This activity helps us to identify potential problems earlier.
Regulators	Relevant, always included	Regulations and legislation affect our activities so we include regulators such as government, municipalities and ministries. It is always included in our risk assessment. We are committed to comply with all regulations. We monitor our water related activities to ensure the impact minimization on local environment, in order to continuously re-evaluate changing water regulations. The legal department works regularly on these matters, and relevant developments are incorporated into our Enterprise Risk Management system to inform on-site management and strategic corporate level.
River basin management authorities	Relevant, always included	To detect emerging regulation requirements, to clear-off water conflicts and to ensure water related operational continuity, this topic is always included in our risk assessments. Our Company manages this issue in close engagement, in annual meetings

		with related authorities. This is critical for our continuous compliance.
Statutory special interest groups at a local level	Relevant, always included	Our Company manages this issue in close engagement, in annual meetings with related groups. This is critical for our ongoing compliance. Clearing-off water conflicts and ensuring water related operational continuity is always included in our risk assessments.
Suppliers	Relevant, always included	The indirect efficient use of water is important for suppliers and for ASELSAN. It is always included in our risk assessment For a good water management and leadership, our goal is to encourage our suppliers to set reduction targets and report their performance annually. We want to collect regular information on the energy, water, waste and air emissions reduction opportunities and make supplier related risk assessment with an accurate data. Third-party environmental audits are conducted through this goal. The operational costs of suppliers diminish by monitoring water usage amount. For the next three years, we will help them to set targets by guiding them to make improvements in water and energy related actions. We will introduce an easy methodology to determine their water/climate related risks by themselves with public scenarios. The supplier risk assessment of ASELSAN will be improved with specified measurements of success by this way.
Water utilities at a local level	Relevant, always included	Water providers/utilities at a local level is always included in our risk assessment. All water related issues are discussed during the annual panels or municipal meetings. We also engage with them before important expansions of the facilities. With these engagements we are able to determine possible risk factors and other convenient project activities about water supply and discharge at local level.
Other stakeholder, please specify	Relevant, always included	For the purpose to be a good performer in climate/water related risk assessment we follow global water trends. There is no any other considered stakeholder in our organization's water related risk assessments in 2020.

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

ASELSAN's Enterprise Risk Management Policy aims to ensure that appropriate actions are taken against all uncertainties that threaten the corporate existence of the Company. At ASELSAN, the information produced within the scope of risk management activities is integrated into decision mechanisms. "Top-down" and "bottom-up" approaches are applied

together in Enterprise Risk Management studies, risks that may affect ASELSAN's achievement of its goals are identified, evaluated, monitored and reported together with the risk reactions and the measures to be taken. At ASELSAN, The Enterprise Risk Management process is regularly reviewed and improved.

At both company and asset levels, water related risks include, changes in weather conditions, water related laws and regulations, global competitiveness, changing customer needs and suppliers' profile, potential threats of national security and employee related issues. The water related risks at the company level are assessed by the Sustainability Committee. Risks associated with water are often coupled with water consumption and water quality activity and are subject to our Risk & Opportunity Evaluation Process. The Sustainability Committee is responsible of setting targets to reduce the impact of identified risks and making performance reviews to assess whether the targets are met. Sustainability Committee and the Early Detection and Management of Risk Committee review and finalize all water related risk analysis and present the critical risks that are assessed to be of "High" importance to the Board of Directors according to the scoring methodology defined below. They also present a report to Board of Directors about the financial and operational measures that need to be taken by ASELSAN to prevent the occurrence of the identified risks. The Board of Directors decides which measures shall be applied and the evaluations are then reported to the Early Detection and Management of Risk Committee to be monitored and brought into action.

Additionally, when the relative significance of water related risks is determined by the strategic decision makers after a comparable structured review, they are itemized as implementation plan within the scope of ISO 14001:2015 for a detailed assessment and planning.

The risks are first analysed at the facility and activity level as compliance risks, project risks, operational risks, management and adaptation risks. These are assessed according to the methodology given as process(es) for managing water related risks. The identified risks are then classified to be; very low, low, medium, high and very high (critical). The results of the evaluation are reported to the EC, which in turn makes decisions. ASELSAN's overall risk management objective is to reduce controllable risk impacts and minimize the impact of the ones that cannot be controlled. We analyse short, med and long-term risks and opportunities having the potential of substantive strategic and financial impact on the organization.

We define substantive financial impact; as risks ending with a daily production disruption in our main facilities. The risks are identified and assessed based on their potential impact to cause a facility shut-off. The major water related risks at the asset level are the events that may have a major impact as compliance and health risks.

The process is described as follows: First, the probability of occurrence of the identified risk is scored from Very Low to Very High occurrence Then, the impact of the identified risk event is determined from Not Important to Critical. According to final score the risks are prioritized from Very Low to Critical. If the assessment result is Critical. The company establishes a response plan and implements the response and regular monitoring.

The responsible who identifies first the risk, tracks the actions. Communication with the risk manager is always setup within a defined official time frame. In 2020, Climate Change Management Unit has been established under the roof of Integrated Management Systems. This unit carries out the coordination, reporting and monitoring processes of all climate/water engagement activities across business divisions and external official institutions and organizations.

Loss of productive labor force as a consequence of health/hygiene problems caused by environment and climate related problems ending by facility shut-off, is an example of water related risk assessment realized by ASELSAN's OHS department. In order to reduce the impact of the epidemic, measures covering all internal and external stakeholders were evaluated at ASELSAN. In addition, all possible effects of the epidemic on ASELSAN's strategic goals, operations, financial situation, and all applicable laws and regulations were evaluated through scenario-based analyzes.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Substantive financial and strategic impact represents a circumstance when significant effects disrupt the way we do business. We detected that our facilities are located in water stress areas. Water availability and quality would pose some risks in the med-term, in the region where we operate. We are committing to take water responsibly in our internal operations and engage with related communities of our value chain.

In deciding which facilities and which basins are in the concern of ASELSAN, we used physical risk analysis using WRI Aqueduct as well as internal knowledge of our facilities and local watersheds. The high-risk facilities are detected and specified.

The Company defines substantive financial impact on the business if the resulting deviation from planned earnings exceeds 70 million TRY when identifying or assessing climate and water related risks. Production/activity shut-off, deviation from planned revenue, labor force interruption, severe weather events, etc. or other emerging regulatory water related issues are the main evaluation items. All improvement actions with emergency drills are in place and in a developing phase especially after 2019 weather events. The operating facilities listed as "substantive" had to have a high stress or risk and have production or support production that would exceed the 70 million TRY threshold. For this reason, in coming years we will share our practices in water use reduction activities of our main and support suppliers. For the purpose to reduce our common environmental footprint, we will help them to set targets. In our Supplier risk assessment questionnaire, there are environment related questions guiding them to make improvements in water and energy related actions. We will introduce an easy methodology to determine their water/climate related risks by themselves, the supplier risk assessment of ASELSAN will be improved with specified measurements of success by this way.

For suppliers which have water intensive operations in water stressed areas we will recommend them to participate in CDP Supply Chain Water Program.

With the data supplied from these surveys the actions will be started and the strategic impacts on the company will be detected in a perceptible way.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	3	76-99	The % represents 3 main facilities under the control boundary. The remaining part represents offices in İstanbul and in various universities of Ankara.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Turkey
Kizilirmak

Number of facilities exposed to water risk

3

% company-wide facilities this represents

76-99

% company's total global revenue that could be affected

91-99

Comment

The 3 main facilities have the potential to be affected from Kızılırmak river basin risks.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey
Kizilirmak

Type of risk & Primary risk driver

Physical
Flooding

Primary potential impact

Disruption to workforce management and planning

Company-specific description

According to WEF 's The Global Risks Report 2021; Climate change is still the greatest threat facing the world in the decades to come. The related risks dominate the top ten major risks list in both impact and likelihood. Extreme weather events, climate action failure and human-led environmental damage are the environmental risks stated in the report.

According to our analysis on WRI, Water Risk Atlas Tool (annual temporal resolution /physical risk quantity and country rankings), Kızılırmak river basin, like all of other river basins in Turkey, appear to be exposed high risk of severe weather events such as flooding. ASELSAN's facilities may be affected by this risk.

Flooding damage could interrupt the business continuity in our facilities, it also may pose a threat to the health of our employees. Major or minor damages could result with impacts on company assets.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

68,822,456

Potential financial impact figure - maximum (currency)

344,112,281

Explanation of financial impact

The financial impact of this risk depends on the magnitude and frequency of the events. Financial impact provided here is determined min1 day/ max 5 days business interruption risk assumption. The financial impact figure is calculated based on sales or

delivery figure of the impacted day. The financial implication of a daily shut-off due to supplier activity disruption would not exceed 68,822,456 TRY.

Calculation for 1 day: (Revenues)16,104,454,759 / 234 (working days in 2020) = 68,822,456 (TRY)

Primary response to risk

Improve maintenance of infrastructure

Description of response

ASELSAN's Business Continuity Management Plan covers all of the following items in case of natural disaster or significant hazard: 1-Ensuring continuity in the activities 2-Fulfilling legal obligations, 3-Minimizing financial losses, 4-Providing employee security 5- Safeguarding of information assets.

Cost of response

2,170,000

Explanation of cost of response

Those risks are managed through our insurance process. The business interruption insurance is in place, it is updated annually according to the size of the incidents. Also, we develop flood emergency plans in all of our facilities. The cost is related with insurance premium value, covering only physical risk driver.

Country/Area & River basin

Turkey
Kızılırmak

Type of risk & Primary risk driver

Regulatory
Higher water prices

Primary potential impact

Increased operating costs

Company-specific description

ASELSAN's water withdrawal depends 100% on Municipal Supply System. According to our analysis on WRI, Water Risk Atlas Tool (annual temporal resolution /physical risk quantity and quality), referring the water stress in the river basin of Kızılırmak and also by taking into account high operational costs of water quality management in the Municipal Supply System, our operational expenditure could be adversely affected as a result of higher water consumption. In the long term this risk may pose some burdens for Printed Circuit Board Manufacturing Area where is the most water intensive unit of Macunköy Facility. In this unit there are pools where water is treated for specific purposes.

With the system implemented to reduce water use, 22 tons of water per day was saved from being wastewater, and resources were used more efficiently.

Timeframe

4-6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

3,128,355

Potential financial impact figure - maximum (currency)

34,887,472

Explanation of financial impact

Currently the water price is 14 TL/m3, in case of 10% increase for both when we consider tariff and water consumption, the calculation of the cost for 10 years later is:
 $236 \text{ (m3)} * 36 \text{ (TRY)} * 365 \text{ (days)} = 3,128,355 \text{ TRY}$.

The worst case where there is an increase of 40% in the water tariff is: $236 \text{ (m3)} * 405 \text{ (TRY)} * 365 \text{ (days)} = 34,887,472 \text{ TRY}$

In the scale of the worst case the potential financial impact will be high.

Primary response to risk

Increase investment in new technology

Description of response

ASELSAN'S goal is to reduce water consumption, by taking into account the worst case, a reverse osmosis system was planned for this unit. The printed circuit works 24 hours a day, 7 days a week. In other words, it is worked 365 days a year (excluding holidays and public holidays). It produces 22 tons of water per day: $22 * 365 = 8030 \text{ m3}$ of water per year.

Daily water used in the old system: 52.56 tons/day

Pure water available in the old system: 21.6 tons/day

Daily water used in the new system: 69.3 tons/day

Pure water obtainable in the new system: 37.44 tons/day

Water required to produce 37.44 tons/day of pure water per day with the old system: 91.1 tons/day

Water savings: $91.1 - 69.3 = 21.8 \text{ tons/day}$ of water saved

Pure water production efficiency in the old system: 41.1%

Pure water efficiency in the new system: 54%

Waste ratio in the old system: 1

Waste rate in the new system: 0.6

Waste water efficiency increased by 40%.
This means a savings of 3.6% in Macunköy as a whole.

Cost of response

35,350

Explanation of cost of response

ASELSAN'S goal is to reduce water consumption, by taking into account the worst case, an investment was planned for this unit. With the reverse osmosis system implemented in the reporting year; 22 tons of water per day was saved from being wastewater, and resources were used more efficiently. Cost of response: 4816\$ Average currency : 1\$=7.34 TRY

Country/Area & River basin

Turkey
Kizilirmak

Type of risk & Primary risk driver

Physical
Drought

Primary potential impact

Disruption to workforce management and planning

Company-specific description

According to WEF 's The Global Risks Report 2021; Climate change is still the greatest threat facing the world in the decades to come. The related risks dominate the top ten major risks list in both impact and likelihood. Extreme weather events, climate action failure and human-led environmental damage, drought are the environmental risks stated in the report. We use the WRI Aqueduct Country Rankings/Drought Risk tool to detect risks related to severe weather events/ drought affecting the region.

Water is an important indicator of the impact of climate change. In many regions contaminated water sources cause water availability problem. In some regions, drought is intensifying water stress by negatively impacting people's health and productivity. Employees health conditions could be affected from drought. The damage could interrupt the business continuity in our operations. Examples of drought impacts on society include anxiety or depression about economic losses, conflicts when there is not enough water, reduced incomes, fewer recreational activities, higher incidents of heat stroke, and even loss of human life.

According to Aqueduct Water Risk Atlas; Ankara Region is located in an area which is exposed to the drought-risk (medium-high 0.6-0.8). There is always a potential impact of the drought on the employee attendance to the company in case of the occurrence of the problem. A different situation arises where the water crisis results in problems with attendance.

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

68,822,456

Potential financial impact figure - maximum (currency)

344,112,281

Explanation of financial impact

1 to 5 days shut down was assessed in this risk driver

Calculation for 1 day: (Revenues)16,104,454,759 / 234 (working days in 2020) =

68,822,456 (TRY)

Primary response to risk

Amend the Business Continuity Plan

Description of response

With regard to a employee attendance, there are various measures companies can take. Some practical examples include engaging with employees to establish what plans each employee has made to ensure that he/she has adequate water in the household, providing employees with water at the workplace, adjusting working hours, implementing new rules on how to communicate in certain situations, etc.

Cost of response

2,170,000

Explanation of cost of response

ASELSAN's Business Continuity Management Plan covers all of the following items in case of natural disaster or significant hazard: 1-Ensuring continuity in the activities 2-Fulfilling legal obligations, 3-Minimizing financial losses, 4-Providing employee security 5- Safeguarding of information assets.

Those risks are managed through our insurance process. The business interruption insurance is in place, it is updated annually according to the size of the incidents. The cost is related with insurance premium value, covering only physical risk driver.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Turkey
Kizilirmak

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Physical
Drought

Primary potential impact

Supply chain disruption

Company-specific description

According to WEF 's The Global Risks Report 2021; Climate change is still the greatest threat facing the world in the decades to come. The related risks dominate the top ten major risks list in both impact and likelihood. Extreme weather events, climate action failure and human-led environmental damage are the environmental risks stated in the report.

We use the WRI Aqueduct Country Rankings/Drought Risk tool to detect risks related to severe weather events/ drought affecting the supply chain. Our suppliers are located in water stress areas in Turkey. The procurement risks appear as business interruption in case of any severe drought. The damage could interrupt the business continuity in our supply chain, In order to avoid the problems on supply chain disruption, Supply Chain Department's tasks were strengthened by the Board in 2020.

Timeframe

1-3 years

Magnitude of potential impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

The magnitude of financial impact is under evaluation.

Primary response to risk

Supplier engagement

Promote investment in infrastructure and technologies for water saving, re-use and recycling among suppliers

Description of response

After August 2020, we conducted direct risk assessments on sustainability issues our local companies and tried to support the improvement of their processes.

Hereafter these risk assessments will be fulfilled by integrating them in company-wide assessments, with the oversight of Supply Chain Management Vice President . It is planned that the risk assessment of 100% of the companies will be completed in 2023.

Cost of response

0

Explanation of cost of response

There is no any direct cost of response for this action.

ASELSAN, also provides financial support to its suppliers. Sub-industry companies that have been approved within the scope of this application and whose cooperation has been continuing for a certain period of time, can only get an additional guarantee, guarantor, etc, by contacting the banks within the scope of the relevant system with the orders.

They can have the opportunity to use credit and receive a letter of guarantee without citing a source.

94 companies within ASELSAN benefited from the Supplier Financing System, and a total of USD 134 million, was used.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Products and services

Primary water-related opportunity

Sales of new products/services

Company-specific description & strategy to realize opportunity

ASELSAN's Technology Road Map and Investment Plan is created in line with ASELSAN's Strategic Plan having detailed plans on each technology area (including climate and environment friendly and health technologies) that will be researched and developed in the next 5 years along with the required investments." The progress of this plan is monitored every year and used as a measure in corporate performance.

ASELSAN is agile to produce and to align new technologies related with environment & public health with low carbon products/services. ASELSAN aims to use its technological knowledge in the field of these systems. A new project on water management system includes the development of systems for efficient monitoring and control of the process from the source to the delivery of the water to the end user.

The main purpose of the developed solutions is to ensure energy and water efficiency. It aims to save up to 25% of energy in the management of water in our cities and to reduce the loss and leakage rates that currently exceed 50%. Main enabling technology for the purpose is Supervisory Control and Data Acquisition (SCADA).

Healthy functioning of the system is measured in terms of pressure, flow of water in the network, level of water in tanks, energy consumption in pumps and other electrical equipment. Historical trend analysis is performed on a time of day, day and season of year. Through the use of intelligent algorithms, efficiency figures above are monitored and necessary actions are taken.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

Financial implications of these projects are evaluated. They have the potential to increase our revenue in the med-term. The financial figures are sensitive data.

A product partnership agreement was signed with Envest, which develops SCADA units

related to the subject.

ASELSAN continued to add new products to its product range in 2020 and receives new orders within this framework. As of the end of 2020, new contracts/orders amounting to USD 1.3 billion have been signed, and ASELSAN's backlog for the coming years is at the level of USD 9.5 billion.

The Product Life Cycle System, expressed as PLM (Product Lifecycle Management), which can be considered one of the milestones for ASELSAN, is the most important part of ASELSAN's digital transformation included in the ASELSAN Strategic Plan for this purpose. PLM will prepare ASELSAN for the future by providing the infrastructure for the simultaneous engineering method that enables interactive and efficient work from design to production, from program management to integrated logistics support. Within the scope of the preparations initiated in this regard in 2020, ASELSAN PLM needs were analyzed and requirements were determined.

The requirements for ASELSAN's transition to the PLM System have been determined with the participation of all sector presidencies and general management units.

Considering water network, potential financial impact is expected to be in terms of the unit cost of water supplied. By operating energy consuming equipment at a more efficient operating points and operating the water network at more suitable flow and pressure points, not only loss of water at the network will be minimized but also the energy used per liter of water to the user will be decreased. Considering the millions of liters of water supplied to cities, system will justify itself.

Type of opportunity

Products and services

Primary water-related opportunity

New R&D opportunities

Company-specific description & strategy to realize opportunity

Opportunity related with water management systems stems from climatic changes and scarcity of water resources. High costs associated with bringing water to users, especially due to energy costs is another source of opportunity. Possibilities of minimizing both energy used and water losses forms the primary sources of opportunities makes savings possible.

Each city's water network proposes its own possibilities. By careful examination of the water utilities for each city and utilization of SCADA and data science technologies forms the principal points of opportunity realization.

Integration of water related facilities like sanitation, purification, water distribution network proposes the other ways of possibilities.

By following up on all kind of technological developments pertaining to land, air, naval and aerospace platform product/system technologies, the Company not only applies technology but also designs, develops and produces product/system technologies in order to share or sell with/to national and international collaborations.

Projects are striving at maximum level in order to benefit from the technological opportunities existing in the country aiming to increase the national contribution share.

For this purpose, cooperation is made with universities and various R&D organizations and importance is given to the use of local suppliers and subcontractors. As for the projects carried out within the Group, the Research and Development incentive in compliance with the provisions of the Law on Corporate Tax numbered 5520 and Research and Development center application pursuant to the Law regarding the support of Research and Development activities numbered 5746 are being implemented together. As for non-public R&D projects, the approval of TEYDEB (Technology and Innovation Support Programs Directorate) and ARDEB (Research Support Programs Presidency) are received and supported by the institutions. Turkey's 10th Development Plan includes multi programs on different incentives including R&D projects such as Enhancing Energy, Water Efficiency etc. ASELSAN has a chance to benefit from governmental incentives in the scope of this program.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

29,513,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The incentive obtained consists of the incentives that are accrued in accordance with TÜBİTAK's R&D recognition letter prepared with respect to the Group's ongoing projects Current government total grants and incentives 2020 Annual Report; 29,513,000 TL. This figure represents the total grants covering also climate/environment related ones.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Macunköy Facility (Ankara)

Country/Area & River basin

Turkey

Kizilirmak

Latitude

39.96763

Longitude

32.76631

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

219.18

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

219.18

Total water discharges at this facility (megaliters/year)

219.18

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

219.18

Total water consumption at this facility (megaliters/year)

219.18

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

In all facilities and offices, water consumption 100% measured as total to assess consumption trends and reduction targets.

In our reporting the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination.

In Macunköy there is chemical treatment plant where treated water is discharged into municipal sewage system.

Facility reference number

Facility 2

Facility name (optional)

Akyurt (1&2) located in ANKARA

Country/Area & River basin

Turkey
Kizilirmak

Latitude

40.08628

Longitude

33.02409

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

129.73

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

129.73

Total water discharges at this facility (megaliters/year)

129.73

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

129.73

Total water consumption at this facility (megaliters/year)

129.73

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

In all facilities and offices, water consumption 100% measured as total volume to assess consumption trends and reduction targets.

In our reporting the term "water consumption" refers to "water withdrawal" which is defined as "the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination

Facility reference number

Facility 3

Facility name (optional)

Gölbaşı

Country/Area & River basin

Turkey
Kizilirmak

Latitude

39.71837

Longitude

32.81612

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

94.88

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

94.885

Total water discharges at this facility (megaliters/year)

94.88

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

94.88

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

Total water consumption at this facility (megaliters/year)

94.88

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

In all facilities and offices, water consumption 100% measured as total volume by continuous flow meters to assess consumption trends and reduction targets.

In our reporting the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination

In Gölbaşı after domestic treatment the water is discharged into the river under the control and permits of ASKI.

It is controlled internally by ASELSAN in daily periods, and by ASKI in monthly periods.

In all facilities and offices the chemical or other contaminated liquids generated from laboratories are collected in special storage tanks and disposed as hazardous waste in line with regulation.

Facility reference number

Facility 4

Facility name (optional)

Other campus offices located in İstanbul and Ankara

This offices water management are out of the control boundaries of ASELSAN

The water is withdrawn from municipal supply system and discharged into municipal sewer system

Country/Area & River basin

Turkey

Other, please specify

Marmara and Kızılırmak

Latitude

Longitude

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

58.92

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

Withdrawals from brackish surface water/seawater

Withdrawals from groundwater - renewable

Withdrawals from groundwater - non-renewable

Withdrawals from produced/entrained water

Withdrawals from third party sources

58.922

Total water discharges at this facility (megaliters/year)

58.92

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

Discharges to brackish surface water/seawater

Discharges to groundwater

Discharges to third party destinations

58.922

Total water consumption at this facility (megaliters/year)

58.92

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

100% of the organization's facilities are regularly (at least annually) measured for each of the defined aspects; 8% of it as area base, represents various offices located in İstanbul and in Ankara Campuses that fall outside of our control boundary.

The main 3 facilities: Macunköy, Akyurt(I&I) and Gölbaşı are into our control boundaries.

In all facilities & offices 100% of water used is withdrawn from municipal supply system; ASKI (Ankara Municipality Waterworks) & ISKI (İstanbul Municipality Waterworks). Total Volumes are measured.

The data is entered monthly into a corporate database, to evaluate consumption trends and reduction target.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified

76-100

What standard and methodology was used?

In the GHG verification process, water use quantity and water discharge quantity was verified in the context of scope 3 emissions accounting of ISO 14064 Standard. For all facilities and offices of ASELSAN ,100% of water uses and water discharge quantities are verified by the third party in 2020, the data was crosschecked by water bills

Water withdrawals – volume by source

% verified

Not verified

Water withdrawals – quality

% verified

Not verified

Water discharges – total volumes

% verified

76-100

What standard and methodology was used?

In the GHG verification process, water use quantity and water discharge quantity was verified in the context of scope 3 emissions accounting of ISO 14064 Standard. For all facilities and offices of ASELSAN ,100% of water uses and water discharge quantities are verified by the third party in 2020, the data was crosschecked by water bills

Water discharges – volume by destination

% verified

Not verified

Water discharges – volume by treatment method

% verified

Not verified

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

Water discharge quality – temperature

% verified

Not verified

Water consumption – total volume

% verified

76-100

What standard and methodology was used?

In the GHG verification process, water use quantity and water discharge quantity was verified in the context of scope 3 emissions accounting of ISO 14064 Standard. For all facilities and offices of ASELSAN ,100% of water uses and water discharge quantities are verified by the third party in 2020, the data was crosschecked by water bills.

In our reporting the term “water consumption” refers to “water withdrawal” which is defined as “the sum of all water drawn into the boundaries of the organization from all sources and not discharged to the same source as destination.

Water recycled/reused

% verified

Not verified

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Description of water-related standards for procurement</p> <p>Reference to international standards and widely-recognized water initiatives</p> <p>Company water targets and goals</p> <p>Commitment to align with public policy initiatives, such as the SDGs</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to water-related innovation</p> <p>Commitment to stakeholder</p>	<p>ASELSAN's environmental management vision focuses on continuous management of environmental impacts by evaluating energy and water efficiency in all direct and indirect operations. In this process international standards and water initiatives are our guiding tools.</p> <p>Water management is a company-wide issue and we have a policy which is publicly available</p> <p>ASELSAN, with its sector base activities is not a water dependent company. Its business' impact on water is not significant but the company's commitment is beyond regulatory compliance.</p> <p>ASELSAN committed to align with public policy initiative such as SDGs.</p> <p>The company set up water targets and goals to improve water management.</p> <p>The municipal discharge parameters are measured and monitored internally in daily periods and the data is entered monthly into a corporate database to evaluate consumption trends and reduction targets. In our treatment plants stricter company limits are setup to monitor the discharge quality and treatment efficiency. The results are monitored every day.</p> <p>The company is aware of the impacts of climate change on water access and water quality.</p> <p>Our stakeholders' climate and water related awareness raising activities are performed every year with the leadership of Integrated Management Systems .</p> <p>As a technology company ASELSAN started to develop innovative water related products/ services.</p> <p>For the purpose to catch technology-based project solutions, a water competition was initiated jointly with the Presidency of Republic of Turkey.</p>

	<p>awareness and education</p> <p>Commitment to water stewardship and/or collective action</p> <p>Recognition of environmental linkages, for example, due to climate change</p>	<p>To become a leading sustainable technology company ASELSAN focuses on its climate change and water-related impacts very seriously and continuously updates its policies.</p> <p>Water Policy is attached .</p> <p>📎 1</p>
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📎 1ASELSAN Water Policy.pdf

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Board Chair	<p>The Board Chair who has been assigned as CEO as of April 27, 2018; has a direct responsibility for climate and water related issues on behalf of the Board and EC. The CEO also has an execution responsibility in the field of social responsibility and environment.</p> <p>The board consider climate and water related issues when reviewing and guiding the business strategy aligned with the economic performance of the company. Following the Strategic Plan, the Board carry out oversight power on Sustainability Committee's Program integrated with climate and water related issues impacting economic, social and environmental performance of the company. In order to conduct its responsibilities ASELSAN's Board of Directors formed three committees: Audit Committee, Corporate Governance Committee, Early Detection and Management of Risk Committee. The 3rd one is comprised of two Board members who ensure the determination of the operational, strategic, financial and other climate and water related R&Os.</p> <p>ASELSAN CDP Execution Group was established in 2019. This group is working under the presidency of Corporate Management Vice President who is a member of Executive Board. In this group there is one representative from each sector chair, including financial affairs and strategy department. Energy reduction projects that will serve as a basis for setting targets are also reported to the same group. In the reporting year, the Corporate Management Vice President started to assist the Board of Directors in fulfilling oversight of CDP related issues with the collaboration of ERM within the organization. In 2020, Climate Change Management Unit (CCMU) has been established under the roof of Integrated Management Systems. The Unit works with</p>

	all facilities' leaders to drive an integrated, enterprise-wide management on climate and water issues.
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W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives	<p>The Board reviews and guides climate and water related risk management policies as scheduled. The Corporate Management Vice President who leads the Sustainability Committee, briefs the executive committee (EC) of ASELSAN about climate and water related developments and practices by bringing the attention of the EC to social, legal and environmental R&O's that may have an impact on the Risk Management Policy of the Company. The CEO and the Board of Directors oversees policy by considering global climate and water related issues, government relations and corporate responsibility including reviewing and providing oversight of the Company's Environmental Sustainability Program. The board considers also climate and water related issues when reviewing and guiding the whole business strategy, plans, risk management policies, budget plans as well as, setting organizational performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions and divestitures. In 2020 the following decisions were carried out for addressing climate and water related risks and opportunities.</p> <p>1- At the last quarter of the year, the Board announced its intention to put an ambitious emissions reduction targets by 2050 and the enthusiasm to achieve them by a Climate Transition Action Plan. The planing and other actions will be discussed and developed during 2021-2022. It was stated that, early action to ensure reductions in emissions will lead to a more innovative technology where climate/water related opportunities will drive the company to a more competitive business field.</p>

			<p>For the year 2021, the decision of presiding the Sustainability Committee by the Board Chair/CEO was made by the board executives. The first meeting was executed in June 2021.</p> <p>2-Climate Change Management Unit has been established under the roof of Integrated Management Systems. This unit will carry out the coordination, reporting and monitoring processes of all climate/water related issues.</p> <p>3. Supply Chain Management Vice President has been assigned. Within the scope of the purchasing processes, It has been decided to collect data on climate change related issues from the suppliers who have a direct impact on ASELSAN. (Due date: end of 2021)</p> <p>4. The preparation of videos on climate-related issues to all delegations and employees of the value chain was decided (due date: end of 2021)</p> <p>5.ISO 50001 Energy Management Systems and climate/water related impacts on-line training for all employees of ASELSAN was completed. Monitoring and approval process of the Board is in place.</p> <p>6-Visible Leadership activities started in 2020. Every month, a field visit was made with the relevant Vice President or the Chairman of the Board of Directors, and climate change and environmental studies were observed with a wide participation with employees.</p>
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W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Executive Officer (CEO)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The direct responsibility for climate change within ASELSAN lies with Executive Committee headed by the CEO representing also the Board Chair. The CEO informs the board of directors who oversight the company performance on climate/water related issues. The Board assign strategic and program management responsibility to applicable board committees. ASELSAN's Board of Directors formed following committees to ensure the communication based integrated management of R&Os. Early Detection and Management of Risk Committee (EDMR), ensures the determination of the operational, strategic, financial and other climate /water related risks which are managed in compliance with company's enterprise risk-taking profile. Audit Committee and Enterprise Risk Management Coordination Committee which is responsible to assign a risk representative who has the duties to prepare risk detection and management documents and to make the coordination of related activities which are reported to EDMR Committee.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	In ASELSAN there are incentives for certain behaviors and performances, for responsible production and consumption

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Corporate executive team	Reduction of water withdrawals Improvements in efficiency - direct operations	Our company committed to reduce water withdrawals and impact on water resources by increasing water-use efficiency and improving sustainable & innovative water management practices across all facilities. This is included in our water strategy and incorporated into senior employee incentives. The team has various environmental objectives /goals to perform during the year. Performance ratings is influenced with these plans.

Non-monetary reward	Other, please specify Climate Change Unit Manager	Reduction of water withdrawals Improvements in efficiency - direct operations Improvements in waste water quality - direct operations Implementation of employee awareness campaign or training program Supply chain engagement	In 2020 Climate Change Unit was established and its manager is responsible from the management of climate related issues such as energy, emissions and water. The manager has various environmental objectives /goals to perform during the year. Certificate of appreciation for ASELSAN was given as non-monetary award.
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W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

According to our new corporate communication strategy, all communication activities have to be approved by our CEO/ Board Chairman who is the highest level of executive in ASELSAN, our CEO/ Board Chairman is fully aware of our general corporate strategies and our overall water and climate change strategy. Moreover, our Sustainability Committee together with our Strategic Planning and Corporate Performance Directorate are responsible of setting and tracking actions to ensure our direct and indirect activities are consistent with our overall water policy. Climate Change Management Unit has been established under the roof of Integrated Management Systems. This unit carries out the coordination, reporting and monitoring processes of all climate/ water engagement activities across business divisions and external official institutions and organizations. Any engagements with regulatory water related authorities are realized within our operations by IMS and thus consistency with the water policy and water commitments is assured.

ASELSAN also engages with GRI. It maintains its communication with its suppliers, which it considers among the most important rings of its value chain, through the Supplier Portal. ASELSAN has developed a pioneering and innovative platform to strengthen the bond with its suppliers, increase the effectiveness of nationalization efforts, further reduce foreign dependency and carry out sustainable cooperation under an integrated roof.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	> 30	Water-related issues related with water efficiency are integrated in our long-term business objectives. For this reason, we planned to set short, medium and long-term goals and to take actions. In order to sustain a strategy on climate and water, within the framework of international norms, national legal requirements, UN Sustainable Development Goals, we started to maintain the practices and objectives on transition to a low carbon economy by using our technology road map, water efficiency and sustainability practices. We aim to ; * Use water and energy sources efficiently by reducing our daily water consumption * Reduce our carbon footprint against climate change; * Manage our waste; by zero- waste practices
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	> 30	Water-related issues related with water efficiency are integrated in our long-term business objectives. For this reason, we planned to set short, medium and long-term goals and to take actions. In order to sustain a strategy on climate and water, within the framework of international norms, national legal requirements, UN Sustainable Development Goals (SDG 6: Clean Water and Sanitation) we started to maintain the practices and objectives on transition to a low carbon economy by using our technology road map, water efficiency and sustainability objectives. As a technology company ASELSAN started to develop innovative water related products/ services. For the purpose to catch technology-

			based project solutions, a water competition was initiated jointly with the Presidency of Republic of Turkey. To prevent the environmental impacts of wastewater generated by our activities, we monitor our water consumption monthly in all our facilities and report to responsible Senior Management and aim to reduce our water consumption by using efficiency equipment, without harming employee health and hygiene. We are using our own SCADA system for data monitoring performance, to better measure our water use.
Financial planning	Yes, water-related issues are integrated	> 30	Water-related issues related with water efficiency are integrated in our long-term financial planning. Our financial planning related with water according to our water risks, are the operational expenses and efficiency measurements. We determine water-related risks according to the WRI Aqueduct Tool. We have a budget allocated for the measures to be taken counter identified risks and for HSE training costs, insurance, flood drills etc.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

Anticipated forward trend for CAPEX (+/- % change)

Water-related OPEX (+/- % change)

Anticipated forward trend for OPEX (+/- % change)

Please explain

Capital and operating expenditures specific to water are not listed separately from other environmental capital and operating expenditures, in the next two years we will develop a system to identify them.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	<p>We use the WRI Aqueduct Tool to assess water risk for facilities within our operational control. Water risks include risks such as water stress, drought risk.</p> <p>For the next three years, we will help our suppliers to set targets by guiding them to make improvements in water and energy related actions by using the related tools. We will introduce an easy methodology to determine their water/climate related risks by themselves with public scenarios.</p> <p>The supplier risk assessment of ASELSAN will be improved with specified measurements of success by this way. We will have an opportunity to engage with our suppliers and plan diversification.</p>

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

Yes

W7.3b

(W7.3b) What water-related outcomes were identified from the use of climate-related scenario analysis, and what was your organization's response?

	Climate-related scenarios and models applied	Description of possible water-related outcomes	Company response to possible water-related outcomes
Row 1	RCP 2.6	<p>According to the IPCC RCP 2.6 scenario analysis, the pH value of the oceans will gradually decrease and the iron content will increase. It is stated that this is almost certain. In order to prevent this case, as ASELSAN, we control our facilities water discharge on a daily, weekly and monthly basis. If the effluent parameters results are over the limits, it is redirected into the treatment plant not to the discharge channel. In this way, the treatment is</p>	<p>After this risk analysis ASELSAN conveyed its request to ASKİ to make a change in the discharge channel. A different system is going to be constructed in a year.</p>

		ensured and the discharge is controlled. ASELSAN Macunköy campus is located close to residential areas. Therefore, the discharge of the residences and the campus is given to the same municipal channel. In periods when it rains heavily, it may cause in the discharge channel the overflow problem	
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W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

After the identification of capital and operating expenditures specific to water, in the next two years we will work on the cost of water with its various dimensions.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	ASELSAN's Water Policy, is updated with the action of the Integrated Management Systems. After the approval of the CEO, it was announced to all suppliers. With the strategy we have focused on reducing our water impacts by setting reduction targets as part of our alignment with SDGs; In the board level it is decided to establish a target of a reduction in water use in 2030. The strategy and target were established by the sustainability committee, including Climate Change Management Unit. The Unit team surveys the global developments and examines regulations on water and climate related issues, such as water stress and many other aspects of the current and future emerging issues setting and monitoring water-related targets and/or goals. Progress to targets is reviewed at regular meetings with senior management to ensure progress and accountability.

			In the supply chain side, for the next three years, we plan to set targets by guiding them to make improvements in water and energy related actions. We will introduce an easy methodology to determine their water/climate related risks by themselves with public scenarios. The supplier risk assessment of ASELSAN will be improved with specified measurements of success by this way.
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W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Monitoring of water use

Level

Other, please specify

Division base strategic monitoring of water use

Primary motivation

Climate change adaptation and mitigation strategies

Description of target

Company wide monitoring is in place, it is targeted to departmentalize it by branching for all of the production units (70% in overall buildings) where water use will be monitored by continuous flow-meters. Our Primary motivation with this target is to set climate adaptation and mitigation strategies. It is significant for reducing other water-related risks.

As of action, the consumption will be determined and then targets will be set-up by division, and related financial allocation will be structured for related division. At the end of the year the best performer division will receive a non-monetary award depending on improvements in water consumption. Other performers will be guided to explore the best performers' behavioral change to reach a good performance. Monitoring will begin as flow meters are installed in the divisions.

Quantitative metric

% sites monitoring water consumption total volumes

Baseline year

2020

Start year

2020

Target year

2030

% of target achieved

0

Please explain

2020 was the start year of the target . Target revision will be made every year.

With the strategy we have focused on reducing our water impacts by setting reduction targets as part of our alignment with Sustainable Development Goals SDG: 6.3. In the Executive Committee Meeting it was decided to establish a target of a reduction in water use by 2030. The strategy and target were established by the Sustainability Committee, including Climate Change Management Unit. With this target which supports the SDG 6.3 ;

By 2030, our company will be a contributor to the improvement of the reduction of water quantity and indirect remediation of water quality, substantially increasing recycling and safe reuse.

Target reference number

Target 2

Category of target

Water, Sanitation and Hygiene (WASH) services in the workplace

Level

Company-wide

Primary motivation

Risk mitigation

Description of target

Hygiene and sanitation practices in public life areas are important for public health, and constitute the first building block in preventive healthcare.

After the pandemic the Executive Committee decided to be certified in 2023 with ISO 13811 standard which ensures;

*Delivery of products and services that are compatible with legal requirements,

*Increased hygiene and sanitation performance,

*Increased market share and competitive power in the related sector by means of improved product and service reliability,

*Managing and controlling the risks associated with operations,

*Taking active role in establishing community health.

Quantitative metric

Other, please specify

ISO 13811 hygiene and sanitation management system establishment goal

Baseline year

2020

Start year

2020

Target year

2023

% of target achieved

0

Please explain

By spreading to every area of life, Hygiene; starting from the individual dimension, comes out as an important factor affecting the health of the community. The new type of corona-virus (COVID-2019) epidemic, which has been reported to have started in China at the end of 19, has been declared as a "pandemic" by the World Health Organization. In this context in the reporting year, ASELSAN became the first defense industry company to qualify for COVID-19 Safe Production / Safe Service Certification by fulfilling all the standards set by TSE. ISO 13811 Standard will ensure the company to be in continuous hygienic conditions, by focusing on optimum water use. Transition applications to the standard started in 2020.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Engagement with suppliers to reduce the water-related impact of supplied products

Level

Business activity

Motivation

Climate change adaptation and mitigation strategies

Description of goal

Progress to targets is reviewed at regular meetings with senior management to ensure progress and accountability.

In the supply chain side, for the next three years, we plan to set targets by guiding them to make improvements in water and energy related actions. We will introduce an easy methodology to determine their water/climate related risks by themselves with public scenarios (IPCC AR 5, RCP 4.5 and/or 2.6 by using easy tools.) and online training will be given for critic suppliers. The supplier risk assessment of ASELSAN will be improved with specified measurements of success by this way.

Baseline year

2020

Start year

2020

End year

2030

Progress

Climate Change Management Unit surveys the global developments and examines regulations on water and climate related issues, such as water stress and many other aspects of the current and future emerging issues setting and monitoring water-related targets and/or goals. ASELSAN Water Policy, was updated with the action of the Integrated Management Systems. After the approval of the CEO, it was announced to all suppliers.

In 2020, during the supplier meetings, we shared the latest environmental and climate related information with them. In the reporting year, we have informed and trained our suppliers about climate change and its impacts. The importance of data gathering about water use and energy consumption was shared with them. We encourage them to implement these initiatives in their own activities and to share the responsibility of environmental impact further down the supply chain.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?


No, but we are actively considering verifying within the next two years

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

 2020 ASELSAN Sustainability Report.pdf

 ASELSAN Water Policy.pdf

 2019_ASELSAN Annual_Report.pdf

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Corporate Management Vice President	Board/Executive board

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms