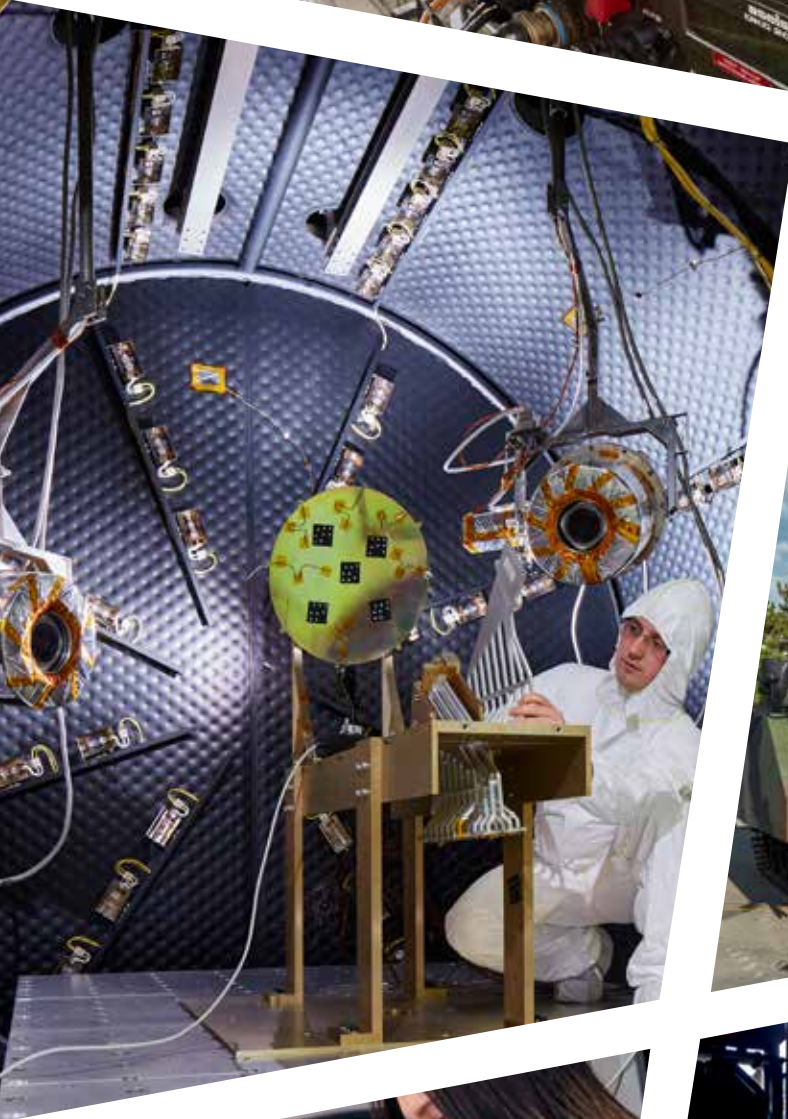




aselsan

Sustainability Report 2019

TURKEY'S VALUES-BASED TECHNOLOGY LEADER



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TURKEY IS OUR MOST VALUABLE ASSET!

ASELSAN is committed to meeting the needs of Turkey’s security forces by using local resources while serving as a reliable business partner in global markets. Our Turkey-focused nationalization efforts are not confined to the defense industry. We also serve the nation’s transportation, security, energy, and healthcare sectors.

In 2019, we drove technological innovation while posting record-breaking financial results. This fiscal year was marked by new, sustainable achievements thanks to our 45 years of experience, highly skilled human resources, reliable suppliers, and bright young talent.

We hereby present our Sustainability Report along with our corporate values that drive us forward on our journey to sustainable success.

ABOUT THE REPORT

With its 7th sustainability report in 2019, ASELSAN is disclosing its sustainability performance in a wide range of areas from economy and the environment to corporate governance and social investments to the stakeholders in its impact area. This report has been prepared by using the Core principles of the 2016 Standards by the Global Reporting Initiative (GRI) as a guide. Publishing Sustainability Reports on an annual basis, the Company also aims to build an interactive relationship with all its stakeholders, from employees to investors, based on the principles of transparency and accountability. The report includes ASELSAN’s economic, corporate, social and environmental sustainability activities in Turkey. The sustainability performances of the Company’s affiliates as well as operations abroad are excluded from the scope of this Sustainability Report 2019. ASELSAN’s Investor Relations Department has assumed the role of coordination within the Company’s organizational structure during the reporting process.

Questions, feedback and comments about the ASELSAN Sustainability Report 2019, available in Turkish and English, can be submitted to the following address:

aselsan.ir@aselsan.com.tr



aselsan



We boast almost 8,000 employees under our corporate umbrella.

Each department at ASELSAN produces original and creative work aimed at demonstrating excellence. Every corporate unit has its own unique functions and ways of doing business. The mighty ASELSAN family is composed of diverse units, our suppliers and stakeholders. Together we operate as a coherent whole.

Our total turnover grew

44% to
TRY 13 billion.





Innovation

We are explorers who have set out on a journey to develop innovations and discover new destinations, while understanding the fundamental need for, and driving change.

Innovation is a core value for ASELSAN. We challenge the ordinary, generate new ideas and boldly experiment with creative solutions. We monitor innovative approaches around the globe, while proactively embracing innovation.

EBITDA jumped

51% to
TRY 2.9 billion.



Trust

ASELSAN inspires confidence among the people of Turkey and remains the country's most reliable enterprise.

Our strategic advantage in being the companion of Turkey is the culture of trust we have established here. At ASELSAN, we walk the talk. We keep our promises while continuing to take significant leaps forward.

Net profit rose

up by **45%** to
TRY 3.4 billion.



Development is a core value and passion for us.

ASELSAN employs the best, most talented and knowledgeable people because we want to take big leaps toward development. Driven by our agile, dynamic and continuous-learning organization, we constantly challenge our capacity and capabilities. We also actively help our internal and external stakeholders to develop.

Our supplier network includes more than

5,000 enterprises.



With the responsibility we assume, we only produce excellence.

We use resources efficiently, manage processes effectively, and strive to be the best in everything we do. Our objective is to achieve the highest quality – always. We are a forward-looking company that looks at the current picture with a broader perspective. ASELSAN is committed to consistently providing world-class quality.



Excellence

We operate

27 subsidiaries
around the globe.

OUR FIELDS OF
OPERATION

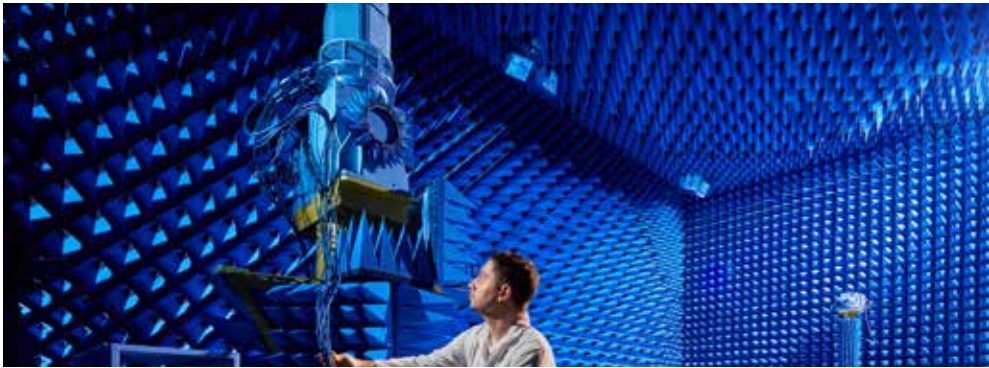
Founded in 1975 by the Turkish Armed Forces Foundation in Ankara, ASELSAN is Turkey’s biggest cutting-edge technology, defense and security company.

*The Pride of Turkey in
the Global Defense Industry..*

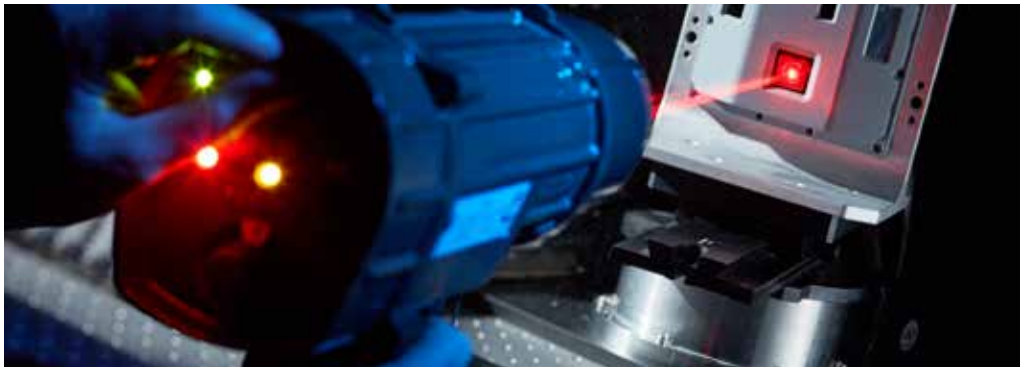
Communications
and Information
Technologies



Radar and
Electronic
Warfare Systems



Microelectronics,
Guidance and
Electro-Optics



Transportation,
Security, Energy,
Automation and
Health



Defense System
Technologies



OUR KEY SUSTAINABILITY INDICATORS



Consistent Growth and Overseas Business Volume

Total Revenue (TRY Thousand)
44% Increase



2019
13,012,551
2018
9,008,516

Total EBITDA (TRY Thousand)
51% Increase



2019
2,853,811
2018
1,895,596

Total Assets (TRY Thousand)
31% Increase



2019
25,633,044
2018
19,473,631



A World-Class Professional Corporate Governance Approach

Corporate Governance Rating:
9.29

Ratio of Shares Traded in Borsa Istanbul:
25.80%



Competent and Dynamic Human Resources

Total Number of Employees:
7,649

Number of "Talent A" Employees:
206



Turkey's Largest R&D Center

Total **TRY 2,975 Million** R&D Spending

Total **TRY 2,659 Million** Externally-Funded R&D Spending

Total **TRY 316 Million** Internally-Funded R&D Spending

158 Patent Applications with **68** Registrations



OHS Practices with a Focus on Business Continuity and Efficiency

Award Winner in the **Merit Category** at the 2020 British Safety Awards

A Leading Company with **ISO 45001:2018 Certification** in Turkey...

Total Hours of Training Delivered to Employees:
46,803.46 hours



A Responsible Management Approach Minimizing Environmental Impacts

CDP Reporting with a Score of A-

Fundamental Environmental Awareness Training for **6,251 Employees**

1,546,473 kg of Waste Recycled at the Macunköy, Akyurt and Gölbaşı Premises



Social Investments Bolstered By Employee Participation

A Social Responsibility Movement Led by Employees: ASELSAN Social Innovation Leaders (ASİL); and the Solidarity Foundation established under the ASİL Structure

A Firm Step to Raise Intermediate Staff for the Defense Industry: ASELSAN Vocational and Technical High School

ASELSAN IN BRIEF



ASELSAN is taking confident steps forward on its transformation journey to become a global defense industry player with its 27 subsidiaries and branch offices, 11 of them overseas.

Founded in 1975 by the Turkish Armed Forces Foundation in Ankara, ASELSAN is Turkey's biggest advanced technology, defense and security company. ASELSAN primarily serves the Presidency of Defense Industries and Turkish Armed Forces, in addition to domestic and foreign customers. Active in a wide range of business areas, ASELSAN operates in the defense, electronics, communication, microelectronics, guidance, electro-optics, radar and electronic warfare, defense system technologies, security, transportation, energy and healthcare sectors.

ASELSAN consistently maintains its solid reputation for reliability in the many countries across the globe that select ASELSAN products and systems. In 2019, the Company registered strong growth, boosting turnover by 44% to TRY 13 billion. In addition, ASELSAN posted record high exports of USD 330 million, up 50% year-on-year. With each passing year, ASELSAN further bolsters its profile in international markets. ASELSAN is taking confident steps forward on its transformation journey to become a global defense industry player with its 27 subsidiaries and branch offices, 11 of them overseas.

Turkey's Largest R&D Company

As part of its corporate transformation initiative launched in 2019, ASELSAN placed employee opinions and feedback at the heart of its operations. Areas in need of transformation were identified and all employees were included in the transformation process. ASELSAN is committed to establishing a cohesive corporate culture of one big family, uniting its staff around the common objective of achieving together. Throughout this transformation drive, ASELSAN has focused on the meaning and importance the Turkish nation attributes to the Company.

ASELSAN's mission is to reduce Turkey's reliance on foreign technology and provide high added value to its domestic and foreign customers with innovative and reliable products. In the coming year, ASELSAN aims to gain further large scale orders, while expanding and remaining Turkey's largest R&D company.

ASELSAN aims to gain further large scale orders, while expanding and remaining Turkey's largest R&D company.

MESSAGE FROM THE CHAIRMAN, PRESIDENT AND CEO

In 2019, ASELSAN successfully continued its corporate transformation efforts, which were launched in the previous year, while providing unwavering support to the committed and heroic operations of the Turkish Armed Forces both within and outside the borders of Turkey.

Total Assets (TRY Billion)

25.6

Shareholders' Equity (TRY Billion)

13.6

EBITDA (TRY Billion)

2.9

ASELSAN is Turkey's R&D leader, producing advanced technologies in the defense industry and other sectors.

Esteemed Stakeholders,

In 2019, the global economy expanded just 2.9% amid ongoing US-China trade wars, the adverse impact of Brexit on the Eurozone, and rising geopolitical risks in various parts of the world, particularly the Middle East. Meanwhile, Turkey's economy started to see positive results from the rebalancing measures taken by government authorities in 2019 to counter the fluctuating foreign exchange rates, growing inflation and rising interest rates of the prior year. By taking macroeconomic balancing steps despite the multidimensional risk environment facing the world economy, the Turkish economy managed risks effectively. At ASELSAN, we firmly believe that Turkey will return to its sustainable growth path in the coming year. We are formulating our strategic plans based on this assumption.

Track Record of Success, Long-term Stable Growth

Since its founding in 1975, ASELSAN has achieved sustainable growth by capitalizing on its solid shareholding structure. In 2019, we recorded numerous achievements once again. Turkey's largest high-tech defense and security company, ASELSAN boosted total revenues by 44% to TRY 13 billion during the year. In 2019, EBITDA jumped 51% to TRY 2.85 billion. ASELSAN posted a 50% increase in exports, which climbed to USD 330 million. While maintaining its strong cash position, ASELSAN also continued to create significant added value for Turkey. During the year, ASELSAN successfully fulfilled its core responsibilities to the Turkish national defense industry. We continued to support our trusted suppliers, who span a vast geographic area, in every respect ~ even in the face of a volatile global economy.

Firm Steps Towards Corporate Transformation

The pride of the Turkish national defense industry, ASELSAN successfully continued its corporate transformation efforts, which was launched in the previous year, while providing unwavering support to the committed and heroic operations of the Turkish Armed Forces both within and outside the borders of the country. ASELSAN's corporate transformation activities ranged from organizational innovation and digitalization to strategic human resources, fiscal discipline and corporate communications to brand and reputation management. This is how we built a more agile organizational structure and boosted our competitive edge, bolstering our ability to fulfill our duties and responsibilities.

Turkey's R&D Powerhouse

Assuming critical roles and developing national and local electronic systems since its establishment, ASELSAN today is Turkey's R&D leader, producing advanced technologies in the defense industry as well as other sectors. By partnering with universities, SMEs and subcontractors, ASELSAN has established an R&D ecosystem positioning itself at the center. As of year-end 2019, ASELSAN's R&D spending totaled TRY 2.98 billion, with TRY 316 million of this amount internally-funded. Committed to boosting Turkey's national production capabilities in every field, with a focus on the defense industry, ASELSAN filed 158 patent applications, 68 of them registered, in 2019. I would like to inform all our stakeholders that ASELSAN, a global brand in the defense sector with overseas affiliates, aims to take further steps to bolster Turkey's R&D capabilities in the coming year.

Keenly aware of its responsibilities as a world renowned brand in the defense industry, ASELSAN has embraced digital transformation. In 2019, we digitized a significant part of our business processes. ASELSAN aims to well prepare its employees for digital transformation and run all company business processes digitally in 2020.



Stakeholder Participation Bolsters Our Corporate Transformation...

ASELSAN focuses on stakeholder participation to execute its corporate transformation drive more quickly and effectively. Since 2018, ASELSAN has paid close attention to employee opinion and feedback via Employees' Voice Workshops. The Company has also fostered the spirit of collaboration by hosting special events, such as "Gücümüz Bir (Powerful Together)," with suppliers. These efforts are highly valued in terms of localization and nationalization. Meanwhile, Affiliates' Workshop, hosted in collaboration with ASELSAN affiliates, has taken the Group's synergy to a higher level.

Leaving a Better World for Future Generations...

As a well-established company, ASELSAN is committed to leaving its mark on the future. With this perspective, we incorporate future generations in our stakeholder map. Conducting all its business activities with a focus on environmental sustainability as part of this core commitment, ASELSAN outperformed the Turkey average in the Carbon Disclosure Project (CDP) in 2019, receiving an A- rating. A CDP Climate Change Leader in Turkey, ASELSAN is regarded in the same category as other international defense companies in the fight against climate change, a testimony to its enviable position as a global brand. The Company is focused on minimizing

consumption of natural resources originating from its operations. As of year-end 2019, ASELSAN sorted 1,546,473 kg of waste at its Macunköy, Akyurt and Gölbaşı facilities. The Company also participated in the Zero Waste Project and recovered 60 tons of waste, which would otherwise be dumped, from October 21 – December 31, 2019. Placing great importance on voluntary employee participation in environmental sustainability activities, ASELSAN provided 6,251 employees with basic environmental awareness training as of end-2019.

Social Investments with a Focus on Our Core Business

I would like to proudly announce a major initiative that ASELSAN launched in 2019. This effort is an extension of ASELSAN's positioning as a school for the Turkish national defense industry. ASELSAN Vocational and Technical High School opened with a special curriculum addressing the needs of the national defense sector under the MoU we signed with the Ministry of National Education. Furthermore, the school is the number one choice of the country's top students. ASELSAN Social Innovation Leaders (ASiL) Solidarity Foundation, set up under our leadership in December 2019, has also energized our social responsibility activities. The Foundation undertakes activities in a wide range of areas – from providing support for national education to contributing to social

solidarity in times of natural disasters and pandemics. I believe that our Foundation will record many other achievements thanks to the support of our stakeholders in the coming year.

Committed to Developing "Reliable Technologies"

Since the establishment in 1975, ASELSAN has developed "Reliable Technologies" for the Turkish national defense industry. Today, ASELSAN looks to the future with confidence, thanks to the sustainability approach integrated into all components of its organizational structure. With its global business development efforts, ASELSAN has transformed into a brand recognized around the world and a pioneer of advanced technology in Turkey. In 2020, ASELSAN will continue to be Turkey's biggest R&D powerhouse.

I would like to take this opportunity to thank all our stakeholders for supporting ASELSAN's achievements during its sustainability journey in 2019. It is my sincere hope that our achievements will continue to grow and expand in the future.

Kind regards,

Prof. Dr. Haluk GÖRGÜN
Chairman, President and CEO of ASELSAN

OUR KEY FINANCIAL AND OPERATIONAL INDICATORS

Despite fragile global markets, ASELSAN announced TRY 2.9 billion EBITDA and raised total revenues to TRY 13 billion in the 2019 operating period.

Income Statement (TRY Thousand)	2019	2018
Revenue	13,012,551	9,008,516
Gross Profit	3,371,733	2,211,092
Operating Profit (EBIT)	2,612,595	1,724,205
EBITDA	2,853,811	1,895,596
Profit for the Period	3,352,673	2,319,348

Balance Sheet (TRY Thousand)	2019	2018
Total Assets	25,633,044	19,473,631
Current Assets	13,976,498	11,616,681
Total Liabilities	12,064,144	9,296,610
Received Order Advances	2,418,376	2,929,158
Equity	13,568,900	10,177,021
Operational Cash Flow	850,900	272,200

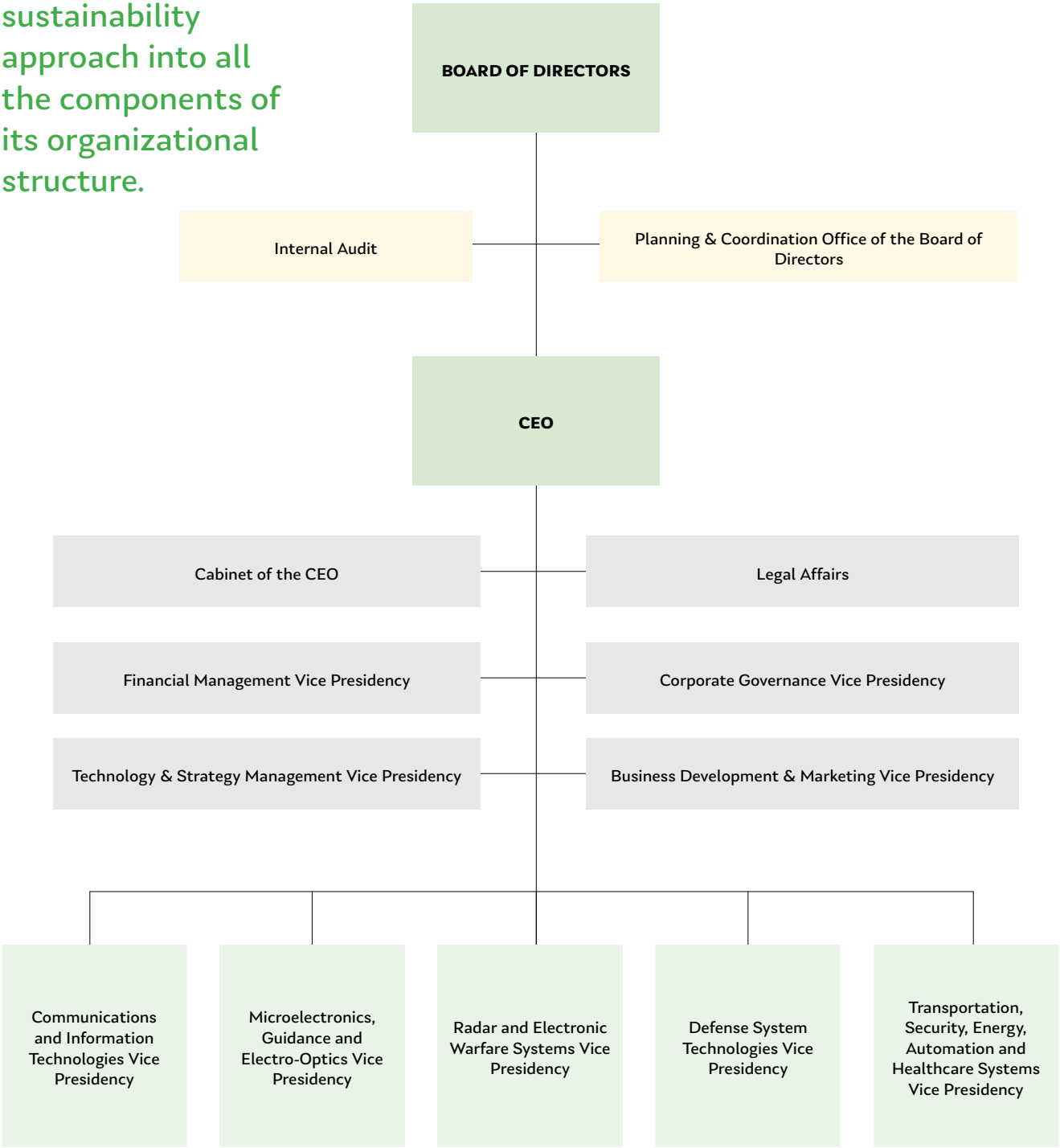
Financial Ratios (%)	2019	2018
Current Ratio	1.80	2.48
Asset Turnover	0.58	0.58
Equity/Assets	0.53	0.52
Fixed Assets/Assets	0.45	0.40
Return on Equity	0.28	0.31
Return on Assets	0.15	0.15

Profit Margins (%)	2019	2018
Gross Profit	26	25
Operating Profit	20	19
EBITDA Profit	22	21
Profit for the Period	26	26
Revenue per Employee (TRY Million)	1.91	1.58

ASELSAN's revenue per employee rose by 21% year-on-year to TRY 1.9 million in 2019.

In line with its professional corporate governance policy, ASELSAN has successfully incorporated its sustainability approach into all the components of its organizational structure.

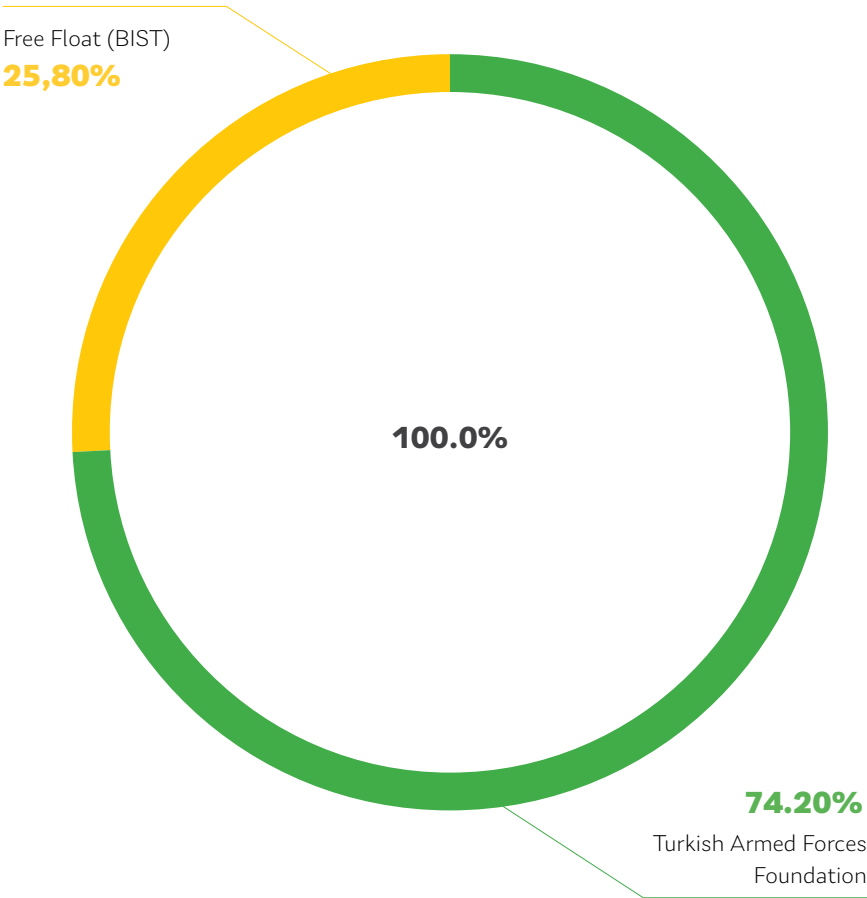
OUR ORGANIZATIONAL STRUCTURE



SHAREHOLDING STRUCTURE

Our Shareholders	Share Amount (TRY)	Share Ratio (%)
Turkish Armed Forces Foundation	845,825,624.46	74.20
Free Float (BIST)	294,174,375.54	25.80
Total	1,140,000,0000	100.0

25.80% of ASELSAN shares are traded in Borsa Istanbul.



ASELSAN conducts all its operations in line with the founding purpose of its principal shareholder Turkish Armed Forces Foundation, and serves to reduce Turkey’s reliance on foreign resources in various industries, mainly including the defense industry.

MISSION AND VISION

Propelled by its solid mission, vision and corporate values, ASELSAN takes firm steps towards the future.

Mission

By focusing primarily on the needs of the Turkish Armed Forces; to provide high-value-added, innovative and reliable products and solutions to both local and foreign customers in the fields of electronic technologies and system integration; continuing activities in line with global targets as well as increasing brand awareness and contributing to the technological independence of Turkey.

Vision

To be a reliable, competitively preferred, environment-friendly and human conscious technology firm, which preserves its sustainable growth in the global market via the values created for stakeholders, as well as serving its establishment purposes.



AWARDS

In 2019, ASELSAN maintained its success curve in sustainability and received many awards at national and international platforms.

ASELSAN was named a “Climate Leader” at the world’s most prestigious environmental project CDP.

- Big Star Aselsan 2019 - First Place in Turkey’s Fastest Growing Technology Companies (January 24, 2019)
- Ankara Chamber of Industry - 50th Anniversary Awards - Four Awards in the categories of Local Production, Added-Value Generated, R&D and SANTEZ-TEYDEB (February 7, 2019)
- British Safety Council International Safety Award-Award Granted for the OHS Activities in 2019 (March 10, 2019)
- CDP Awards (Carbon Disclosure Project) - CDP Climate Leader Award at the World’s Most Prestigious Environmental Project (March 27, 2019)
- TESİD’s (Turkish Electronics Industrialists Association) 17th Innovation, Creativity and Entrepreneurship Awards - Innovative Product Award (April 5, 2019)
- The 2018 Successful Exporters Awards organized by the Defense and Aerospace Industry Exporters’ Association - The Fourth Top Exporter in the Defense and Aerospace Industry and Top Exporter in the Defense Electronics category (April 15, 2019)
- The 30th Ordinary General Assembly and Defense Industry Awards of SASAD (Defense and Aerospace Industry Manufacturers Association) - Top Ranking Large Enterprise in terms of Total Sales & First Place with the Highest Volume of Subcontractor Orders among Total Sales (April 19, 2019)
- Most Preferred Companies Awards - First Place in the Defense Industry & Second Place in the Public Sector (April 24, 2019)
- Universum - Most Attractive Employers for Turkish Youth - Top Rank on the List of Most Preferred Companies for the Representatives of Two Generations in Engineering/IT (September 2019)
- The 7th Technology Development Zones and R&D Centers Awards - First Place in the Category of Employers Hiring the Highest Number of New R&D Staff & First Place in the Highest R&D Spending Category (November 19, 2019)
- From Ideas to Brands Award (November 28, 2019)



MILESTONES OF OUR SUSTAINABILITY JOURNEY

Operating with the principle of continuous development since its establishment, ASELSAN has turned its uninterrupted success performance into a sustainability journey.

ASELSAN ranked among the top four employers on the list of “Turkey’s Most Attractive Companies” organized by an international firm in 2013.

1980s

- ASELSAN launched a young talents program, which currently runs under the name Talent-A. The program greatly contributed to ASELSAN's capability to attract a competent workforce sustainably. Indeed, employees who joined the Company in the 80s currently serve at the Senior Management of ASELSAN.

2004

- ASELSAN's first Corporate Governance Principles Compliance Report was issued.

2005

- ASELSAN's first Corporate Governance Committee was established.

2007

- ASELSAN's first document on Ethical Values and Code of Conduct was published.

2008

- ASELSAN launched a scholarship program for PhD students with an academic post at universities.

2009

- In line with ASELSAN's goal of reaching excellence in business processes, OHSAS 18001:2007 Occupational Health and Safety and ISO 14001:2004 Environmental Management System certificates were obtained.

2012

- The Early Detection and Management of Risk Committee was formed at ASELSAN.
- ASELSAN's first Carbon Disclosure Report (CDP) was issued in parallel with its goal of combatting global climate change.

2013

- ASELSAN ranked among the top four employers on the list of “Turkey's Most Attractive Companies” organized by an international firm. The Company achieved a significant success by maintaining this trend in 2014, 2015, 2017, 2018 and 2019.

2014

- ASELSAN Academy was established for the continuous development of the employees.
- After the launch of the Sustainability Index of Borsa İstanbul (BIST), numerous activities undertaken by ASELSAN for a long period were reported as part of a Sustainability Report and published on the corporate website for the first time.

2015

- All internal communications at ASELSAN, as well as a part of the external communications were moved to the Electronic Document Management System.



2016

- ASELSAN's Policy on Anti-Bribery and Anti-Corruption was released.

2017

- ASELSAN Academy Graduate Program was launched in partnership with the Higher Education Council (YÖK).
- ASELSAN's Academy Board was formed with the participation of Gebze Technical University, Middle East Technical University, Istanbul Technical University and Gazi University as well as ASELSAN representatives.
- The National and Local Product Development Board was established.

2018

- ASELSAN kicked off Employees' Voice Workshops and “Our Future is With You” Events.
- ASELSAN Social Innovation Leaders (ASİL) Platform was established.
- Internally-funded R&D Evaluation Board was set up.

2019

- Partnering with the Ministry of National Education, the Company founded the ASELSAN Vocational and Technical High School.
- ASİL and ASİL Solidarity Foundation were established.
- Once the supply system was transformed, ASELSAN acted proactively and improved the value-added supply structure, supply processes and supplier development mechanisms.

- Transition was made from the OHSAS 18001 Occupational Health and Safety Management System certification received in 2009 to the ISO 45001 standard. This transition ranked ASELSAN among the first companies to have deployed this practice in Turkey.
- Business development activities at ASELSAN were gathered under the Vice Presidency of Business Development and Marketing.
- The Zero Waste Project was initiated in line with the goal of contributing to environmental sustainability.
- The “Compass Program” was launched to support new hires with their adaptation to the company.
- Design efforts were undertaken for the Leadership Development School to boost ASELSAN managers' leadership capabilities.
- “Our Values” Study was conducted.
- “Back to Turkey” Project was initiated.
- Occupational Safety Information System (OSIS), which helped run OHS activities at ASELSAN in a standardized manner, was deployed.
- The Company was granted an award in the Merit category of the International Safety Awards 2020 organized by the British Safety Council which evaluates occupational health and safety practices conducted in 2019.
- The Techno Adventure Project was initiated.

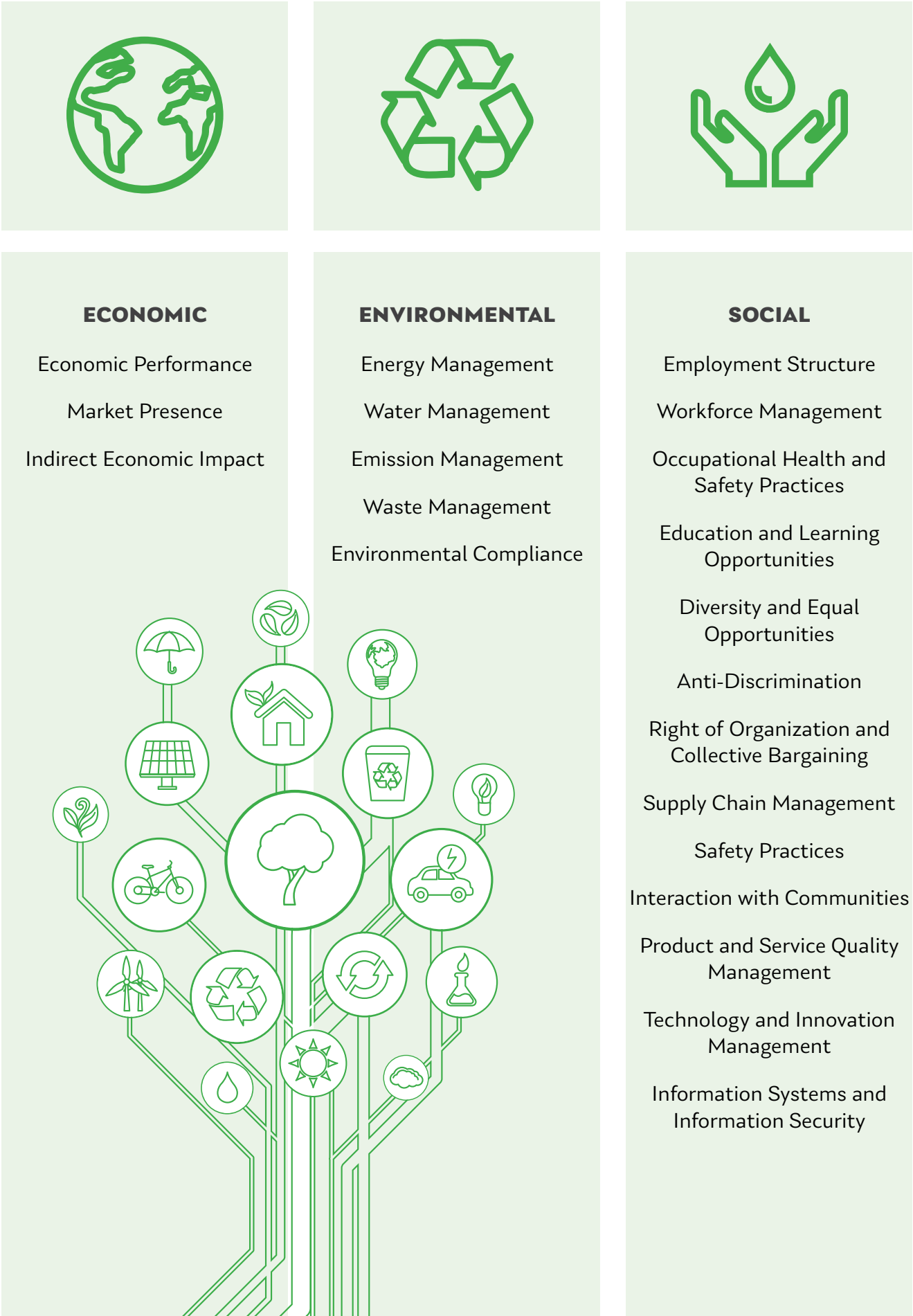
The “Compass Program” was launched to support new hires with their adaptation to the company in 2019.

OUR SUSTAINABILITY PRIORITIES

ASELSAN established sustainability priorities for 2019 by taking the suggestions and expectations of various stakeholders, first and foremost employees, into account.

ASELSAN’s sustainability priorities are categorized under economic, social and environmental themes.

In addition to the themes handled within the scope of “corporate transformation,” ASELSAN established its priorities for the 2019 Sustainability Report by taking the suggestions and expectations of various stakeholders, first and foremost employees, into account. Handling these priorities within the framework of GRI’s (Global Reporting Initiative) 2016 Standards, the Company has established the following priorities in no particular order of importance.



OUR STAKEHOLDER MAP AND COMMUNICATION APPROACH

ASELSAN’s sustainability practices serve as an important reference point that provides all the entities on the Stakeholder Map with the chance for benchmarking and comparison.

Addressing customers’ demands is ASELSAN’s foremost priority.

ASELSAN has included all individuals, entities and companies, who directly or indirectly affect, or are affected by the Company’s activities in its stakeholder map. Encouraging stakeholder participation to achieve its business continuity and operational

excellence objectives, the Company has incorporated customers, employees, investors, suppliers/subcontractors, universities, sectoral organizations, non-governmental organizations, public institutions, society and future generations into its stakeholder map.



CUSTOMERS

Regarding the ability to address customers’ demands as number one priority, ASELSAN fulfills its primary responsibility for customers by creating added value through R&D activities and innovation. While offering the optimum solutions to customers, the Company has made it a duty to make a difference and deliver on all contractual obligations promptly and thoroughly.

ASELSAN maintains coordination with customers throughout the projects’ lifecycle, as required by the nature of the sector where it operates. Furthermore, the Company always remains in touch with customers via meetings and e-mail or telephone communications.



EMPLOYEES

For ASELSAN, experienced and competent human resources is an indispensable component of the Company’s sustainable and successful performance. In 2019, the Company organized numerous events to hear employees’ expectations and suggestions to boost employee motivation and maintain the productivity of human resources. “Employees’ Voice Workshops” initiated by ASELSAN in 2018 were concluded in 2019 with the participation of all employees. As part of the workshops, ASELSAN heard employees’ opinions and expectations on the working environment at the Company, which incorporated these expectations into its management plans. In the meantime, the HR Business Partnership Structure was established in 2019 to respond to employees’ expectations in a more rapid and prompt manner. Staff Representatives successfully maintained their activities as a channel that conveyed employee opinions and suggestions to the senior management.

Under internal communication activities, which serve as a pillar for stakeholder communication at ASELSAN, the Company has carried out active communication with employees via intranet and e-mail since 2019. Furthermore, both employees and external stakeholders keep abreast of ASELSAN’s activities via monthly “A-bulletins” and quarterly “ASELSAN Magazine.”



INVESTORS

Operating with a focus on creating sustainable values for capital markets in each period, ASELSAN comes together with corporate investors in investor conferences and roadshows organized by intermediary organizations, as well as in “face-to-face” meetings. In the 2019 operating period, the Company held 87 meetings on different platforms. Additionally, it adopted the principle of replying the e-mails of corporate and individual investors promptly and in detail, while briefing them directly via phone calls. In this regard, the queries of 800 individual shareholders were replied in writing or verbally in 2019.

The Company found it useful to reply individual investors’ phone calls via the Interactive Voice System so as to ensure a more efficient time management in phone calls with investors and to measure and report the efficiency of phone calls. Designed by the Company’s internal sources, the Interactive Voice System was rolled out in November 2019.

OUR STAKEHOLDER MAP AND COMMUNICATION APPROACH



SUPPLIERS

ASELSAN uses the Supplier Portal for communication with suppliers, who are among the most important links in the value chain for the Company. ASELSAN established a pioneering and innovative platform for the purposes of fostering the bond with suppliers, boosting the effectiveness of localization efforts, reducing Turkey's reliance on foreign resources, and run partnerships under an integrated structure. Named "Gücümüz Bir (Powerful Together)," the platform was launched in April 2020. The platform enables the Company to carry out such activities as receipt of quotes, management of quality process, product procurement, training, inspection processes, supplier scorecard and announcements. The platform also enables suppliers to be integrated with the supply chain. Any problem suppliers encounter on the portal is handled in a prompt and systemic manner, while business continuity is guaranteed at all times. Furthermore, the Company comes together with existing and potential suppliers through visits to the industrial and trade chambers in various provinces.



PUBLIC INSTITUTIONS

The majority of ASELSAN's customers is comprised of public institutions. Therefore, the Company pays utmost attention to compliance with all applicable laws and runs business processes based on the principles of fairness and accountability. Developing close relations with public institutions, ASELSAN supports the public sector's projects and initiatives in social areas and the defense industry. The Company also handles the public sector's requests for information and opinions on the defense industry and ASELSAN's activities.



UNIVERSITIES

Focusing on continuous development, ASELSAN develops close corporate cooperation with universities through Internally Funded R&D Projects, the Candidate Engineer Program and the ASELSAN Academy program. The Company maintained strong ties to students in 2019. ASELSAN has had an active profile at the career fairs of universities for many years. Accordingly, it attends the regional career fairs organized by the Human Resources Office of the Presidency every year where the paths of the Company and the potential ASELSAN employees of the future may cross. Spurring a great deal of attention at the Teknofest events held in 2019, ASELSAN briefed young individuals of all ages on ASELSAN products and career practices when they visited the Company's booth.



SOCIETY

Contributing to the social, environmental, economic and cultural development of the Turkish society is among the key priorities of ASELSAN, which runs all its activities by upholding its responsibilities for the society. In determining its ways of doing business, the Company pays heed to the opinions and suggestions of the local communities where it operates.



SECTORAL ORGANIZATIONS AND NON-GOVERNMENTAL ORGANIZATIONS

ASELSAN injects momentum to its corporate development through partnerships with all sectoral and non-governmental organizations operating in the defense industry. A member of the leading local and international organizations of the defense industry, ASELSAN is represented on local and international sectoral platforms by the senior management and employees.



FUTURE GENERATIONS

Young and successful professionals' most-preferred technology company, ASELSAN never compromises on its goal of leaving a more inhabitable world for future generations. ASELSAN also works with all its might to pass its solid corporate reputation onto future generations. The Company communicates with the youth via various corporate communication channels including Techno Adventure and Alimhane.

OUR MEANS OF COMMUNICATION WITH STAKEHOLDERS

ASELSAN places great importance on communication and interaction with internal and external stakeholders, and implements a multi-faceted communication strategy making the most of digital transformation process. ASELSAN's means and frequency of communication with stakeholders in its impact area are as follows:



Customers

Customer Satisfaction Surveys (In Every Project)
Website (Constant)
Call Center (Constant)
Exhibitions in and outside Turkey (More than Once A Year)



Employees

Employee Satisfaction Survey (Once A Year)
Employees' Voice Workshops (When Needed)
Surveys on the Working Experience (When Needed)



Investors

Analyst Meetings (Twice in a Year)
Investor Conferences and Roadshows (A Few Times a Year)
Investor Relations Website (Constant)
Investor Relations E-Mail Address (Constant)
Investor Relations Interactive Voice Response (Constant)



Suppliers/Subcontractors

Supplier Portal (Constant)
Workshops and Training Courses (Constant)
"Gücümüz Bir (Powerful Together)" Platform (Constant)
Supplier Satisfaction Survey (Once in a Year)
Power Union Summit (Periodically)



Universities

Conferences/Panels/Workshops (More than Once A Year)
Internally Funded R&D Projects (Constant)
ASELSAN Academy (Constant)



Sectoral and Non-Governmental Organizations

Conferences/Panels/Workshops (More than Once A Year)



Public Institutions

Conferences/Panels/Workshops (More than Once A Year)
Cooperation within the scope of legal regulations (When Needed)



Society

Website (Constant)
Social Media and Press (Constant)
Social Responsibility Projects (More than Once A Year)
ASİL Solidarity Foundation



Future Generations

Career Fairs (A Few Times a Year)
Cooperation with the Ministry of National Education
ASELSAN Vocational and Technical High School
Techno Adventure
Alimhane

ASELSAN has adopted a multi-faceted communication strategy.



MEMBERSHIPS AND INITIATIVES SUPPORTED



ASELSAN closely monitors developments and recent trends in the sector through memberships on national and international platforms and supported initiatives.

DOMESTIC

- ✓ ARUS (Anatolian Rail Transportation Systems Cluster)
- ✓ ATO (Ankara Chamber of Commerce)
- ✓ ASO (Ankara Chamber of Industry)
- ✓ BGD (Information Security Association)
- ✓ İMMİB (Istanbul Mineral Exporters' Association)
- ✓ KALDER (Turkish Quality Association)
- ✓ OAİB (Central Anatolian Exporters' Association)
- ✓ RAYDER (Rail Transportation Systems and Industrialists Association)
- ✓ SAHA İstanbul
- ✓ SASAD (Defense and Aerospace Industry Manufacturers Association)
- ✓ SSİB (Association for the Defense Industry Exporters Operating under OAİB)
- ✓ TAP (Portable Battery Manufacturers and Importers Association)
- ✓ TBD (Informatics Association of Turkey)
- ✓ TEDAR (Supply Chain Management Association) Membership subject to approval
- ✓ TESİD (Turkish Electronics Industrialists' Association)
- ✓ TESİD-ESİM Association (Turkish Electronics Industry Association - Electronics Industry Specialized Center Foundation)
- ✓ TUMAKUDER (All Battery Importers and Manufacturers Association)
- ✓ TÜTED (Telecommunications Industry Association Corporate) Membership



INTERNATIONAL

- ✓ AOC (The Association of Old Crows - The Name for People Engaged in the Profession of Electronic Warfare)
- ✓ AFCEA (Armed Forces Communication and Electronics Association)
- ✓ DMR (Digital Mobile Radio Association)
- ✓ EENA (European Emergency Number Association)
- ✓ ETSI (European Telecommunications Standards Institute)
- ✓ EUROCAE (European Organization for Civil Avionics Equipment)
- ✓ IEEE (Institute Of Electrical and Electronics Engineers)
- ✓ FOSA (Fiber Optic Sensing Association)
- ✓ IPC (Association of Connecting Electronics Industries)
- ✓ IRIS (International Railway Standard)
- ✓ ONVIF (Open Network Video Interface Forum)
- ✓ OSA (Optical Society of America)
- ✓ PCI-SIG (Peripheral Component Interconnect - Special Interest Group)
- ✓ RTCA (Radio Technical Commission for Aeronautics)
- ✓ RISC-V (Reduced Instruction Set Computing-V)
- ✓ SID (Society for Information Display)
- ✓ SPIE (Society of Photo-Optical Instrumentation Engineers)
- ✓ TETRA Base Station (Critical Communication Association)
- ✓ TIA ADVANCING GLOBAL COMMUNICATIONS
- ✓ UCAlug
- ✓ UITP (International Association of Public Transport)
- ✓ UIIN (University Industry Innovation Network)
- ✓ VITA (VMEBus International Trade Association)
- ✓ WEMPEC (Wisconsin Electrical Machines and Power Electronics Consortium)

ASELSAN is a member to, and supports, 24 international organizations.

CORPORATE GOVERNANCE

Driven by its listing in 2012 on the Corporate Governance Index of Borsa İstanbul, ASELSAN manages its corporate governance approach as a continuous and dynamic process.

The decisions taken by the Board of Directors are executed under the leadership of the CEO of ASELSAN.

Adopting corporate governance approach as an indispensable principle, ASELSAN observes the sensitivities of the sector where it operates; never compromises on the principles of fairness, transparency, accountability and responsibility, which are the cornerstones of corporate governance; and consistently improves corporate governance processes. ASELSAN bases its processes on a professional corporate governance approach, and releases a Corporate Governance Principles Compliance Report every year since 2004.

Listed on the Corporate Governance Index of Borsa İstanbul Since 2012

Driven by its listing in 2012 on the Corporate Governance Index of Borsa İstanbul, ASELSAN manages its corporate governance approach as a continuous and dynamic process. Improvements made by the Company to this end paved the way for 2019 corporate governance rating of 9.29 out of 10, up from 8.77 in 2012, as per the evaluation of SAHA, the corporate governance and credit rating company. ASELSAN's Corporate Governance Principles Compliance Reports are available under the annual reports on the corporate website.

ASELSAN's management structure is a single-tier system where the General Assembly elects a Board of Directors. ASELSAN's Board of Directors is composed of 9 members, 3 of them independent. The Board of Directors has decision-making and supervisory roles in the determination and management of economic, environmental and social impacts as well as risks and opportunities. The Board of Directors ensures that the works are performed in an effective and effective manner and comply with the Articles of Association, directives and policies established.

The decisions taken by the Board of Directors are executed under the leadership of the CEO of ASELSAN. All members of the Board of Directors are responsible for the economic performance of the Company. The CEO has an execution responsibility in the fields of social responsibility and the environment. Three committees have been formed to enable the Board of Directors to fully execute its duties and responsibilities in ASELSAN:



Further information on ASELSAN's corporate governance structure, Board Members and committees is provided on the corporate website.

CORPORATE GOVERNANCE

ASELSAN’s Ethical Principles Committee is established under the corporate structure and management system of the Company and consists of seven members.

ASELSAN strives to create and preserve a working environment where employees treat one another with kindness, genuineness, tolerance and respect, and voice their opinions open-mindedly.

ETHICAL PRINCIPLES

ASELSAN’s Ethical Principles, Values and Code of Conduct is reviewed and updated regularly so as to create working environments that comply with ethical values based on integrity, honesty and work discipline; prevent unethical behavior; raise awareness on ethical values; and align the Company’s practices with shared values and ethical principles.

ASELSAN strives to create and preserve a working environment where employees treat one another with kindness, genuineness, tolerance and respect, and voice their opinions open-mindedly. Thanks to the mutual trust established in the Company, employees act responsibly and look after not only their individual interests but also the long-term interests of their society, their Company and all the stakeholders of this Company.

Ethical Principles Committee as an Executive Body

ASELSAN’s Ethical Principles Committee is established under the corporate structure and management system of the Company and consists of seven members. Chaired by the Vice President of Corporate Governance, the Committee consists of the representatives from Internal Audit, Industrialization and Procurement Directorate, Legal Affairs and Human Resources, and two ASELSAN employees who are

elected with the votes of employees. All ASELSAN employees are entitled to obtain information from the Committee and report any suspected unethical conduct to the Committee. Unethical conduct is promptly inspected by the Committee, which also implements necessary measures in line with the information and contributions received from the senior management.

When selecting new hires, utmost attention is paid to choose who are willing to comply with ASELSAN’s core values and ethical principles. Every new member of the ASELSAN family take an onboarding program whereby they go through comprehensive training on ASELSAN’s Ethical Principles, Values and Code of Conduct and ASELSAN’s Directive on Ethical Values. Efforts are undertaken to ensure that all ASELSAN employees internalize ethical values in an environment where they are encouraged to uphold these values in their day to day work and at all times after the onboarding period. In 2019, 44 files were submitted to the Ethical Principles Committee, and all files were evaluated and request owners were informed. ASELSAN’s Ethical Principles Committee announced the files received and the evaluations made by the Committee to all ASELSAN employees so as to raise awareness on ethical principles and values.

INTERNAL AUDIT

Corporate governance at ASELSAN is ensured via managing risks, evaluating and improving the effectiveness of internal controls, and carrying out internal audit activities in accordance with the International Internal Audit Standards. The main purpose of internal audit activities is to assure the Audit Committee and the Board of Directors that risks are managed effectively. In this regard, annual audit plans and work schedules are prepared based on risks, and audit results are periodically reported to the Audit Committee and Board of Directors.

ASELSAN’s efforts to boost its competitive edge and cement its position as a global company have brought the importance of this function to the fore and raised expectations. In 2019, activities aimed at increasing the effectiveness of the audit process and strengthening ASELSAN’s corporate structure continued.

Effective Internal Audit Tools

Internal Audit regularly evaluates compliance with legal and corporate regulations, the implementation status of ethical values, and the adequacy of the controls established to eliminate risks. Internal auditors who take part in these activities at ASELSAN are committed to complying with the Code of Ethics established by the Global Institute of Internal Auditors. Furthermore, an internal auditor is appointed to ASELSAN’s Ethical Principles Committee in order to expand the role of ethical principles in corporate culture and disseminate the value-driven management approach across the Company.

ASELSAN uses COSO (The Committee of Sponsoring Organizations of the Treadway Commission) as a guide to ensure the effectiveness of the internal control system and to streamline control activities by existing processes and functions. Internal Control - Integrated Framework Report released by COSO in 2013 sets out five components of a sound internal control system at an organization: control environment, risk assessment, control activities, information and communication, and monitoring. Reports drawn up by relevant departments in light of these principles and a risk-centric approach are submitted to managers and necessary control activities are performed.

The internal audit methodology focuses on improving internal controls on processes in order to increase the efficiency of business processes, reduce costs in supply chain management, and contribute to the progress towards long-term corporate sustainability goals, such as use of green technologies.

In 2019, an audit was conducted on the activities related with IT disaster management process. The audit was intended to evaluate the effectiveness, efficiency and retrievability of business processes prone to interruption due to natural disasters and other reasons. This audit also contributed to the effectiveness of internal controls within the business continuity governance structure so as to minimize the impact of possible interruptions in IT services and ensure the continuity of critical processes.

ASELSAN’s Internal Audit Department regularly evaluates compliance with legal and corporate regulations, implementation status of ethical values, and the adequacy of the controls established to eliminate risks.

CORPORATE GOVERNANCE

Employees are able to contact the Ethical Principles Committee on all matters where they suspect an unethical behavior.

ASELSAN’s Anti-Bribery and Anti-Corruption Policy is available in English and Turkish and can be found on the corporate website.

ANTI-BRIBERY AND ANTI-CORRUPTION

Prevention of conflicts of interest, professional management of relations with stakeholders, and performance of all legal obligations are the underlying values of ASELSAN’s corporate culture. Regarding bribery and corruption as the most dangerous threat for ethical values in society, ASELSAN has a clear description of its relations with customers and shares its means of communication with customers on its corporate website.

Anti-Corruption Training for Internal Auditors

All internal auditors at ASELSAN take anti-corruption training. Internal directives set out preventive actions within the internal control system, while the internal audit unit examines bribery and corruption risks in a systemic manner. The Unit also carries out inspection activities, if assigned by the Board of Directors, in order to have a thorough investigation of these risks.

ASELSAN’s Anti-Bribery and Anti-Corruption Policy is available in English and Turkish and can be found on the corporate website. The Anti-Bribery and Anti-Corruption Policy applies to the Board Members, Executives and Employees of ASELSAN, shareholders, subcontractors, suppliers, consulting and audit companies that provide services to ASELSAN, all other stakeholders with whom ASELSAN maintains a commercial and social relationship, the companies where ASELSAN directly or indirectly holds more than 50% of the shares or voting rights, as well as the joint ventures and affiliates of ASELSAN. As declared in the Policy, the Learning and Development Operations Department delivers training to all ASELSAN employees based on the training set prepared by the Internal Audit Department so as to raise their awareness on the prevention of bribery and corruption.

Employees and third parties are encouraged to report, without facing any restrictions whatsoever, acts of bribery and corruption to ASELSAN’s Ethical Principles Committee and contact the committee on all matters where they suspect unethical conduct.

In determining the organizations, retailers, business partners and suppliers for contract execution, individuals and entities about which there is negative intelligence on bribery or corruption, are disqualified. In bidding processes, firms determined to have been involved in acts of corruption via fraud, promise, threat, exercise of influence, seeking of benefits, concerted action, extortion, bribery and other means are included in the blacklist. Furthermore, the Instruction on the Selection and Management of Overseas Representatives defines the methods regarding the selection of representatives as part of overseas marketing and business development activities, the determination of remuneration, and the approval process.

ASELSAN Ethical Principles, Values and Code of Conduct provides a clear description of the corporate approach toward relations with third parties, receiving and offering gifts, and individual use and confidentiality of ASELSAN’s resources. Members of the Board, employees, and their first-degree relatives are prohibited to accept third parties’ gifts, personal services or support that might have an influence on ASELSAN’s preferences and decisions. Similarly, suppliers are also informed of this matter via a message posted on the website every year. In this message, it is clearly stated that ASELSAN employees do not accept gifts, no matter what the reason is.

RISK MANAGEMENT

Risk management at ASELSAN is based on the enterprise risk management principles and handled in a holistic and proactive manner to guarantee business continuity.

Enterprise Risk Management activities are carried out with risk management mechanisms as well as structures such as boards and working groups that encompass the entire Company from the Board of Directors to the employees of functional departments. “ASELSAN Enterprise Risk Management System was established under the guidance of, and is still run in line with, ISO 31000 Risk Management Standard, COSO Internal Control and Enterprise Risk Management Frameworks and the Orange Book of the Treasury of the United Kingdom.”

Comprehensive Risk Management Policy

ASELSAN’S Enterprise Risk Management Policy is intended to make sure that necessary action is taken and stakeholder interests and the corporate identity are always protected in the face of all uncertainties threatening the corporate existence of the Company. Within this scope, an Early Detection and Management of Risk Committee was established in 2012 for the purposes of identifying and defining ASELSAN’s risk exposure proactively and manage those risks in line with the Company’s risk-taking approach. Consisting of Board Members and chaired by an Independent Member of the Board, the Committee conducts works in accordance with the regulations of the Capital Markets Board of Turkey. The Committee identifies and defines ASELSAN’s risk exposure proactively and manages those risks in accordance with the Company’s risk-taking approach. In performing these tasks, it fully complies with all applicable regulations, primarily including Article 378 of the Turkish Code of Commerce no. 6102. Risks that may prevent the Company from reaching its medium- and long-term goals are defined and

evaluated based on a “top-down” and “bottom-up” approach, by involving the Board Members, Members of the Early Detection and Management of Risk Committee and every employee in the process. ASELSAN’s risk inventory is divided into four categories: strategic, financial, operational and compliance risks. They are managed as part of business processes and corporate governance and integrated into the Company’s decision-making mechanisms.

The risks in ASELSAN’s risk inventory are classified and prioritized by their impact and likelihood, after being evaluated in terms of time, cost, performance and reputation. The impact of the Company’s risks, which are monitored at corporate level, are generally medium level. However, necessary measures and practices are identified to minimize the impact and likelihood of those risks that are perceived as threats after prioritization. After that, an action plan is formulated consisting of mitigating/preventing activities for each risk. The mitigating/preventing activities determined by the Company include a series of practices such as segregation of approvals, authorizations, confirmations, reconciliations, performance indicators, custody of assets, and segregation of duties. The Early Detection and Management of Risk Committee draws up an annual assessment report and submits it to the Board of Directors annually. The report provides those information included in the Company’s annual report and pertains to committee members, meeting frequency, working principles, and activities of the Committee, while serving as a basis for the Board’s evaluation on its effectiveness. Furthermore, the risks in ASELSAN’s risk inventory are reviewed by the Committee at least once a year for the purposes of evaluating the level of impact and likelihood of such risks. As instructed by the Committee, the Enterprise Risk and Process Management Department prepares a report for submittal to the Board of Directors on

ASELSAN’s Enterprise Risk Management Policy is intended to make sure that necessary action is taken and stakeholder interests are always protected in the face of all uncertainties threatening the corporate existence of the Company.

a periodic basis. This report includes information on the performance of mitigating/preventive activities aimed at the risks in ASELSAN’s risk inventory. Enterprise Risk Management Assessment Board and Risk Working Groups have also been formed to carry out activities aimed at defining and managing risks at different levels.

The World Economic Forum’s Global Risks Report 2020 Taken as a Basis

According to the Global Risks Report 2020 by the World Economic Forum, the headline risks in terms of likelihood and impact are extreme weather caused by climate change, climate action failure, natural disasters, biodiversity loss, and human-made environmental disasters. Reporting to CDP successfully since 2010, ASELSAN discloses to all stakeholders its climate change risk assessment - one of the paramount risks facing our era - via this report annually. The most recent version of the CDP report will be disclosed to the public no later than the last week of August 2020 on the website of our Company.

FIGHTING THE COVID-19 PANDEMIC

ASELSAN presented the internal and external measures taken to fight the COVID-19 Pandemic to the attention of stakeholders on its website in a transparent manner and in accordance with the Corporate Governance Principles.

In all ASELSAN premises, a total 33,000 square meter area is disinfected on a daily basis.

Internal Actions

ASELSAN has taken all preventive measures and necessary decisions to safeguard the health of all the employees and provide them with an appropriate working environment at all its premises since the initial statements of the World Health Organization and the Turkish Ministry of Health on the threat of the novel coronavirus (COVID-19). The Company's primary goal is to protect the health of all employees working at ASELSAN premises and guarantee the continuity and sustainability of production and design activities, as required by the nature of its core business line and the importance it bears for Turkey. Brief information and statements on the aforementioned matters are provided below:

- The decisions of the Turkish Presidency, Turkish Ministry of Health and the Coronavirus Scientific Advisory Board under the Ministry, as well as amendments to relevant regulations are monitored closely; all decisions are executed promptly; and updates and information are provided to employees.
- The use of palm scanners at entry and exit points of ASELSAN premises was halted as of February 26, 2020. Turkish Health and Foreign Affairs Ministries' links to the information notes and travel health related with COVID-19 were shared with all employees.

- ASELSAN's Chairman, President and CEO Prof. Dr. Haluk GÖRGÜN sent an e-mail informing all employees on the Management Strategy in the time of COVID-19.
- A Health Measures Board was established consisting of the managers from different functions and taking decisions upon evaluation of current developments on COVID-19. The Board convenes on a daily basis, working on the measures to be taken and submitting proposals to the Executive Board.
- The Executive Board holds daily meetings on this matter, while evaluating the proposals of the Health Measures Board and working on potential fighting and business continuity strategies for the coming period.
- In all ASELSAN premises, a total 33,000 m² area is disinfected on a daily basis. ASELSAN's self-owned and fleet rental vehicles and all staff shuttles are regularly disinfected on a daily basis. The number of hand sanitizing stations was increased from 49 to 182; the existing disinfectant stocks were expanded. Cleaning frequency for common spaces was doubled. The ratio of fresh air from the ventilation system was raised, and the cleanliness of the filters on all A/C units was checked.



- TVs of the IMS (Integrated Management System) started displaying the videos and posters of the Ministry of Health on accurate and effective hand washing methods. 750 informative posters were hung in relevant areas of all premises.
- Awareness-raising courses were and are being delivered to all the support staff working at ASELSAN.
- ASELSAN's Ministry-certified Daycare Center and Kindergarten were closed on March 16, 2020 until June 1, 2020 as per the legal restrictions on daycare centers and kindergartens.
- Pregnant employees and employees who were on nursing leave, as well as the employees falling under disadvantaged groups as determined by the Ministry of Health (immuno-suppressed people, cancer patients, people with chronic respiratory diseases, obese people, people with diabetes and cardiovascular diseases, recipients of organ transplant, and chronic patients) were granted administrative leave as of March 16, 2020. All employees other than pregnant or nursing employees started to work on June 1, 2020 as per the legal regulations.
- ASELSAN's primary goal is to safeguard the health of all employees including the subcontracted workers at the Company's premises. Therefore, ASELSAN made sure that contractors implemented necessary decisions to grant administrative leave to their pregnant and nursing employees as

well as the employees falling under disadvantaged groups determined by the Ministry of Health.

- The Company decided that non-essential overseas engagements be cancelled; employees having entered the Turkish territory as of March 1, 2020 be granted administrative leave for a period of 14 days starting on the day of entry and advised to take necessary precautions during their administrative leave for the purposes of public health. In order to protect the families of those employees coming from abroad, they were provided the opportunity to stay at an apart-hotel when requested.
- All training courses, including in-class trainings, events, seminars, exhibitions, social and cultural activities were postponed until further notice.
- All one-on-one recruitment interviews have been postponed until further notice, and replaced by video-calls, which continued in an uninterrupted manner.
- No person other than critical visitors is allowed inside ASELSAN's premises.
- The Company decided that employees hold their meetings via use of meeting methods other than face-to-face gatherings (teleconferences, Skype, WebEx etc.). The speed of the wide area network was increased so as to prevent any interruption to these services.
- The Company started to give out a hygiene set of masks, gloves and hand sanitizers to employees for their essential assignments within Turkey.
- All the cafeterias at ASELSAN's premises were closed on March 19, 2020, with further notice pending. As part of catering services, a food package is provided per employee.
- Use of all the elevators at ASELSAN premises was cancelled.
- Where employees or their families are requested to have a COVID-19 test performed outside ASELSAN premises or if either of them is diagnosed with the disease, calling the designated phone number promptly is mandatory.
- Daily body temperatures of employees are monitored with thermal cameras placed at the Macunköy, Akyurt and Gölbaşı premises. Furthermore, employees' body temperatures are measured on a daily basis by Emergency Medical Technicians.

Awareness-raising courses were and are being delivered to all the support staff working at ASELSAN.

FIGHTING THE COVID-19 PANDEMIC

All one-on-one recruitment interviews have been postponed until further notice, and replaced by video-calls, which continued in an uninterrupted manner.

No person other than critical visitors is allowed inside ASELSAN's premises.

- In order to guarantee social distancing via minimizing social mobility and contact between employees, verbal announcements are now being made at the entrance gates of all three premises at the end of shifts for the purposes of protecting distance and preventing people from flocking and crowding.
- Pursuant to the circular issued by the Ministry of Environment and Urban Planning, waste masks and gloves in places other than healthcare institutions started to be collected in "Waste Mask & Glove" boxes on April 13, 2020.
- As for the vehicles delivering goods and materials to ASELSAN, the body temperatures of all the people on the vehicles, including drivers, are measured with hand-held thermometers at the security gate before being allowed into the premises.
- The body temperature of visitors, whose entrance is essential, is also measured by the Security Staff with hand-held thermometers.
- Personal package deliveries are not currently admitted inside ASELSAN's premises.
- The infrastructure for medical observation areas was established for each facility.



- At the Executive Board's coordination meeting dated March 27, 2020, it was decided to grant administrative leave from March 30 to May 6, 2020 to employees if their spouses, siblings or first-degree relatives sharing the house with them are actively working as a healthcare worker or as a service provider engaged in healthcare services at any of the Ministry-designated pandemic hospitals.
- At the Executive Board's coordination meeting on March 30, 2020, it was decided to divide the employees into two groups taking turns for working onsite as of April 1, 2020 until further notice so as to minimize the crowding of people and provide a working environment -enabling social distancing at ASELSAN premises.
- In order to protect both the mental and physical health of employees, an info note on "Mental Health During the COVID-19 Outbreak" was issued by the Support Function and communicated to all employees.
- It was decided that all employees, including the employees of subcontractors working onsite at ASELSAN premises, wear face masks during their stay at the premises as of March 31, 2020.
- It was decided that personnel shuttles be available for a limited use of 50% of their actual passenger capacity, passengers be seated in a distance of more than one or one and a half meters at minimum, and wear a mask during their commute.
- The ASELSAN Force Majeure Assessment Board was formed to evaluate the existing or potential consequences of the COVID-19 outbreak, the impact of the pandemic on ASELSAN's commercial activities, obligations and performance timeline. The Board identifies the impact of this situation, which is outside the control of, and impossible to prevent for, ASELSAN, its suppliers and subcontractors, on ASELSAN's obligations and performance timeline as per contracts, purchase orders or general provisions since the outbreak is anticipated to have a negative impact on the performance of obligations. The Board also evaluates whether or not any related claims or notifications provide a legally valid ground that constitutes a force majeure event.
- ASELSAN became the first defense industry company to qualify for COVID-19 Safe Production/Safe Service Certification by fulfilling all the standards set in the COVID-19 Hygiene, Infection Prevention and Control Standards, as a guide in the fight of industrial enterprises against COVID-19, by the Ministry of Industry and Technology and Turkish Standards Institute (TSE).

External Actions

- Studies to develop a local ventilator began. Installation works for the production line of local ventilators were completed.
- As part of the fight against COVID-19, ASELSAN Research Center's Bio-defense Department initiated an R&D study on diagnosing COVID-19 via sensitive optical biosensors. The plan is to continue with this study throughout this period.
- In addition to its main industry, ASELSAN has assumed a responsibility for the society and social contribution. Accordingly, the Company launched a solidarity campaign to meet healthcare workers' material and equipment needs via the ASELSAN Social Innovation Leaders (ASİL) Solidarity Foundation. As part of the campaign, 600 face shields, 720 protective goggles, 3,040 coveralls, 300 overshoes, 1,000 scrub hats, 2,000 gloves, 32,500 surgical masks, and 2,000 N95 masks were delivered to healthcare workers at 21 hospitals as of April 10, 2020. The members of the Foundation continue to work in close cooperation with Pandemic Hospitals.

The Company donated TRY 1,500,000 to the National Solidarity Campaign, **"We are self-sufficient, Turkey."** ASİL Foundation also raised TRY 200,000 with the donations of the ASELSAN employees for the campaign.

OUR VALUE-DRIVEN HUMAN RESOURCES APPROACH

A cultural transformation activity was carried out in 2019 to define ASELSAN’s corporate values and behavioral indicators and to determine employees’ perception of these values.

ASELSAN updates its Human Resources Policy regularly so as to maintain its strong employer brand and enhance employee experience.

ASELSAN updates its Human Resources Policy regularly so as to maintain its strong employer brand and enhance employee experience. ASELSAN’s main focus areas are to manage qualified human resources in full compliance with applicable laws and regulations governing the working life, provide modern employment and working conditions, encourage personal development, and boost work performance. To this end, the Company partnered with an international consulting firm to conduct a project aimed at determining the strengths and improvement areas of the Human Resources Management Policy. As a result, a medium-term business plan and roadmap was prepared. The organizational structure of the Human Resources Directorate was re-evaluated first. Then, an organizational structure was established that enabled Human Resources (HR) Directorate to have a stronger presence onsite, focus on career, talent and performance management effectively, and run learning and development activities integrately with other human resources practices.

World-Class Human Resources Policy
A project plan was prepared to be implemented in short term as per the Human Resources Management Policy. The project plan was announced to ASELSAN employees with the vision “Introducing World Class Human Resources Practices to ASELSAN” under the motto “For You, With You.” The first phase of the project helped re-identify the ASELSAN values

with the contributions of ASELSAN employees. Efforts were initiated in order for employees to embrace these values. Furthermore, plans were formulated on how to incorporate the values into HR practices. A series of projects launched included performance management, remuneration, career and talent management, determination of leadership, functional and technical competencies, process analysis, HR technology transformation, improvement of recruitment processes, and establishment of a leadership school.

Our Values Stand for Our Strength
A cultural transformation activity was carried out to define ASELSAN’s corporate values and behavioral indicators and to determine ASELSAN employees’ perception of these values.

The ASELSAN Cultural Transformation and Values Project started out with the development of a “Corporate Values Map” to identify employees’ personal values they believe to represent themselves, their perceived values and corporate behaviors at ASELSAN, and their desired values and corporate behaviors at ASELSAN. The project was enriched through focus group workshops.

ASELSAN values built on the opinions of all employees, as well as the behaviors representing these values, took final shape upon the approval of the Senior Management. ASELSAN Values were announced in an event with the participation of all ASELSAN employees.



In 2019, female ASELSAN employees represent 21% of the total workforce.

EMPLOYEE PROFILE

ASELSAN regards qualified and experienced human resources as its most important competitive advantage.

21% of the workforce are female employees in the employee breakdown of 2019. The breakdown of total 7,649 employees by gender, age group and working category is provided in the following tables. In order to monitor

the change in the workforce along with the breakdown of existing employees, detailed information on new hires and the number of employees who quit work in 2019 is also provided in the following tables.

Number of Employees in Governance Bodies by Age Group and Gender

Age	2018		2019	
	Female	Male	Female	Male
<30	-	-	-	-
30-50	-	4	-	7
>50	-	13	-	11
Total	-	17	-	18

Number of White Collar Employees by Age Group and Gender

Age	2018		2019	
	Female	Male	Female	Male
<30	413	1,178	626	1,633
30-50	665	1,924	738	2,156
>50	50	215	44	178
Total	1,128	3,317	1,408	3,967

Number of Blue Collar Employees by Age Group and Gender

Age	2018		2019	
	Female	Male	Female	Male
<30	57	576	69	627
30-50	143	1,076	156	1,286
>50	10	137	9	117
Total	210	1,789	234	2,030

Number of Employees by Contract Type and Gender

	Female	Male
Fixed Term Contract	75	477
Permanent Contract	1,520	5,361
Total	1,595	5,838

	Female	Male
Talent-A	47	159

Total Number of New Hires

Age	2018		2019	
	Female	Male	Female	Male
<30	174	616	297	924
30-50	21	112	61	259
>50	0	6	0	12
Total	195	734	358	1,195

Total Number of Leaves

Age	2018		2019	
	Female	Male	Female	Male
<30	24	120	23	109
30-50	35	109	37	117
>50	5	41	6	54
Total	64	270	66	280

In 2019, 1,553 people joined ASELSAN, with 358 women and 1,195 men.

EMPLOYEE RIGHTS

Conducting all its operations in full compliance with the laws, ASELSAN adopts the approach of equal opportunities that prevents and bans discrimination, as required by the laws.

The ASELSAN Human Resources Directorate bases its activities within its remit on diversity and equal opportunities.

SOCIAL DIVERSITY AND EQUAL OPPORTUNITIES

In line with its approach for “decent work,” ASELSAN provides equal opportunities to all employees, without discriminating any religion, language, sex, ethnical origin, age, disability, sexual orientation and political opinion. One of ASELSAN’s fundamental principles is to treat employees, who are the first links in its value chain, without any discrimination throughout their employment starting from the day of recruitment.

Conducting all its operations in full compliance with the laws, ASELSAN always adopts the approach of equal opportunities that prevents and bans discrimination, as required by the laws. The ASELSAN Human Resources Directorate bases its activities within its remit on diversity and equal opportunities. Developments in these areas are reported to the Vice Presidency of Corporate Governance. No act of discrimination based on religion, language, race, ethnical origin, gender, age, disability, sexual orientation and political opinion occurred at ASELSAN in 2019.

Whistleblowing and Reporting Mechanisms for Anti-Discrimination

There are whistleblowing and reporting mechanisms in place at ASELSAN to ensure that no employee experiences an act of discrimination due to their individual differences. The establishment and functioning of these mechanisms is monitored by the Senior Management, and related processes are handled by the Ethical Principles Committee under the Corporate Governance Vice Presidency consisting of managers and employee representatives from different functions. If an employee experiences discrimination for any reason, they are able to directly report to the ASELSAN Ethical Principles Committee with their privacy being protected. Further information on this process is provided in the ASELSAN Human Rights Policy available on the corporate website.

While many industries in and outside Turkey reflect differences arising from gender and disability status particularly on remuneration policies, such a practice is inapplicable for ASELSAN’s human resources approach. ASELSAN’s remuneration policy is applied with the same approach and equally for all employees regardless of contract type, gender and disability status. The legally-required number of disabled individuals permanently employed in the growing team of ASELSAN is monitored meticulously. In 2019, employment was provided to an additional 29 disabled people. Furthermore, the number of female employees who joined ASELSAN in 2019 is 290.

ASELSAN places great emphasis on employee welfare and well-being in all business processes and activities at its premises. In order to facilitate life at any given facility, designated parking areas are allocated for disabled employees at car parks, while an elevator is put into service for access from the shuttle area to the facility.

Employment was provided to additional 29 disabled individuals in 2019.



EMPLOYEE RIGHTS

ASELSAN aims to acquire candidates who are creative, open to scientific and technological developments, committed to ethical values, equipped with independent thinking skills, and competent to act as team players.

ASELSAN runs employment and recruitment processes in light of universal human rights and standards and based on its position as an equal opportunity employer.

RECRUITMENT

ASELSAN evaluates human resources based on objective criteria for the knowledge, skills and experience required by any given position. The Company aims to acquire candidates who are creative, open to scientific and technological developments, committed to ethical values, equipped with independent thinking skills, and competent to act as team players.

ASELSAN runs employment and recruitment processes in light of universal human rights and standards and based on its position as an equal opportunity employer. The ASELSAN Human Resources Directorate is responsible for the processes related with the employment policy. Their activities are regularly reported to the Corporate Governance Vice Presidency. The ASELSAN Recruitment Directorate is in charge of selecting and hiring new candidates. The Directorate runs a recruitment system designed to determine the ideal candidate in the fairest manner via utilizing a series of tools. The system is updated regularly in line with novelties and developments. With a focus on ensuring and maintaining diversity among its staff, the Company evaluates the candidates who complete the application form available on the ASELSAN corporate website in recruitment processes.

High Brand Value for Young Professionals

Feedback is provided to candidates regarding their applications as promptly as possible once evaluations are completed. ASELSAN provides an environment where candidates can easily contact the HR Directorate via phone or e-mail and obtain detailed information on their application at any time they wish.

Having a growing brand value for young talents, ASELSAN attaches importance to cooperation with high schools, universities and student organizations, in order to further its brand value and place high-potential young talents in its candidate pool. Introductory events are organized and guidance is provided for high school students so as to brief them on ASELSAN's fields of activity and help them shape their education with the best possible approach to become a part of the ASELSAN's family. The Company also attends career fairs, seminars and panels organized by universities and student organizations, whereby it creates an environment to introduce ASELSAN and shares the impact of technological developments on the industry with students.



ASELSAN provides career consultancy to talented students when they need it, while organizing school trips to ASELSAN premises where they can observe implementation of technology and innovations onsite. The internship and talent programs also enable senior engineering students to work with professionals with expertise in their respective fields. Examining the execution of rare scaled projects, the, offers a unique experience for students.

2019 Activities

- As a part of the digitalization of recruitment processes, employee request forms have been transferred to the digital environment along with recruitment and remuneration forms. By doing so, request and approval processes were combined on the digital platform.
- The job application screen was re-designed to check whether the candidate meets the recruitment criteria and notify them accordingly, and the screen was enhanced with new visuals. Besides, an announcement

system was established. A system s infrastructure was established enabling candidates to monitor their application status individually.

- System improvements are ongoing in light of user feedback. The aim is to select and hire the right candidate for the right position promptly.
- Taking the requirements of the job application into account, several updates were made on the recruitment criteria and announced on the website.
- Satisfaction survey forms for new hires were digitized so as to evaluate recruitment processes thoroughly and introduce enhancements if necessary.
- The "Talent-A" program was launched to make sure that young talents develop professional competencies prior to the start of their careers; embark upon their professional life with awareness on the ASELSAN culture; and receive one-on-one mentoring and guidance for their career development starting from their years at the university. A special application page and visuals were designed for the Talent-A program.

- As of 2019, in addition to candidate engineering students "Candidate Specialists" in the administrative track were also included in the program as and started to work at ASELSAN afterwards. Thanks to the program, all candidates get the chance to have further experience in their respective sectors through the projects assigned to them, while working one on one with their mentors and receiving constant feedback. The Talent-A Program is enhanced with an assessment platform aimed at feedback so as to guarantee the development of mentors and young talents alike.
- Placing great emphasis on "Back to Turkey," which is a project aiming to attract our country's qualified workforce back to Turkey, the Company continued with its activities at full speed in 2019. As part of the overseas exhibitions organized by the Human Resources Office of the Turkish Presidency, ASELSAN came together with the students and professionals in the UK, Germany, Uzbekistan and South Africa. This way, the Company also reinforced its mission of guiding the youth - who seek a career in the defense industry and wish to develop themselves - by representing Turkey at such organizations.

EMPLOYEE RIGHTS

After winning the first place for five times in previous years, ASELSAN once again topped the list of Generation Y and Z members’ most preferred company in Engineering/IT fields, as revealed by the “Universum Ideal Employers Survey” in 2019.

Thanks to the activities conducted under the “Back to Turkey” project, 15 candidate employees returned to Turkey and joined the ASELSAN family in 2019.

- Thanks to the activities conducted as part of the “Back to Turkey” project, 15 employees returned to Turkey and joined the ASELSAN family in 2019. ASELSAN has a heartfelt belief that the new hires will contribute greatly to Turkey’s leading defense industry company thanks to the overseas experience and knowledge they acquired during their engagements in countries such as the USA, UK and the Netherlands.
- The design of a website for “Back to Turkey” project and relevant efforts on the application page, where the candidates can easily send their files, continued at full speed.
- After winning the first place for five times in previous years, ASELSAN once again topped the list of Generation Y and Z members’ most preferred company in Engineering/IT fields, as revealed by the “Universum Ideal Employers Survey” in 2019. The survey was conducted with the participation of 64,967 students from 50 universities and 18,338 young professionals with an average work experience of 4.5 years in order to analyze and compare the perceptions of the youth on work and employer brands. In 2019, ASELSAN jumped up by 5 places for the students of Administrative Sciences and Engineering/IT; and by 1 place for young professionals. This strengthened ASELSAN’s position among the top ten companies.



PERFORMANCE DEVELOPMENT AND CAREER MANAGEMENT

Career Management

As a leader in the labor market, ASELSAN strives to support employees’ development at all times, because it is aware that qualified human resources are the driving force behind the Company. With this mindset, ASELSAN aims to support high-potential employees, who will carry the Company to the future, by developing their competencies, and providing all necessary sources to help them become the future leaders through the development center.

ASELSAN places great importance both on raising qualified human resources and on providing necessary support to boost the effective leadership skills of their managers. As part of the Leadership Development School established in 2019, our leaders are supposed to participate in the courses which aim to develop their leadership skills in 2020.

The process of manager appointment system was re-structured in 2019. The system is aimed at assessing the technical and managerial competencies of executive candidates and addressing their improvement areas through a systematic approach. Applications for the vacancies announced are evaluated in terms of technical and managerial skills. Candidates are provided with feedback on their strengths and improvement areas, and a development plan is created accordingly.

In the meantime, ASELSAN aims to develop employees’ skills by helping them gain further experience through rotations between different functions in line with their career development. The internal rotation process was re-designed to achieve this goal. The new process facilitates employee rotation among departments, while allowing the Company to tap into internal resources to address the skill gap in certain areas.

ASELSAN aims to develop employees’ competencies by helping them gain further experience through rotations between different functions in line with their career development.

EMPLOYEE RIGHTS

Believing that corporate achievements are possible only through employees’ personal development and success, ASELSAN encourages employees for continuous development, and monitors, plans and manages their development performance.

The ASELSAN Development Center planned to be established in 2020 is intended to assess employees’ managerial competencies, create development plans, and reinforce their leadership skills.

The ASELSAN Development Center at the Stage of Establishment

At ASELSAN, career plans are developed after the evaluation of the competencies of those employees seeking a career in technical or managerial tracks. To this end, the ASELSAN Development Center to be established in 2020 is intended to assess employees’ managerial competencies, create development plans, and reinforce their leadership skills.

Performance Management

Believing that corporate achievements are possible only through employees’ personal development and success, ASELSAN encourages employees for continuous development, and monitors, plans and manages their development. Within this scope, Employee Satisfaction Surveys, workshops, one-on-one meetings organized by the Human Resources Directorate and employee feedback at exit interviews have all been evaluated to determine the effectiveness of the assessment system, which have been in use since 2016, and to identify the problems in the functioning of the system. Evaluations and findings showed that an update to the existing system in line with the requirements at the Company was necessary.

Continuous Development Number One Priority

The “Performance Development and Feedback System,” which was revamped at the end of 2019, is designed to strengthen goal-based performance management and feedback culture. The targets for all organizational units have been mutually determined in alignment with corporate goals. The most important gains with the new system included a performance assessment based on clear, objective and measurable targets, and a focus on continuous development through regular feedback meetings between managers and employees.

The outcomes of the Performance Development and Feedback System serve as a basis for employees’ career management, remuneration and rewarding processes. Accordingly, high-performers pursue enriched career plans, while training and development plans are created for underperformers.



REMUNERATION AND FRINGE BENEFITS

ASELSAN places great emphasis on the value the qualified workforce adds to the Company. For this value to be sustainable in coming periods, ASELSAN’s remuneration policy provides better conditions and benefits than the market average, and focuses on continuous development and job satisfaction.

The remuneration policy at ASELSAN is executed based on the principle of “equal pay for equal work” at all facilities and business lines, and without discriminating between types of contract, gender or disability status.

The remuneration policy is maintained by taking into account the market research on wages carried out annually to monitor the economic indicators of the country, ASELSAN’s financial results and the labor market developments.

Comprehensive Social Benefits for All Employees

In addition to the competitive remuneration system, ASELSAN provides private health insurance, personal accident insurance, infirmity services, kindergarten, graduate education opportunities, and the right for more annual leaves rights than stipulated by laws.

Under the “Talent-A Program,” which enables university students’ participation at work, senior students are able to work part time at ASELSAN and get involved in the projects designated by the Company. ASELSAN’s remuneration policy is not based on minimum wage. Indeed, only the university students who work at ASELSAN under the Talent-A Program get minimum wage. They are given the chance to switch to full time work if they complete the program successfully and graduate from the university, and get paid as per the existing remuneration policies at ASELSAN.

The remuneration policy at ASELSAN is based on the principle of “equal pay for equal work” in all premises and business lines, and implemented without any discrimination of contract type, gender or disability status.

EMPLOYEE RIGHTS

Employees who retire from ASELSAN are granted a severance pay in proportion to their duration of service as stipulated by law.

Gifts are given to retired personnel as a token of appreciation for their contributions to ASELSAN.

The plan for 2020 is to conduct a “job grading” study for all the positions under the existing main job family/sub-job family at ASELSAN and to update the remuneration policy, benefits and bonus systems in line with the requirements identified.

Employees who retire from ASELSAN are granted a severance pay in proportion to their duration of service as stipulated by law. In addition to mandatory compensations, gifts are given to retired personnel as a token of appreciation for their contributions to ASELSAN.

Retired employees are eligible for the comprehensive health insurance ASELSAN offers to employees, provided they pay the premiums themselves.

Employees who retire from or quit ASELSAN due to age limit are able to transfer their experience to ASELSAN as consultants, if needed and for a limited period of time. Besides consulting opportunities, such former employees are also able to continue their careers within the ecosystem of numerous organizations of all sizes ASELSAN cooperates with.



EMPLOYEE DEVELOPMENT AND ON-THE-JOB TRAINING OPPORTUNITIES

ASELSAN believes that development is the key driver for reaching strategic objectives and success. Being aware that successful employees mean a successful Company, ASELSAN carries out rigorous activities to encourage employee development. ASELSAN organizes various personal and professional training and development activities for continuous employee development, with a focus on always building on its intellectual capital.

Learning and development activities are run in compliance with ASELSAN’s strategies and continuously improved to help boost ASELSAN employees’ competencies. Carried out under the oversight of the Human Resources Directorate, these activities are intended to support ASELSAN’s corporate objectives and strategies, enable personal and organizational learning and development, boost employees’ competencies and performance, encourage exchange of information, and enrich the intellectual capital of the Company.

To guarantee that ASELSAN’s value-creating design and development activities are beneficial, the Company invests in the learning and development of employees, which contributes to employee satisfaction and brings along a highly-motivated group of employees who fully embrace the corporate culture. Life-long learning opportunities for employees are aimed at both their personal and corporate development.

The learning and development system at ASELSAN is continuously improved through measuring and reporting the impact of the relevant activity on business results. Accordingly, Catalogues on Learning and Development Programs are prepared and updated as necessary. Training programs provided to ASELSAN employees include in-class courses delivered by ASELSAN trainers, in-class courses organized by the Learning and Development Operations Department and delivered by consulting firms or academics, and individual training programs employees take at either various companies or universities.

The learning and development system at ASELSAN is continuously improved through measuring and reporting the impact of the relevant activity on business results.

EMPLOYEE RIGHTS

In 2019, the Learning and Development Operations Department organized training courses on 61 different topics under the main headings of technical skills, expertise, management, personal development, and general information.

Participant satisfaction level with the training courses provided reached 87%.

In 2019, the Learning and Development Operations Department organized training courses on 61 different topics under the main headings of technical skills, expertise, management, personal development, and general information. 11 new courses were included in the training inventory. Participant satisfaction level with the training courses provided reached 87%.

The following tables provide details on the average hourly duration of training courses organized in 2019 per employee, by employment category and gender. The hours in training per employee comply with the breakdown of employees.

Employees' Average Hours in Training				
	2018		2019	
	Female	Male	Female	Male
Blue Collar	17.1	19.5	12.7	11.8
White Collar	24.2	23.7	22.0	22.3
Senior Management (Executive Board)	13.8	20.1	0	5.3

Employees' Total Hours in Training				
	2018		2019	
	Female	Male	Female	Male
Blue Collar	3,689	35,773	2,983	23,911
White Collar	28,811	83,300	30,952	88,386
Senior Management (Executive Board)	42	1,027	0	53

In 2019, activities were carried out to design and run a Leadership Development School where ASELSAN managers have the chance to develop their competencies to help the Company reach its strategic objectives.



The Learning Management System Launched

The new Learning and Development Platform “a BİL-GE” was launched for all ASELSAN employees in 2019. The Platform is intended to manage, document, monitor measure and report learning and development activities on a single system; provide courses ASELSAN employees need on e-learning platforms; and to help employees access information on learning and development easily.

The Design of the Leadership Development School Completed

In 2019, activities were carried out to design and run a Leadership Development School where ASELSAN managers have the chance to develop their competencies to help the Company reach its strategic objectives. The design of the Leadership Development School was finalized; and the preparations for the program for the existing ASELSAN managers in 2020 were completed. The program is based on a multi-dimensional learning and development model involving the use of tools such as the implementation of a 360° inventory and reporting its results; face-to-face training modules, preliminary preparations for training modules and reinforcement tasks in between modules; as well as Action Learning Teams (ALTs).

EMPLOYEE RIGHTS

The ASELSAN Academy Graduate Education Program was brought into service pursuant to the protocol signed between the Higher Education Board (YÖK) and ASELSAN on August 1, 2017. The Program currently continues its graduate education activities with 524 of ASELSAN’s staff members.

Thanks to the implemented 4th generation university model, ASELSAN employees are now able to continue their graduate education at their place of work, without having to leave the ASELSAN facilities.

ASELSAN ACADEMY GRADUATE EDUCATION PROGRAM

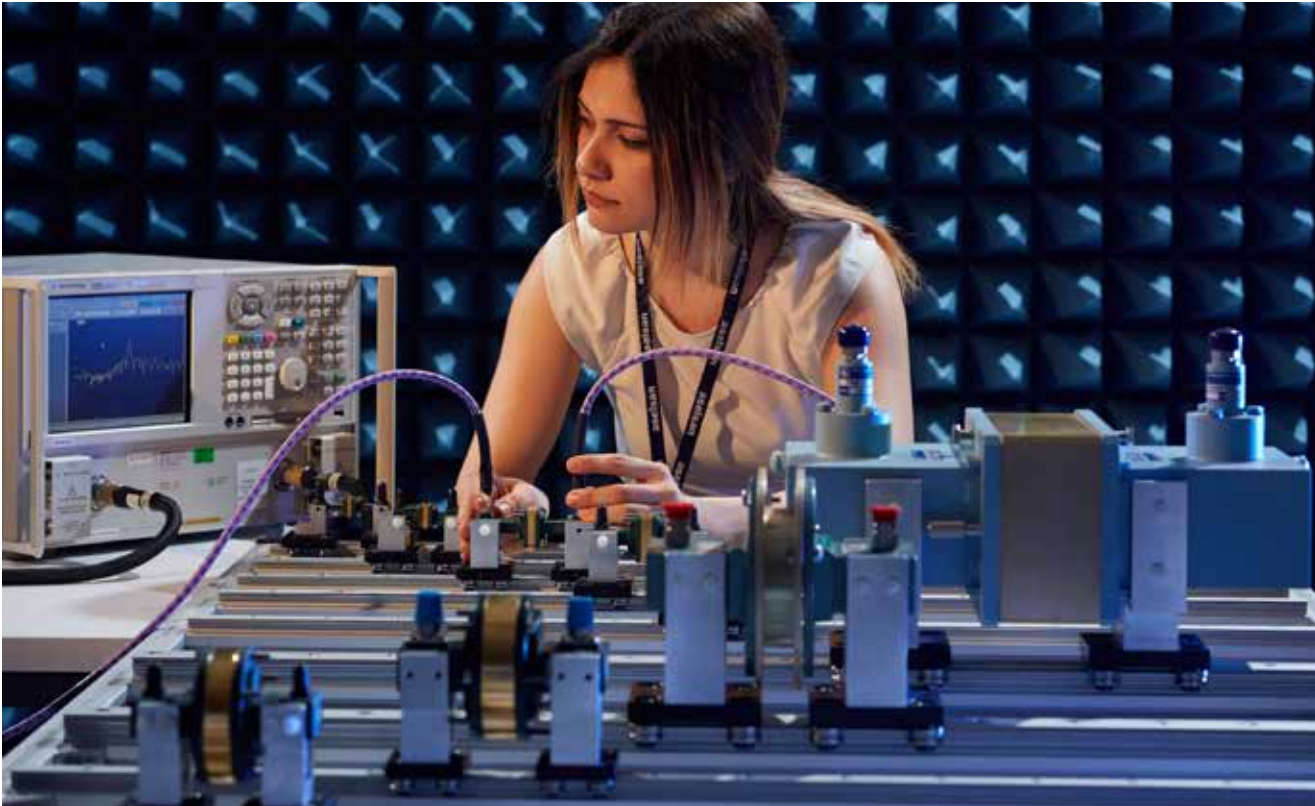
ASELSAN Academy Graduate Education Program is aimed at increasing the number of qualified and expert ASELSAN staff and improving know-how by enabling ASELSAN’s staff to carry out thesis studies on the topics within ASELSAN’s technology roadmap.

The ASELSAN Academy Graduate Education Program was brought into service pursuant to the Protocol signed between the Higher Education Board (YÖK) and ASELSAN on August 1, 2017. The ASELSAN Academy model enabled, under the coordination of YÖK, many universities to take part in the collaboration model under a single program and also establish partnerships between universities. This feature marks ASELSAN Academy as the first model implemented for such a purpose in and outside Turkey. In the 2019-2020 Spring Term, 525 students - 51 PhD and 473 M.Sc. - carry on their graduate education activities at the ASELSAN Academy.

The First “4th Generation” University Model in Turkey

ASELSAN Academy opened graduate and doctorate programs in Computer Sciences, Electrical and Electronics, Mechanical and Material Engineering with the participation of research universities, i.e. Gazi University, Gebze Technical University, Istanbul Technical University and Middle East Technical University. With the 4th generation university model implemented for the first time in Turkey, ASELSAN aims to generate innovative solutions that boost its competitive edge through the thesis studies ASELSAN employees carry out on the company’s ongoing projects. It also provides the academics of the universities taking part in the program with the opportunity to work at applied technology infrastructures of ASELSAN.

This model marks ASELSAN as the first and only industrial organization that serves as an external campus for multiple universities. The model has also enabled ASELSAN employees to continue their graduate education in their respective areas/projects, without having to leave the facilities of ASELSAN. The program is run in accordance with the Graduate Education Regulations and rules (admission criteria, mandatory courses, program restrictions etc.) set by the Graduate Schools’ of partner universities. Students receive their MSc or PhD diplomas from the university that offer the relevant program.



The program is mainly intended to allow ASELSAN’s personnel to take classes on the topics associated with the projects assigned to them at ASELSAN, thus helping them complete their thesis studies on these fields. Appointing academically-equipped staff to R&D projects will help develop innovative technologies and localize the production of critical technologies in the defense industry. The program will ensure that the staff receive graduate education in light of ASELSAN’s mission and vision and conduct thesis and research studies in the field of defense industry.

An Innovative Approach for Turkey

The program is also intended to foster collaboration between universities and the industry, providing an environment where each party can undertake mutual projects. As part of the activities of the Academy, workshops are organized with the participation of all universities. The program boosts university-industry partnership and cooperation between universities. The approach of ASELSAN Academy also allows academics working at different fields and universities to carry out projects together.

ASELSAN Academy was launched with the mission of developing the know-how of ASELSAN’s personnel on the Company’s field of activity and contributing to the practical and academic development of other stakeholders in Turkey (universities, R&D centers, institutes, subcontractors etc.). Therefore, it proved to be a brand new and innovative model that is important for Turkey and raises the bar for expectations.

The ASELSAN Academy Model enables graduate program applicants who meet the necessary criteria to take classes and carry out thesis studies on their existing/future projects. This is how candidates complete purpose-driven studies as an extension of their jobs. Launched in 2017 as a university-industry collaboration effort and expanded in the past two years, ASELSAN Academy is an important and innovative platform that is run under the umbrella of the Vice Presidency for Technology and Strategy Management. Mainly intending to increase the number of qualified human resources, the program will allow academically-equipped ASELSAN

employees to take part in technology projects in the defense industry, conduct thesis studies and hence increase the quality and quantity of ASELSAN’s products and technologies in the long term.

The plan is to carry out these activities at the ASELSAN Academy Center, which will feature classrooms, conference halls, laboratories and other necessary infrastructure at the Macunköy Facility to ensure the continuity of this academic program.

University-Industry Collaboration

ASELSAN increased the number of university collaboration projects through the Internally Funded R&D Projects and a series of procedures launched in 2018. As part of internally-funded and contracted projects, the Company worked with 37 universities - 31 in Turkey and 6 abroad - on 132 projects in 2019. The Company paid USD 6.1 million in project costs to universities as part of the R&D projects conducted in collaboration with universities in 2019.

EMPLOYEE RIGHTS

The Company supports students who are interested in ASELSAN’s areas of strategic importance. Within this scope, scholarship programs are carried out to boost the knowledge on new technologies and equip human resources with new capabilities in the long term.

120 students enrolled in the ASELSAN Vocational and Technical High School, and the Electrical/Electronic Technologies program of the school admitted the first 0.46% percentile of test takers.

Internship Programs

Serving the purpose of raising human resources in the long-term, internship programs are run in coordination with ASELSAN’s Human Resources Directorate. Within this scope, 900 to 1,000 higher education students do summer internships at ASELSAN every year between June and September. Throughout their internships, students are observed by their respective departments and evaluated as to whether they can be regarded as potential, future employees. Students of vocational schools are also provided with the opportunity of vocational training between September and June.

The Company conducted a 3-week summer training course in August and September for gifted students. The course involved 20 gifted high school students selected by the Ministry of National Education and aimed at allowing these students to experience defense industry practices first hand, improving the quality of education, help them acquire insights and motivation in engineering and other areas, and enhance their future contributions to Turkey.

Scholarship Programs

The Company supports students who are interested in ASELSAN’s areas of strategic importance. Within this scope, scholarship programs are carried out to boost the knowledge on new

technologies and equip human resources with new capabilities in the long term. There are scholarships available for Turkish academics’ doctorate studies in Turkey. In 2019, nine people were granted scholarships for doctorate and post-doctorate research activities in Turkey.

ASELSAN Vocational and Technical High School

For the purposes of raising qualified human resources for the defense industry, ASELSAN signed a Vocational Training and Skills Development Cooperation Protocol with the Directorate General for Vocational and Technical Training (MTEGM) under the Ministry of National Education. Accordingly, Turkey’s first Level 2 Vocational and Technical High School in the field of defense industry systems was established in 2019, bearing the name of ASELSAN.

As part of the curriculum for the ASELSAN Vocational and Technical High School, four new courses were designed for 11th and 12th grades in the Defense Electronic Systems track; and seven new courses were designed for 11th and 12th grades in the Defense Mechanical Systems track. 120 students enrolled in the ASELSAN Vocational and Technical High School, and the Electrical/Electronic Technologies program of the school admitted the first 0.46% percentile of test takers. Students started education on September 16, 2019.



INTERNAL COMMUNICATION AND EMPLOYEE MOTIVATION

Intranet is used as an electronic information exchange platform at the Company in order to ensure healthy and uninterrupted communication among employees and departments. Managerial decisions, internal arrangements, department-specific activities, corporate news and other announcements are communicated to employees via Intranet on a daily basis, enabling employees to be informed on all matters and developments pertaining to the Company. New practices are introduced as needed to boost communication with and between employees.

The “open door” policy adopted by ASELSAN managers, including the Board Members and CEO, allows employees to address and share their opinions and issues on all matters with their managers.

Employees’ Voice Workshops

As part of the Employees’ Voice Workshops launched in 2018 and continued in 2019, the Company came together with the employees from across different functions, and heard their opinions on various topics, problems and rooms for improvement related with performance, wage and career management, engagement, satisfaction, and the working experience at ASELSAN. Workshops were themed “You are Our Future” for engineers with 0-5 years of experience; “Proceeding Towards the Summit Together” for engineers with 5-10 years of experience; “ Experience is Talking” for engineers with over 10 years of experience; and “Not Without You” for administrative staff. Workshops also included the fifth edition of meetings with managers and higher-level executives, and the “We Exist Together at ASELSAN” workshop for the technicians.

In 2019, opinion and feedback taken in the workshops involving around 2,350 employees were enriched with the survey conducted after these events. The findings were gathered in a report and announced by the Chairman, President and CEO Prof. Dr. Haluk GÖRGÜN to all employees.

The “open door” policy adopted by ASELSAN managers allows employees to address and share their opinions and issues on all matters with their managers.

EMPLOYEE RIGHTS

ASELSAN’s Daycare Center and Kindergarten organized a special Teachers’ Day event bringing together the managers, students, and teachers.

The new HR practices, digitalization efforts for the process improvement/development and training processes, as well as the Talent-A, Compass and a BİL-GE Programs were all launched in 2019.

Solutions were developed and part of the projects implemented in light of employees’ opinions and feedback. The plan for 2020 is to continue these workshops under the theme “Our Business Matters” and hold meetings with employees on matters such as business models and case studies.

The new HR practices, digitalization efforts for the process improvement/development and training processes, as well as the Talent-A, Compass and a BİL-GE Programs were all launched in 2019.

Employee Representatives work to ensure that the Company meets employees’ expectations, hear the problems from their perspective, and encourage employee participation in decision making processes. They are selected by employees and serve as a channel, which conveys employee opinions and feedback to the senior management.

Events for Employees on Special Occasions

ASELSAN’s Daycare Center and Kindergarten organized a special Teachers’ Day event bringing the managers, students, and teachers together.

Employees have the chance to meet for greetings with the managers at their facilities before religious holidays. Every year, employees are presented with corporate gifts for religious holidays, the New Year and special occasions.

Furthermore, managers come together with the staff at their facilities in gatherings to celebrate the New Year. Employees and managers came together on the fast-breaking street dinner organized at Macunköy facility on the last business day of Ramadan. Senior executives of the Company attend New Year gatherings with the staff at all three facilities. “Welcome Kits” are prepared for new hires to strengthen their sense of belonging for the Company.

The Company organized an event on the 44th anniversary of ASELSAN on November 14, the date it was established. All employees were invited to the event. During the event, ASELSAN’s Turkish Folk Music and Classical Music Choirs appeared in a concert and the Folk Dances Group delivered a performance. A draw was held during the event and 44 employees were presented gifts. Furthermore, starting from ASELSAN’s 44th anniversary, employees were given gift points to celebrate their birthdays.

Monthly Activity Reports

Monthly activity reports are drawn to keep the corporate memory of ASELSAN alive, and disclose all the activities carried out in a month as a single report in a holistic fashion. The reports help keep a record of improvements and developments, and the activities performed by different sectors and Vice Presidencies, while ensuring this information is conveyed to all the sectors, the management and future employees.

The Brand Council Started Works

The ASELSAN brand will be carried to the future with solid steps only if an accurate brand perception of stakeholders is attained. Therefore, the “Brand Council” was launched in 2019 for the purposes of managing brand communication activities from a single point, achieving harmony of style and language in the messages shared with internal and external stakeholders, and cementing the position of the brand in the eyes of the stakeholders.

Convening for the first time in February, the Council consists of members who took comprehensive brand training, discussed the ASELSAN brand in all aspects as part of the workshop organized after the training, and came up with the results that would guide future actions.

Development Workshop Suggestion System

The Development Workshop launched in 2019 runs as a system enabling suggestions to be conveyed and employees to be included in the implementation of such suggestions on increasing productivity, improving working conditions, improving quality level and cutting costs, optimizing business processes, ensuring safety and strengthening the reputation of the Company. Active as of October 7, 2019, the “Development Workshop Suggestion System” received 410 employee suggestions in 2019.

“Our Future is With You” Events

In 2019, ASELSAN organized events that gathered new hires every month. These events featured informative presentations, quiz shows, teamwork activities and bonding activities. Chairman, President and CEO Prof. Dr. Haluk GÖRGÜN and Corporate

Governance Vice President Assoc. Prof. Dr. Hakan KARATAŞ met with the employees who recently joined the ASELSAN family during these events.

ASELSAN employees had the chance to meet and bond with one another, while getting to know ASELSAN better thanks to the event. The plan for 2020 is to enrich this event with interactive practices involving learning processes focused on ASELSAN’s values.

Orientation for New Hires

As part of the event “Our Future is With You,” employees were given presentations on General Company Information, Ethical Values, Information Security Policies, Human Resources, R&D Contracts, Intellectual Rights, Industrialization, and Supply processes that all served as a quick introduction to ASELSAN. In order to increase the effectiveness of this process, orientation updates, which were monthly in the past, are now weekly for the new hires that start work in relevant week. In 2020, the plan is to deliver orientation programs via the BİL-GE Platform where new hires are given the task of digital training courses involving mini tests.

Department Breakfasts

Driven by ASELSAN’s motto “For You, With You,” the Company came together with employees in breakfast organizations at different Departments so as to give a different start and end to the business week. Managers attended the breakfasts and listened to the opinions and suggestions of employees, while exchanging information and having pleasurable time with them. The aim is to continue organizing these breakfast events in 2020 for the purposes of enabling the Company to foster communication with employees.

Employees conveyed 410 suggestions to the Development Workshop Suggestion System introduced on October 7, 2019.

EMPLOYEE RIGHTS

ASELSAN employees come together in the communities under the umbrella of the ASELSAN Social Innovation Leaders (ASİL) Platform and organize sports events to boost employee motivation and interaction.

Employees' sense of belonging and loyalty for the Company is increased thanks to the Assessment and Rewarding System, as well as the Compass Program aimed at increasing productivity.

“Thanks to Our Families”

The Company thanked the families of employees, who joined ASELSAN and attained an engineer position after the Candidate Engineering Program following graduation, for introducing rising stars to ASELSAN, sharing their most valued persons in their life with the Company every day, acting as the unsung heroes of their children, and allowing ASELSAN to be part of their accomplishments.

The Compass Program Kicked Off

Launched in 2013 to help new hires adapt to the ASELSAN culture and their jobs quickly, the Polar Star practice was updated in 2019. A decision was made to continue this program under the name “Compass,” which is slated to be more productive, result-oriented and interactive. It was kicked off on November 1, 2019. The Compass Program is aimed at making sure the new members of the ASELSAN family feel ASELSAN's support at all times during their adaptation, encouraging them to embrace ASELSAN's values, and highlighting the importance of feedback. Employees' sense of belonging and loyalty for the Company is increased thanks to the Assessment and Rewarding System, as well as the Compass Program aimed at increasing productivity.

The Company came together with the “First Compasses” on October 24, 2019. During the first introductory program, the “Compasses” were briefed on the expectations from them and provided with courses that were beneficial for the “Compasses.”

Sports at ASELSAN

ASELSAN employees come together in the communities under the umbrella of the ASELSAN Social Innovation Leaders (ASİL) Platform and organize sports events to boost employee motivation and interaction. ASİL's basketball, football and table tennis teams raced in inter-company tournaments held in 2019. Other sports events organized in 2019 are as follows:

- ASİL Football Team became the Champion of Ankara 2019 at the Business Cup Football Tournament. Eliminating 24 teams, the ASİL Football Team was granted the right to represent Turkey at EURO Business Cup.
- ASİL Running Team raced in the 21k Business Category at Vodafone Istanbul Half Marathon. The team also attended Lake Tuz Ultra Marathon and IDA Ultra Marathon organized in December 2019.
- ASİL Basketball Team was the Champion of Ankara at the Inter-Company Basketball League, and came third at the Turkey Championship.
- ASİL Table Tennis Team ranked third at the Inter-Company Table Tennis Championship of Turkey.
- ASİL Cycling Team raced in “Grand Fondo Marmaris” and organized cycling tours numerous times.



- ASİL Pentathlon attended the Inter-Club Biathle – Triathle Championship organized by the Modern Pentathlon Federation of Turkey.
- Also known as the Alpines of Turkey for mountaineers, the Anti-Taurus Mountains in Niğde is composed of more than 90 peaks. The ascent of the Emler (Engintepe) Peak on the fourth range was completed successfully to celebrate the 44th anniversary of ASELSAN.
- The ASİL Sailing Team set sails towards Preveza on the anniversary of the Victory of the Preveza Naval Battle.

Arts at ASELSAN

ASELSAN employees come together in the communities under the umbrella of the ASELSAN Social Innovation Leaders (ASİL) Platform and meet in bonding arts events to boost employee motivation and interaction.

The free concerts by the ASİL Turkish Folk Music Choir and the ASİL Turkish Classical Music Choir bring together employees and their families. The following concerts were performed in 2019:

- ASİL Turkish Folk Music Choir met with the members of the ASELSAN Family at the Culture Center of Hacettepe University.

- Defense industry activities were given a pleasurable break with the concert by the ASİL Turkish Classical Music Choir for IDEF 2019 at TÜYAP.
- ASİL Turkish Folk Music Choir paid a visit to, and performed for, the residents of the Fatma Üçer Nursing Home.
- ASELSAN organized a special event for its 44th anniversary with the participation of all employees. The ASİL Turkish Folk Music Choir and ASİL Turkish Classical Music Choir gave a pleasurable concert, while the ASİL Turkish Folk Dances Club (ASELHOT) delivered a spectacular performance.
- Thanks to the ASİL Turkish Folk Dances Club (ASELHOT), employees get the chance to experience traditional dances. ASELHOT attended the TUSAŞ Turkish Folk Dances show as a visiting team and had positive reception after performing the dances of the Trabzon region.
- Theater enthusiasts come together under the umbrella of the ASELSAN Theater Club.
- ASİL Orchestra started activities under the coordination of the ASİL Arts-Music Club.
- Tekno Adventure Children's Choir started its activities after the choir auditions held on February 16, 2020. The Choir will enable the children of ASELSAN employees to express themselves freely and experience a life intertwined with arts.

The free concerts by the ASİL Turkish Folk Music Choir and the ASİL Turkish Classical Music Choir bring together employees and their families.

EMPLOYEE RIGHTS

The Nursing and Assistance Leave allows employees to take paid leave in cases where a first degree relative is in need of care due to an illness or accident.

The Employee Satisfaction Survey carried out annually measures employees’ engagement and satisfaction with the HR practices.

DECENT WORKING CONDITIONS

One of the key priorities for ASELSAN is to achieve work-life balance and protect the health, well-being and working motivation of employees, who are the most precious asset of the Company. In order to maintain work-life balance, working hours at ASELSAN are between 07:30 and 16:35, equaling 42.5 hours a week. Such an arrangement of working hours is also intended to minimize the impact of congestion in rush hours of the mornings and evenings on employees. Finishing work early helps employees take time for themselves and their families. Furthermore, ASELSAN employees are able to work flexibly and plan their working hours in line with their daily priorities.

The Company works actively to ensure and continuously measure employee engagement. The Employee Satisfaction Survey carried out annually measures employees’ engagement and satisfaction with the HR practices. Meetings are held between employees and managers so as to run the feedback mechanism effectively. Employee feedback is evaluated and actions, which may contribute to sustainable achievements, are implemented.

Nursing and Assistance Leave Introduced

The Nursing and Assistance Leave, the guidelines of which were set out in 2019, was introduced as of the start of 2020. The Nursing and Assistance Leave allows employees to take paid leave in cases where a first degree relative is in need of care due to an illness or accident.

The Feedback Process

Exit interviews are held with the employees who will quit the company. In order to understand the factors that drive employees to quit work clearly, the data received from face-to-face interviews and surveys are analyzed periodically and reported to the senior management. ASELSAN works actively to ensure and continuously measure employee engagement.



HUMAN RIGHTS

ASELSAN is well aware that human rights and fundamental freedoms should be embraced, respected and protected by the internal stakeholders who are an integral part of the Company. The Company treats each and every individual equally, without discriminating against differences such as language, religion, race, gender or political opinion. Each and every ASELSAN employee is expected to respect others’ rights and freedoms and entitled to express their requests and needs provided they do not infringe the rights and freedoms of others. Every individual is free to maintain their life,

freedom and personal safety. Within this scope, ASELSAN gives its employees the assurance that they will not face physical or psychological harassment, and offensive, inhuman and degrading behavior or punishment; and that if the contrary occurs, the victims have all their legal and constitutional rights to relief.

ILO-Compliant Working Conditions
ASELSAN complies with the employment rules stipulated by laws, and does not evaluate candidates under 18 - regardless of the position - in recruitment processes. Practices related with this matter are in full compliance with the standards of the International Labor Organization (ILO).

Each and every ASELSAN employee is expected to respect others’ rights and freedoms and entitled to express their requests and needs provided they do not infringe the rights and freedoms of others.

OCCUPATIONAL HEALTH AND SAFETY

Placing human capital at the heart of its operations and activities, ASELSAN safeguards the health and safety of employees and provides them with a safe working environment.

The health and safety of employees is a top priority for ASELSAN.

Placing human capital at the heart of its operations and activities, ASELSAN safeguards the health and safety of employees and provides them with a safe working environment. Decent and safe working conditions provided by the Company are designed in light of legal obligations and the occupational health and safety culture. Utmost attention is paid to occupational health and safety practices in line with the Integrated Management System (IMS) policy stipulated by the Senior Management.

Occupational health and safety practices conducted under the Integrated Management System Policy are aimed at eliminating the hazards that might arise from various reasons at the workplace, minimizing risks, and thus providing a safe working environment and guaranteeing safety in the premises of the workplace.



Activities of the Occupational Health and Safety Councils (OHSC)

In managing occupational health and safety (OHS), operational responsibility, activities conducted, decisions taken, awareness-raising practices, and the coordination of the aforementioned rests with the senior-management level Occupational Health and Safety Councils (OHSCs). OHSCs convene regularly to evaluate and pass decisions on occupational health and safety.

The Occupational Safety Information System (OSIS) was launched in May 2019 as software-based management model aimed at maximizing compliance with legal requirements, ensuring the integrated operation of the system, disseminating OHS practices across all employees, strengthening the impact of OHS communication, storing information properly, and close follow-up of efforts in relation to all the OHS activities. OSIS enables all occupational health and safety practices to be managed in a holistic manner on the digital environment accessible to all employees. These practices include risk assessments, accident investigations, subcontractor management, on-site inspections, incident notifications, and management of non-compliance.

The Integrated Management System ensures that dust, gas, noise, thermal comfort and lighting measurements are performed at such sites as production, repair, overhaul, construction and testing, when necessary. The aim with this process is to help designated officers reach compliance with the standards in the non-compliant working environments and thus prevent potential occupational accidents. The root causes of occupational accidents that occur despite all the aforementioned preventive actions are analyzed and potential precautions determined by the OHSC. Occupational accidents are monitored monthly; accident rate calculations made (AH is the number of accidents per 1,000 employees). The incidents that result in no bodily injury or property damage, also known as “near misses,” are also logged into the OSIS to prevent occupational accidents from occurring in the future.

ASELSAN uses custom risk analysis methods to identify potential hazards, their type, severity and frequency at the workplace, and updates these analyses regularly. This process is run in coordination with the employer or employer’s representative, occupational safety specialist, workplace physician, an experienced employee of the relevant department, and the employee’s representative. The findings of the analysis are reported to relevant departments. Hazardous situations, near misses and dangerous incidents are determined proactively. The hierarchy in risk elimination is measure at the source, substitution, measure at the site, engineering controls and use of personal protective equipment.

High Employee Awareness to Prevent Occupational Accidents
All employees are primarily tasked with complying with occupational health and safety instructions and reporting occupational accidents, risky situations and near misses. Employees also have the right to abstain from work in cases where they identify a life threat as per the Occupational Health and Safety Law no. 6331. Employees of all levels are able to enter hazardous situations/dangerous behavior/near misses using the “Incident Notification” module under the OSIS and thus report these incidents to the Integrated Management Systems Department. These statutory rights of employees are communicated to them during occupational health and safety courses.

Under OHS courses, Fundamental, Technical, Health, Elective Technical and Working At Height Courses are delivered to employees as applicable for the task they perform. Duration and frequency of these courses vary depending on the hazard class of relevant workplace. In 2019, installation works for the distant learning infrastructure were carried out for refresher courses. New hires take a two-hour Start of Work OHS Training, instructed by an experienced and knowledgeable employee in their respective department, on the day they start work so as to help protect them against the hazards and dangers at the workplace. Furthermore, the Basic IMS Book helps new hires acquire knowledge about ASELSAN’s occupational safety and environmental management culture. The book is included in the onboarding kits the HR gives out to all new hires.

ASELSAN uses custom risk analysis methods to identify potential hazards, their type, severity and frequency at the workplace, and updates these analyses regularly.

OCCUPATIONAL HEALTH AND SAFETY

Employee health and safety is essential and a core priority not only when they are at the physical workplace but also when they are on duty at the sites outside the workplace.

Hygiene Councils have been established under the guidance of Workplace Physicians in all facilities so as to support the hygiene practices with the shared awareness of employees.

Employee participation in training courses and the validity of courses are monitored on SAP. The Company also organizes planned fire, earthquake and evacuation drills on an annual basis so as to help employees be prepared in the face of emergencies, review emergency measures, learn about action plans in emergencies, and ensure emergency teams develop their intervention skills.

Employee health and safety is essential and a core priority not only when they are at the physical workplace but also when they are on duty at the sites outside the workplace. In this regard, steps were taken in May 2019 to inform employees and their managers on the precautions to be taken when they have an assignment outside their current workplace and to raise awareness on associated risks and

rules to be followed. These steps also include the evaluation of occupational safety matters and necessary actions in relation to the workflow of assignments outside the city and country.

Hygiene Councils Formed at All Facilities

ASELSAN strives to meet hygiene requirements, achieve continuous improvement, help all staff and suppliers regard hygiene a shared responsibility, and carry hygiene practices to the highest level. Hygiene Councils have been established under the guidance of Workplace Physicians in all facilities so as to support the hygiene practices with the shared awareness of employees. The Council's primary aim is to conduct hygiene inspections at employees' common use areas and some of relevant



suppliers' premises, propose corrective actions for hygiene, and serve as a guide for necessary measures.

Employees are regularly examined by the workplace physicians. Tests requested by workplace physicians are carried out at the laboratories established at organizational centers, delivering free-of-charge testing services for employees. In the meanwhile, the Workplace Physician Handbook, which introduces their services to employees comprehensively, was prepared in 2019, to be distributed to new hires.

Occupational accidents at ASELSAN are examined via OSIS, under the "Occupational Accident" module, by the workplace physician, occupational safety specialist, department manager of the relevant employee, and other associated members of the staff. Root-cause analyses are performed to identify necessary measures and actions to prevent a similar accident from taking place in the future. In 2019, no accident occurred that resulted in death or severe injury of ASELSAN employees.

An interactive, awareness-raising theater performance on occupational safety and the environment was organized at the Macunköy, Gölbaşı and Akyurt facilities on March 25-26, 2019.

"12th ASELSAN Occupational Health and Safety Motto Contest" was organized to establish a robust OHS culture which thrives with employees' contributions for its implementation and development as a shared responsibility embraced by all.

Workplace Physicians Handbook

At ASELSAN, hazards that may result in occupational accidents are identified via risk analyses, site analyses, regular site observations, site inspections after occupational accidents, and periodical and daily outpatient examinations. The Company adopts a three-tier approach in managing work-related hazards. This approach consists of the measures related with the working environment such as a safe space, ventilation, separation, distancing and closed working; activities that directly pertain to the employee such as medical checks upon recruitment, periodical examinations, daily outpatient examinations, clinical psychologist support, hygiene inspections and regular health courses; and activities aimed at selecting, encouraging, and monitoring the use, of PPEs. No employee at ASELSAN is currently diagnosed with a work-related disease.

An interactive, awareness-raising theater performance on occupational safety and the environment was organized at the Macunköy, Gölbaşı and Akyurt facilities on March 25-26, 2019.



OCCUPATIONAL HEALTH AND SAFETY

ISO 45001 Occupational Health and Safety Management System Standard brings the importance of leadership in OHS practices to the fore.

The Integrated Management System (IMS) Cup is organized to boost employees’ participation, contribution and motivation and to keep this spirit fresh and young throughout the year.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Since 2009, the Occupational Health and Safety Management System is implemented at ASELSAN as part of the OHSAS 18001 Management System and in compliance with the terms specified in relevant regulations of the Occupational Health and Safety Law no. 6331. As a result of the efforts undertaken since July 2018 and the external audit performed by an international certification body in June 2019, the Company was granted the certification of “ISO 45001:2018 Occupational Health and Safety Management System” as published by the International Organization for Standardization. This certification ranked ASELSAN among the first companies to have adopted the ISO 45001:2018 Occupational Health and Safety Management System in Turkey, serving as a testimony to the Company’s leading position in OHS practices.

ISO 45001 Occupational Health and Safety Management System Standard brings the importance of leadership in OHS practices to the fore. To this end, site visits named “Visible Leadership” were organized at each Vice Presidency so as to get the message across that CEO and Heads of Business Sectors (Vice Presidents) lead occupational safety practices.

Active participation of employees at all levels in the occupational safety management system is another theme the ISO 45001 Occupational Health and Safety Management System Standard underscores. Within this scope, the Integrated Management System (IMS) Cup is organized to boost employees’ participation, contribution and motivation and to keep this spirit fresh and young throughout the year. Furthermore, internal/external inspections and on-site controls are performed to determine business sectors’ compliance with the designated criteria. The best-performing business sector is granted the IMS Cup.



PRODUCT AND SERVICE QUALITY

Driven by the principle of “reliable technologies,” ASELSAN strives to provide high-value-added, innovative and reliable products and solutions to both local and foreign customers and end users.

ASELSAN’s Quality Management System is predicated on the understanding that “quality cannot be subsequently injected into a product by way of control; it is developed as a feature of the product at every stage of the process.”

Attributing great value to customer safety and satisfaction, ASELSAN boasts a Quality Management System based on the approach that requires process efficiency to be continuously monitored and improved. Designed as per national and international standards, ASELSAN’s Quality Management System is predicated on the understanding that “quality cannot be subsequently injected into a product by way of control; it is developed as a feature of the product at every stage of the process.”

ASELSAN’s Quality Policy and Strategy as a Lighthouse

The system involves the systemic definition, management and interaction of processes for the Company to reach the goals set in light of ASELSAN’s Quality Policy and Strategy. Process inputs, outputs, resources, stakeholders,

activities, association with other processes, risks, opportunities and interaction with one another are defined; and control points for necessary monitoring and measurement efforts established.

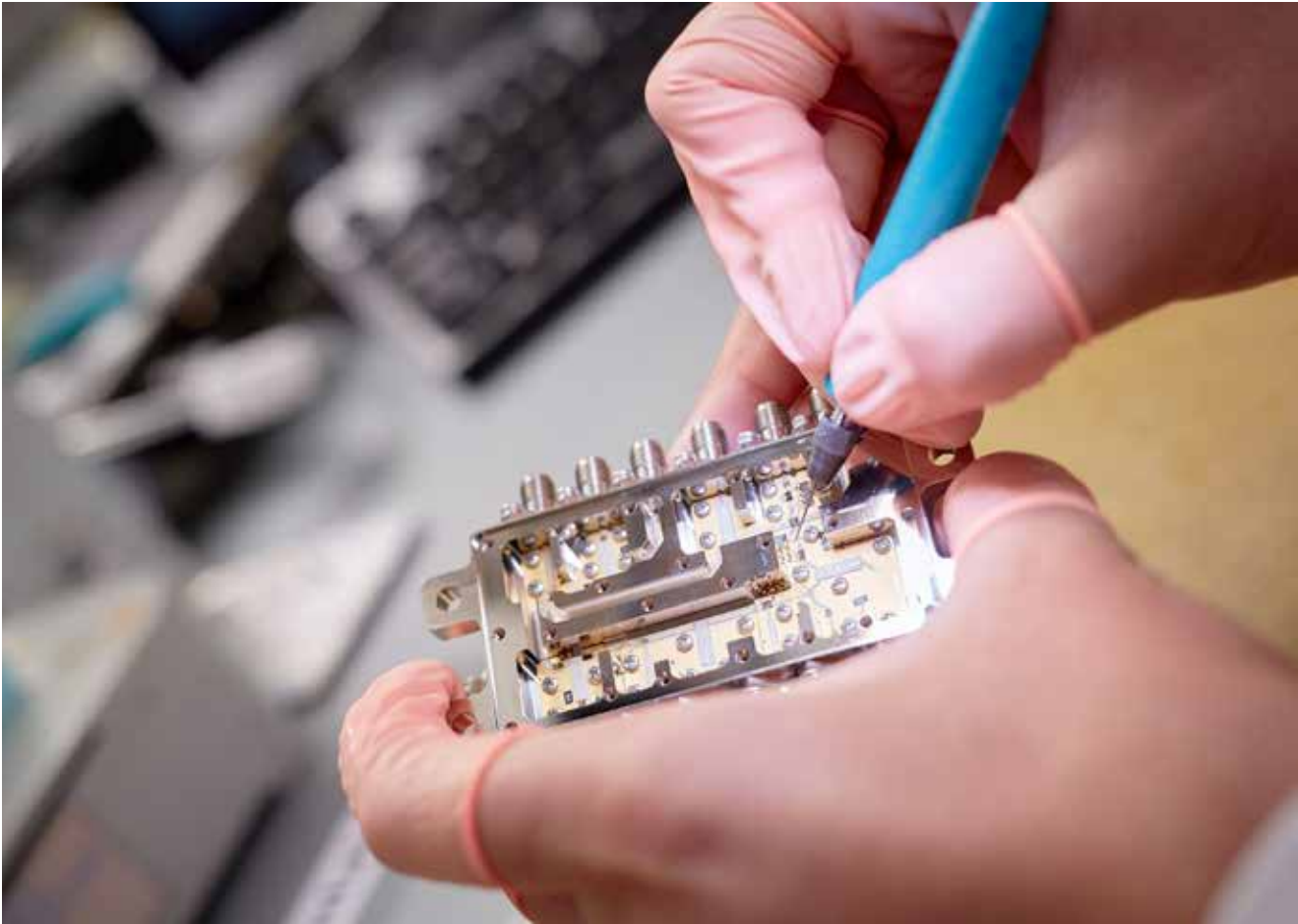
With the processes and system being run in an integrated manner, the Company is able to promptly spot the factors causing deviation from planned results and internalize a risk-based approach aimed at preventing adverse effects and tapping into opportunities. This approach is executed in line with the Plan-Do-Check-Act (PDCA) cycle.

The PDCA cycle helps:

- Develop the resources needed to achieve the results in parallel with customer expectations and organizational policies, and with the purpose and processes of the system; identify risks and opportunities;
- Implement planned activities;
- Monitor and measure the processes and resulting products versus policies, objectives, conditions and planned activities; and report the findings;
- And undertake performance-improving activities as and when necessary.

Within this scope, the Company analyzed internal and external stakeholders’ needs and addressed changes and opportunities through:

- Improving the relations with subcontractors/strategic business partners;
- Digitizing processes and process implementation;



- Disseminating quality as a component of the corporate culture; and
- Following and adopting evolving quality models and standards.

The definition, functioning and performance of ASELSAN’s Quality Management System was confirmed and certified by internal and external audits conducted in 2019. As of 2020, the Company’s compliance for the following standards and models was verified and is regularly monitored by accredited institutions:

- ISO 9001 Quality Management System: Requirements
- AS9100 Quality Management System: Requirements for Aviation, Space and Defense Organizations
- ISO 13485 Medical Devices: Quality Management System
- ISO/TS 22163 Railway Applications: Quality Management System
- AQAP 2110 NATO Quality Assurance Requirements for Design, Development and Production

- AQAP 2210 NATO Supplementary Software Quality Assurance Requirements to AQAP 2310
- AQAP 2310 NATO Quality Assurance Requirements For Aviation, Space And Defense Contractors
- CMMI Capability Maturity Model Integration
- ISO 17025 General Requirements for the Competence of Testing and Calibration Laboratories
- ISO 10002 Quality Management: Customer Satisfaction
- ISO 20000 Service Management System

ASELSAN’s Quality Policies are presented to stakeholders at the corporate website of the company.

In order to introduce its products on civil aviation platforms, ASELSAN also undertakes efforts toward Design Organization Approval (DOA), European Technical Standard Order (ETSO), Alternative Design Organization Approval (ADOA) and Production Organization Approval (POA) certifications as per civil aviation regulations.

The definition, functioning and performance of ASELSAN’s Quality Management System was confirmed and certified by internal and external audits conducted in 2019.



TECHNOLOGY AND INNOVATION ACTIVITIES

ASELSAN’s Innovation Strategy is focused on implementing all innovations, ranging from Product, Service and Process to Organization and Business Model and from incremental to radical, in a systemic and sustainable fashion.

Technological development and innovation is ingrained in ASELSAN’s DNA and lies in the remit of all employees.

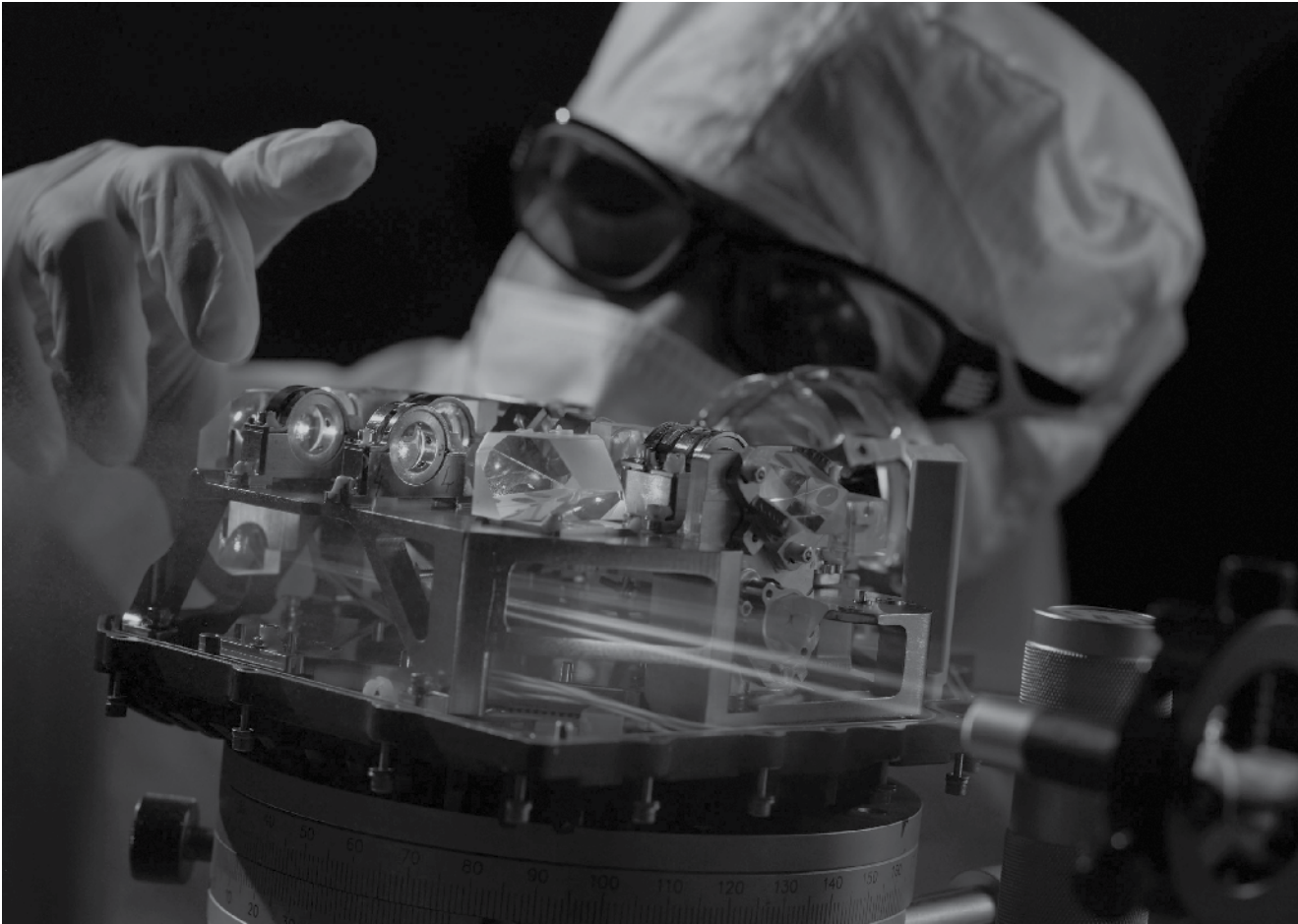
For ASELSAN, technology is the most critical tool to achieve sustainable growth with high-tech, original and innovative products, and the Company does not merely use but develops technologies. Technological development and innovation is ingrained in ASELSAN’s DNA and lies in the remit of all employees. At ASELSAN, Technological Development and Innovation Management is addressed at senior level, with processes being run by the Technology and Strategy Management Vice Presidency in coordination with Business Sectors.

Activities in Light of the Strategic Innovation Management System
ASELSAN adopts the Strategic Management System as a framework that preserves and maintains its sustainable growth. The Innovation strategy is integrated with and a component of, the holistic Strategic Management System. Although innovation is a common approach for all companies, ASELSAN distinguishes itself by performing innovation works in an organized and systemic manner.

ASELSAN’s Innovation Strategy is focused on implementing all innovations, ranging from Product, Service and Process to Organization and Business Model and from incremental to radical, in a systemic and sustainable fashion.

Technologies to be focused in line with the objectives of the Company’s strategic plan are aligned with ASELSAN’s Technology Roadmap and Investment Plan objectives; technology management activities by Business Sectors are addressed accordingly. Technologies to be focused are cascaded down - based on the open innovation mindset- to sub-segments with the contributions of customers, subcontractors, academic circles and other stakeholders. The technology roadmap and investment plan, which is updated every year, lays out the internally-funded research, development and innovation projects directly aimed at acquiring these technologies and releasing innovative products.

7% Turnover Support for Innovation Projects
The Technology Roadmap and Investment Plan is prepared as a holistic instrument involving various planning efforts including product, knowledge, process, and capacity planning. The plan consists of technology activities for the five-year period, annual technology acquisition goals, R&D projects and investments that will be internally-funded, and the ASELSAN Academy’s activities and planned thesis studies in relation to these projects and technologies.



The Technology Roadmap and Investment Plan is updated every year in light of evolving technologies and requirements. Later on, activities undertaken are reported and approved by the Board, with relevant resources being prioritized within the ASELSAN budget. Each year, ASELSAN allocates some 7% of its turnover for the innovation projects planned as part of the Technology Roadmap and Investment Plan. The Company also funds technological investments in support of innovations with some 2% of its turnover on an annual basis.

Technological development goals in the technology roadmap and investment plan are monitored in accordance with the internationally-recognized definitions for Technology Readiness Levels. Performance measurements for such technological development goals are directly included in the targets set for ASELSAN Vice Presidencies and ASELSAN’s corporate scorecards, and reflected in their performance scores.

In 2019, budget items presented in the Technology Roadmap and Investment Plan were integrated with the budget management module of ASELSAN’s enterprise resource planning system and commissioned. This allows the Company to manage, report and evaluate multi-faceted data in the technology roadmap and investment plan in a systemic manner, and in integration with the Enterprise Resource Planning system.

The technology roadmap and investment plan is based on ASELSAN’s extensive technology know-how and aligned with the Company’s own dynamics. Establishment and implementation of the investment plan, and follow-up of the technological development is a good example of a business model innovation. The management of Internally Funded R&D Projects, which constitute the implementation side of the plan, is an indicator of a successful process innovation at ASELSAN.

Each year, ASELSAN allocates some 7% of its turnover for the innovation projects planned as part of the technology road map and investment plan.

TECHNOLOGY AND INNOVATION ACTIVITIES

In R&D efforts, ASELSAN works with all stakeholders based on the principle of collaboration and mutual benefits, while nurturing and being nurtured by the ecosystem it belongs to.

Studies were initiated to run the management process of ASELSAN's Internally Funded R&D Projects digitally.

Internally Funded R&D Projects

ASELSAN allocates 7% of sources for self-funded R&D activities that comprise original designs arising from the evaluation of innovative ideas. With the new mechanism established in 2018, Internally Funded R&D Projects are initially passed through preliminary reviews, done by the elected ASELAN employee reviewers, and then implemented upon decisions on the "R&D Activities Evaluation Committee." As of the end of 2019, there are 150 active projects for new systems, products and technologies. In the meantime, digitalization of ASELSAN's Internally Funded R&D Projects processes and its

management were initiated. The system is planned to be rolled out in 2020, following the completion of the test phase.

Stakeholder Collaboration in R&D Activities

In R&D efforts, ASELSAN works with all stakeholders based on the principle of collaboration and mutual benefits, while nurturing and being nurtured by the ecosystem it belongs to. This ecosystem includes ASELSAN's partner universities in innovative ideas and projects, research centers, technoparks, technology transfer offices, subcontractors, users of such technologies and products (primarily



including the Turkish Armed Forces), and public authorities - first and foremost the Presidency of Defense Industries - that provide support to these projects. The Company's open innovation mindset, coupled with stakeholder participation in its innovative projects, broadens the perspective on technology and helps develop products/systems in line with the needs of target markets.

The Ceremony for University-Industry Collaboration in Internally Funded R&D Projects

Universities play an active role in the technological areas ASELSAN ventures into. Expert academics actively participate in these projects with their know-how and contributions. ASELSAN boasts R&D collaboration with a growing number of universities, technoparks and research centers, particularly in the technologies at their nascent stages by terms of technology readiness. On April 16, 2019, ASELSAN organized a ceremony in Ankara for the University-Industry Collaboration in Internally Funded R&D Projects, bringing together ASELSAN, partner universities, technopark companies and SMEs. ASELSAN presented the current project statuses to the universities, lecturers, technopark companies and SMEs, to which tokens of appreciation for serving as a partner in the success of such projects were given. The

Company continues to encourage further involvement of all stakeholders in the projects and provide an environment of technological development, communication and exchange aimed at fostering cooperation between stakeholders.

6 R&D Centers and 3,744 R&D Employees

Every year, ASELSAN allocates a significant budget for Internally Funded R&D Projects with six R&D Centers certified by the Ministry of Industry and Technology and 3,744 R&D employees as of the end of 2019. As the leader of the sector, ASELSAN owes its globally attractive market position to its focus on R&D and investments in technology, while at the same time maintaining its competitive edge and serving the national purpose of its establishment.

In 2019, ASELSAN filed 158 patent applications, of which 68 were registered. The R&D Indicators of the Company are as follows:

- Total TRY 2,975 million R&D Spending
- TRY 2,659 million Externally-Funded R&D Spending
- TRY 316 million Internally-Funded R&D Spending

The Seventh Award Ceremony of the Ministry of Industry and Technology

39 awards in 13 categories were presented in the 7th Awards Ceremony for the Technology Development Zones and R&D Centers organized by the Ministry of Industry and Technology in November 2019. In the R&D center performance category awards, ASELSAN came first in two areas: "Highest R&D Spending at R&D Centers" and "Recruitment of the Highest Number of New R&D Staff."

ASELSAN's Firm Stamp on Turkishtime's R&D 250 Survey...

ASELSAN came first as the company with the highest R&D spending amounting to TRY 2,162,839,458 in 2018, as demonstrated by Turkishtime's survey on "R&D 250 and the Turkish Firms with Highest R&D Spending" in 2019. According to the study, ASELSAN also topped the List of R&D 250 as the leader of Turkey with 849 female staff at its R&D center. Boasting 3,695 undergraduate and graduate R&D specialists under its umbrella, the Company is a champion on the lists both in terms of spending and expert human resources. The number of undergraduate and graduate staff at ASELSAN is double that of the second place finisher, which proves ASELSAN's distinctive position among other companies on the list. As for the number of projects implemented at R&D Centers, ASELSAN also ranked first with 1,300 projects.



TECHNOLOGY AND INNOVATION ACTIVITIES

As part of localization works, ASELSAN identifies import items and takes important steps to develop these products together with universities and SMEs.

The NLPDB has performed detailed examinations on some 20,000 products and initiated works for numerous products to date.

National Local Product Studies

The National Local Product Development Board (NLPDB) established in 2018 for national and local development of the materials ASELSAN procures from abroad, has intensified its efforts in 2019. The Board devises strategies for national and local product development; prioritizes the products with overseas procurement restrictions; and works with universities and SMEs under either Internally Funded R&D Projects at ASELSAN or the incentive programs aimed at national and domestic product development. In 2019, "Localization Sub-Committees" were established in each of the ASELSAN Business Sectors. All the materials procured from abroad in the recent years were examined via these committees. The activities of the NLPDB and Business Sector Sub-Committees included the identification

and prioritization of products planned for localization. Prioritization works involved evaluation of products in terms of technological challenges, infrastructure requirements, export restrictions, single source procurement, performance and cost. The feasibility of development efforts either done by ASELSAN or with subcontractors (universities or SMEs) was also evaluated. Technical Specification Brochures were prepared for the products intended to be developed with SMEs. These brochures were shared on ASELSAN's corporate website and made available to potential local suppliers on the "Gücümüz Bir (Powerful Together)" Platform. The brochures are presented to the defense industry clusters providing access to a broad skill set at the same time and composed of competent companies with the capability to develop solutions for complicated defense projects. Organized Industrial Zones, Chambers of Commerce and industrial firms in a broad portfolio equipped with numerous competencies are also among those recipients of the brochures.

The NLPDB has performed detailed examinations on some 20,000 products and initiated works for numerous products to date. As a result of these activities, a decision was made to develop and produce, using local sources, 300 products (which equaled 90 brochures) in the first phase. In 2019, this number rose upon the periodic examinations of the products procured from abroad



on an annual basis. 140 brochures, covering 450 products, were issued. Preparations were completed for the brochures of over 500 products in 2019. At certain intervals and based on their priority, they are presented to Clusters and SMEs in launch events and via different communication channels. Product development and localization efforts initiated with local manufacturers offering design capabilities are successfully ongoing September 2018.

In 2019, localization efforts for 246 products under 84 product types were finalized thanks to internally-funded R&D projects and the localization activities undertaken with SMEs through technical specifications brochures. Localization of 210 products were finalized with local companies and the rest was done through internally-funded R&D projects.

The Company also established a digital portal linked with the data of procurement processes and integrated with ASELSAN's internal systems. The aim of this portal is to store all the information regarding national and

local product development activities; analysis of data; track the production and quantities needed in the future; monitor the progress of joint works with companies; and analyze the reporting on localization on a regular basis.

Contributions to Narrow the Current Deficit

ASELSAN supports and monitors these efforts either directly or through various incentive programs that are in place. In order to perform these activities with local sources, the Company works with SMEs and universities as part of the Internally-Funded R&D Projects. Furthermore, it provides guidance for applicant companies to benefit from the support packages of KOSGEB (Turkish Small and Medium Enterprises Development Organization) and the Ministry of Industry and Trade, and issues a memorandum of understanding for the companies as and when needed. ASELSAN issued "Memorandum of Understanding" documents for 16 firms as part of the Strategic Product Support package introduced by KOSGEB to assist with localization and narrow the current

deficit. Indeed, ASELSAN came to the fore as the organization that issued the highest number of MoUs in the defense industry. Around 90% of the applicants, who also hold ASELSAN's MoU, were approved; this marked a significant contribution to localization efforts.

TÜBİTAK- SME Support Program for Order-Based R&D

In 2019, ASELSAN made a proposal to TÜBİTAK for support to SMEs and development of national products as part of Localization Works. Following the evaluations of TÜBİTAK, a new call for projects was announced in May 2020. This call is intended to support SMEs via joint projects with Customer Entities for innovative products and processes proven to have potential customers. This will also expand collaborations and ensure more effective use of public sources allocated for R&D funds. Companies that identify a certain need are defined as Customer Entities, who follow up the development process of the ordered product together with TÜBİTAK. Commercialization steps will also be monitored after the development phase.

TECHNOLOGY AND INNOVATION ACTIVITIES

ASELSAN was granted the “Innovative Product” award in the “Large Enterprise Category” with its ZARGANA Torpedo Countermeasure System for Submarines in the 17th edition of the awards held in 2019.

In addition to medical imaging devices, ASELSAN considers the opportunities to partner with competent startups operating in Turkey’s healthcare ecosystem.

Innovative Product Award for ZARGANA

The Turkish Electronics Industrialists’ Association (TESİD) organizes the “TESİD Innovation Awards” every year to support the innovative and creative projects and encourage such efforts of the companies in the Turkish Electronics Sector. ASELSAN was granted the “Innovative Product” award in the “Large Enterprise Category” with its ZARGANA Torpedo Countermeasure System for Submarines in the 17th edition of the awards held in 2019. Developed for submarines and offering superior capabilities compared to its equivalents in the world, ZARGANA helps detect ideal avoidance tactics against torpedo attacks by considering the submarine data and environmental conditions, and, depending on the tactic, ensures the use of acoustic decoys and jammers from outboard launchers.

New Strategic Products in Healthcare Systems

ASELSAN strives to utilize its technological know-how in healthcare systems. To this end, it works on medical devices that have a high export potential, are critical for diagnosis and treatment processes, and are not currently being produced in Turkey.

ASELSAN’s activities relating to medical devices consist of three categories: medical imaging, life support and diagnostic systems.

The Company continues with the development efforts for medical imaging devices including the Mobile Digital X-Ray System and Magnetic Resonance Imaging System (MRI). Equipped with a rechargeable battery and operated with a motor controller, the Mobile X-Ray device is designed for use at where the patient is (e.g. ER, ICU, field hospital) without having to move the patient. The MR Imaging Device will help release innovative products via use of ASELSAN’s design capabilities related with the defense industry such as RFs, antennas, amplifiers etc. Efforts in this area are undertaken in collaboration with Bilkent University’s National Magnetic Resonance Research Center (BİLKENT-UMRAM). In addition to medical imaging devices, ASELSAN considers the opportunities to partner with competent startups operating in Turkey’s healthcare ecosystem. ASELSAN builds long-term partnerships with, and provides engineering, quality management, branding and industrialization support to, an ecosystem of Turkish companies that have medical device R&D activities and product development potential so as to develop sustainable business models.

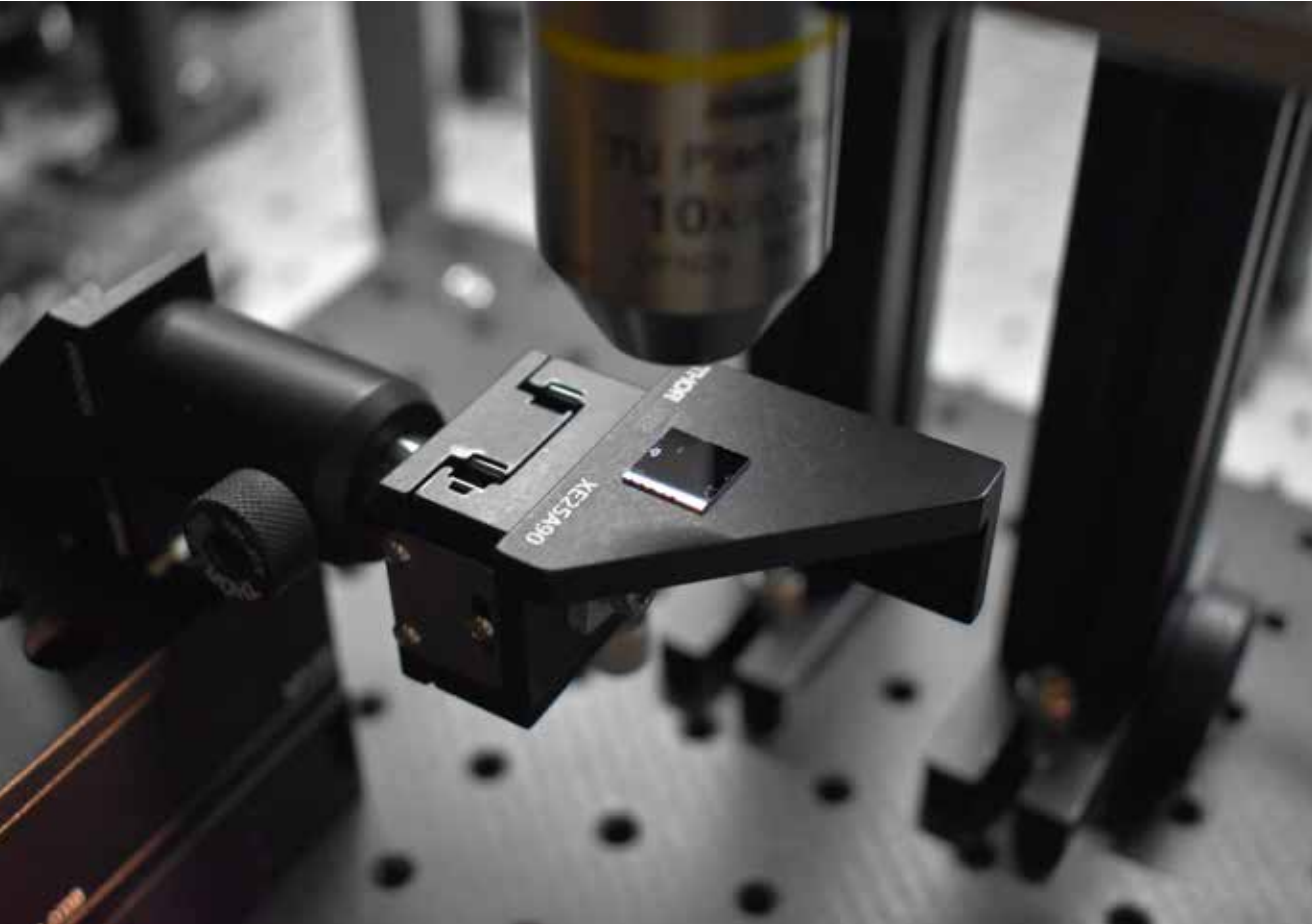
New Partnerships for Product Development

The first collaboration has started with METSİS, a national defibrillator (cardiac electroshock) manufacturer. The aim is to blend ASELSAN’s engineering, high-tech product development and quality management capabilities with METSİS’s know-how on defibrillators, and to produce innovative and globally ambitious products via use of local resources. The goal is to release the first product of this collaboration in 2020.

ASELSAN’s second partnership in the field of life support systems is with BIOSYS, which has a prototype of intensive care ventilators (pulmotor). One of the most critical devices to support vital functions, the ventilator is used to support the patient’s respiration and take over respiratory functions when necessary. It is among the vital components of the treatment for ICU patients suffering from respiratory failure. The need for ventilators grew sharply all over the world due to the COVID-19 pandemic. Ventilators became such an

urgent need that the global demand for many of the components in the device was soon impossible to meet. In an attempt to prioritize national needs, governments introduced export bans or such restrictions as export permit requirements for ventilators and critical components, which made it impossible to procure the device and critical components from abroad. In this climate, ASELSAN partnered with BAYKAR, ARÇELİK and BIOSYS and worked intensively to introduce a local ventilator to Turkey. ASELSAN provided tremendous contributions for BIOSYS to improve the hardware and software design of the prototype-level device in a few weeks and to come to a level at which the device could be produced. Furthermore, ASELSAN undertook the task of local design and production of critical components impossible to procure from abroad. The first batch of the mass production for the resulting ventilator has been completed. Plans are ongoing to produce numerous devices in Turkey in the coming months, without any reliance on foreign sources.

ASELSAN’s second partnership in the field of life support systems is with BIOSYS, which has a prototype of intensive care ventilators (pulmotor).



TECHNOLOGY AND INNOVATION ACTIVITIES

Launched in 2016 at the ASELSAN Research Center, the Biodefence Research Program Unit gained further speed in its activities in 2019.

In 2019, ASELSAN organized the 4th Telecommunication Technologies Workshop in Ankara so as to discuss the most recent technologies and boost interaction.

Diagnostic systems is another area ASELSAN has preparations for. The Company aims to develop diagnostic kits and devices enabling quick diagnosis of certain viral or bacterial diseases at primary care centers (point of care, decentralized testing), and testing devices that enable people to test themselves individually (patient self-testing). Within this scope, the Biodefence Research Program Unit launched in 2016 at the ASELSAN Research Center worked more intensively in 2019. R&D studies have been started for the development of an optics-based diagnostic system to detect biological agents. Another aim of the Company is to develop a "Viral Diagnosis Kit" to detect various types of viruses with the research and development

activities to be performed in the coming years. ASELSAN conducts these activities at the Research Center in Teknopark, Istanbul so as to tap into the ecosystem in Istanbul and Kocaeli.

Rail Systems

Capitalizing on its technological know-how in the areas of communication, control, cyber security, unmanned systems, radar, and software&hardware development, ASELSAN decided to develop a "Communication Based Train Control (CBTC) System" for use at metro lines and thus launched an internally-funded R&D project. The works include software and hardware, concept design and deployment, and are currently ongoing to develop an internationally-certified yet local CBTC signaling system.

Similarly, development efforts for the European Train Control System, which will be compliant with the standards of the European Rail Traffic Management System created by the EU, are ongoing as an Internally-Funded R&D Project aimed at ensuring uninterrupted border crossings.

As a result of these activities, ASELSAN signed and started working on the CBTC Signaling System Project for the Istanbul M1 Metro Line.



Unmanned Aerial Vehicles

ASELSAN invested in autonomous aerial vehicle technologies, and set up a big design team, while investing in and becoming a partner to a local company to address dynamic market expectations in a more agile manner. Combining its advanced miniature electronics design capabilities with its know-how on avionics, the Company develops multi-rotor UAVs, tethered drones, mini unmanned helicopters, fixed-wing aircraft, and multi-rotor vehicles in nano dimensions. In coming periods, ASELSAN aims to introduce its autonomous aerial vehicles with such additional high-tech capabilities as augmented reality and artificial intelligence, which will cement its position as the leading company of the sector.

ASELSAN attaches great importance to innovation awareness in Turkey, and therefore served as a sponsor for the UAV-Supported Unmanned Land Vehicle, Unmanned Underwater Systems and Robotic Conquest 1453 Contests at the TEKNOFEST İstanbul Aviation, Aerospace and Technology Festival. In 2019, the Company also organized the 4th Communication Technologies Workshop in Ankara so as to discuss latest communication technologies and foster interaction between stakeholders. 50 academics from 19 universities in seven provinces were the speakers at the workshop which had 300 participants from 10 provinces, 27 universities and 9 institutions.

ASELSAN signed and started working on the CBTC Signaling System Project for the Istanbul M1 Metro Line.



INFORMATION SYSTEMS AND INFORMATION SECURITY

Security of corporate and personal data is part of the corporate culture and an indispensable element of business continuity at ASELSAN.

ASELSAN’s Information Security and Business Continuity Policies can be accessed by all stakeholders at the corporate website.

At ASELSAN, information systems management in human, process and technology dimensions is addressed in line with the objectives for information security, business continuity and efficiency in business processes. The Company’s approach toward information systems management is based on the ISO 27001 Information Security Management Standard for information security; ISO 27001 Business Continuity Management Standard for business continuity; and the frameworks and standards of ITIL, COBIT, ISO 20000 and ISO 9001 for Information Technologies (IT) processes. This management system and frameworks help monitor best practices in the world, achieve continuous development, and ensure a sustainable management of information systems across the organization. Risk management is a periodic process which enables all IT risks to be monitored consistently and ensures necessary mitigation measures to be taken accordingly.

Full Compliance with the Personal Data Protection Law

As part of the Company’s centralized IT services, data classification activities are in full compliance with KVKK (Personal Data Protection Law).

ASELSAN’s Information Security and Business Continuity Policies can be accessed by all stakeholders at the corporate website.

Pursuant to our Information Security Policy:

“Ensuring information security is essential for ASELSAN. To this end, ASELSAN is committed to protecting all the information assets it owns, fulfilling information security requirements according to international standards and applicable laws, managing existing and potential risks, and continuously improving, developing and reviewing information security.”

Pursuant to our Business Continuity Policy:

“As a leading player in the global defense industry, ASELSAN regards effective and uninterrupted performance of the activities linked with its IT services and products a top priority.” ASELSAN is committed to complying with world class standards, applicable laws and contractual requirements, and continuously improving, developing and reviewing the system to guarantee business continuity.”

In order to ensure information security, information assets and data communication channels are continuously controlled using up-to-date security technologies at ASELSAN. The Company adapts and uses secure solutions for endpoint security, crypto applications, security of portable



devices and remote working models. The company organizes comprehensive training programs to raise information security awareness of its users, while also updating its users on current information security incidents.

Security monitoring, response and hardening efforts have been integrated under the umbrella of the Cyber Security Operation Center (CSOC) launched in 2019. The center performs regular penetration tests and exercises on IT systems so as to ensure security controls are continuously improved.

At ASELSAN, business critical data is safely kept and continuously backed up at data centers located in different facilities. The simultaneous duplication of corporate data in disaster recovery centers allows the Company to recover critical IT services at any time needed. The Agile Software Development Lifecycle implemented under the IT

Request Management System helps address users’ needs in the fastest and most efficient manner.

ISO 27001 Information Security Management System (ISMS) was established in 2016 with the scope of IT, import, export, transit, customs and foreign trade processes. Currently under the supervision of the Information Management Directorate, the system was re-certified subsequent to internal and external audits in 2019. The ISMS covers the Macunköy facility and the Gölbaşı and Akyurt data centers in relation to the business processes specified above.

Established in 2019 under the Information Management Directorate, the ISO 22301 Business Continuity Management System was successfully certified after internal and external audits.

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Information Systems Management in Numbers

Number of Employees	132
Average Age	36
Number of Facilities/Premises Supported	13
Number of ASELSAN Affiliates Supported	5
Managed IT Hardware	76,000

OUR VALUE-DRIVEN SUPPLY CHAIN MANAGEMENT

ASELSAN is bound by the contracts it signs for the project-based activities, and its supply chain is involved in the execution of all activities from contract execution to project delivery and subsequent stages.

ASELSAN has been a member to the Supply Chain Management Association (TEDAR) since 2017.

For ASELSAN, one of the most important links in its value chain is the suppliers since they have direct impact on the product/service quality and the activities of the Company and play a defining role to boost its competitive edge. While materializing economic growth and technological development goals with all the stakeholders in its supply chain, ASELSAN works to ensure the wide adoption of an environmental mindset aimed at respectful and moderate use of all resources; to raise social awareness on employment, equality, safety, training and health; and to uphold ethical values. ASELSAN is bound by the contracts it signs for the project-based activities, and its supply chain is involved in the performance of all activities from contract execution to project delivery and subsequent stages.

The Industrialization and Supply Directorate under the Corporate Governance Vice Presidency, and the planning, production and logistics organizations under the Business Sectors are in charge of the management of ASELSAN's supply chain.

The Transformation Project Aimed At Operational Excellence Target

The Company launched a transformation project in 2018 to establish a supply function that regularly monitors worldwide recognized supply approaches, adopts good practices, easily adapts to novelties, welcomes development, and provides operational excellence.

The project has been executed in May 2019. With its category-based design, the new structure is intended to have a command of the market and needs in supply and supplier management; manage risks effectively; function proactively; control costs at the earliest stage possible; monitor its areas for improvement continuously to create further value; reduce foreign reliance; adopt an evaluation mindset focused on localization and total cost of ownership; assume the task of contributing to all the stages of the supply chain; and aim at reaching a sustainable, lean and agile structure.

In order to incorporate the principle of sustainability into supply chain processes, share good practices in this area, and monitor the developments and novelties in the sector, ASELSAN became a member to the Supply Chain Management Association (TEDAR), which is a non-governmental organization with a significant role in the Turkish business world, in 2017 upon the approval of the Board.

At ASELSAN, supply chain risks, the risks arising from the dynamics of the sector, the risks linked with suppliers, customers or production activities, as well as those unpredictable risks such as global crises, pandemics, natural disasters and terrorist incidents are identified and monitored by relevant functions. Risks considered to be at a critical level are also monitored and measured, after which short- and



medium-term strategies are developed and necessary actions are implemented to prevent them or mitigate their impact.

Suppliers are an integral part of a sustainable supply chain. To ensure continuous communication and collaboration with suppliers, ASELSAN has developed a Supplier Portal where companies willing to work with ASELSAN can file an application via the corporate website. Quotes, order management, quality process management, supplier delivery management, supplier application management, supplier master data management and supplier performance management activities are performed on the Portal. The portal helps manage all supply chain activities on a fast, reliable, traceable and measurable platform. Furthermore, the Company developed a platform, "Gücümüz Bir (Powerful Together)" to communicate with suppliers more effectively. Further information on this platform is provided under a separate heading below.

ASELSAN Supply Workshop

The first edition of the ASELSAN Supply Workshop was held in 2018. Gathering the staff active on site that had the chance for exchange of information, the event proved quite fruitful and paved the way for numerous structural transformation and innovation efforts.

The Supply Workshop was also held in 2019, considering that the teams saw a lot of benefits of working together.

Improvement areas of ASELSAN's supply processes were evaluated and important decisions were made to develop improvement roadmaps at the workshop.

In the sessions, participants elaborated on foreign trade activities, digitalization, supplier relationship management, management with metrics, category-based supply management, embargo management, and early involvement of the supply function in processes. Topics, risks and solution proposals in relation to more effective supply activities at ASELSAN, as well as innovations that might be incorporated into the supply process were also discussed.

At the end of the workshop, matters discussed and decisions made in the sessions were communicated to the entire team, after which final evaluations were made.

Outcomes of this workshop are anticipated to provide significant contributions to the efforts aimed at devising a roadmap to improve supply activities.

Companies willing to work with ASELSAN can file an application via the Supplier Portal available at the corporate website.

SUPPLIER EVALUATION

Driven by the sustainability principle it pursues in its activities, ASELSAN monitors the targeted economic, environmental and social performance in its global supplier chain composed of thousands of registered suppliers.

In 2019, ASELSAN evaluated the environmental and social performance of 106 companies and started collaborations with 72 of them.

Driven by the sustainability principle it pursues in its activities, ASELSAN monitors the targeted economic, environmental and social performance in its global supplier chain of thousands of registered suppliers, and builds supplier relations in compliance with laws, human rights, and its corporate ethical rules.

The main criteria ASELSAN seeks in the companies while measuring and evaluating suppliers include technology infrastructure, qualified staff, comprehensive quality system, solid financial structure, and full compliance with ASELSAN's objectives and policies, Environmental Management, Occupational Health and Safety Management standards and labor laws, as specified in ASELSAN's supply chain policies and international standards. The criteria ASELSAN seeks in supplier evaluations are explained below.

- **Matters of Administrative Evaluation**
 - Occupational Health and Safety Practices
 - Environmental Management System Practices
 - Financial Structure
 - Personnel Proficiency and Competency
 - Certifications (ISO, NADCAP, Security of Premises etc.)
- **Quality System Evaluation**
 - Functioning and Control of Quality Management System
 - Resource Management
 - Procurement Process and Supplier Management
 - Product Realization Process
 - Measurement, Analysis and Improvement

- **Production/Design Evaluation**
 - Technological Level, Quantitative Adequacy and Diversity of the Production Infrastructure
 - Testing and Workbench Infrastructure
 - Compliance with Applicable Production/Audit Standards
 - Training
 - In-Production Audit Capabilities

ASELSAN's supply policies can be found at the corporate website of the Company. In supplier selections, ASELSAN does not include in the supply chain those companies where it identifies non-compliance with its criteria. These companies are notified of their shortcomings and the evaluation process is initiated again provided they rectify the reported shortcomings. The companies in which ASELSAN identifies improvement areas in terms of environmental and social criteria go through follow-up audits, and their progress is monitored. This helps encourage the companies failing to fully perform their social and legal responsibilities to tackle their shortcomings and fulfill their obligations.

In 2019, ASELSAN evaluated the environmental and social performance of 106 companies and started collaborations with 72 of them.

ASELSAN suppliers' adoption of national and international standards such as ISO 9001, AS 9100, AQAP and CMMI in their operations makes it possible to use a



shared language in supplier selection and audit stages. In this regard, ASELSAN encourages suppliers to comply with the Company's sustainability mindset and adapt to innovative practices, while incorporating its expectations in the written contracts with suppliers and monitoring the continuity of these practices regularly.

Supply Risk Management
Managing the risks related with the supplier ecosystem is essential for ASELSAN to achieve business continuity and long-term goals. ASELSAN started development efforts for, and plans to deploy, a Supplier Risk Management System for the purposes of ensuring effective management of existing supplier risks. The aim with this System is to have close contact with suppliers and perform risk analyses; assess the impact and likelihood of suppliers' risk criteria including but not limited to financial, managerial, legal, ethical, quality, logistic, security, reliance, social and environmental risks; calculate risk scores for each supplier; and identify supplier-specific corrective actions and improvement measures as necessary.

Each material/material group business sectors procure have different functions and dynamics, which requires the Company to implement different supply strategies for relevant materials/material groups. To this end, the Kraljic Matrix is used to categorize the materials and classify them under "Supply Risks" and "Impact on Profitability" to determine appropriate supply strategies. Such management strategies will help critical suppliers, in particular, develop themselves effectively.

Sub-Industry Capacity Program
The Company started works to establish a "Supplier Capacity Management System" in 2019 for the purposes of effectively monitoring, managing and developing the capacities of sub-industry firms; and ensuring that ASELSAN's needed supply items are delivered promptly, thoroughly and cost-effectively as per the operating fields of the sub-industry. As part of the first phase of these works, an algorithm was developed whereby the past shipment data, open orders etc. of the Company's sub-industry firms is evaluated and capacities are monitored. The program will help continuously monitor and balance suppliers' capacities and contribute to the sustainability of the ecosystem.

ASELSAN started development efforts for a Supplier Risk Management System aimed at effective management of existing supplier risks.

SUPPLIER EVALUATION

Among its approved suppliers, ASELSAN identifies the companies with the potential that matches its growth targets, and signs Strategic Cooperation Agreements.

In 2019, ASELSAN signed Strategic Cooperation Agreements with 13 more companies, raising the number of cooperation agreements to 36.

Strategic Cooperation Agreements

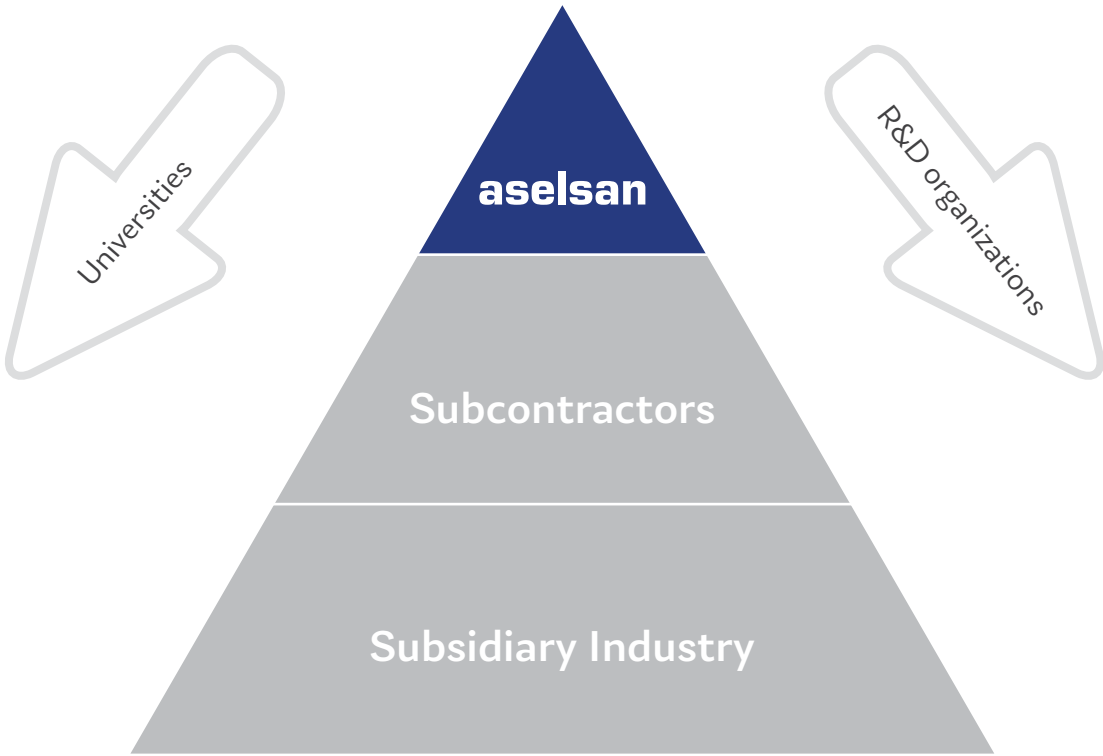
From among its approved suppliers, ASELSAN identifies those firms that create value-added products and designs in a critical field for the Company, deliver an outstanding performance in this field and have a potential in alignment with ASELSAN's growth targets. Later, ASELSAN signs Strategic Cooperation Agreements with these firms.

They are ASELSAN's priority suppliers in their respective operating areas and eligible for the grants provided by ASELSAN. A commission was established

to regularly monitor the performance of existing strategic partners and identify potential new partners on an annual basis.

Suppliers that execute Strategic Cooperation Agreements are expected to show progress in such areas as localization, product improvement and cost reduction. In 2019, the Company signed Strategic Cooperation Agreements with 13 more companies, raising the number of cooperation agreements to 36.

The List of ASELSAN's Strategic Partners:



An Exemplary Industrialization Model for the Sub-Industry

Works have been initiated to help carry out sub-industry activities more effectively and allow medium firms in terms of size and competencies to extend industrialization efforts. The aim was to implement the defense industry's industrialization model in the sub-industry processes of ASELSAN.

ASELSAN's industrialization model is structured in parallel with the industrialization pyramid of the Defense Industry Presidency. According to the model, the base of the pyramid will consist of numerous sub-industry firms - mostly SMEs - with expertise in a certain production or design field, whereas the middle layer will be composed of medium-sized firms,

also defined as subcontractors, with project management, supply and supplier management and configuration management capabilities alongside production or design competencies. The plan is to continue working together with universities and R&D organizations such as TÜBİTAK either directly or indirectly at each stage of the industrialization process. In order to implement the industrialization model more effectively, ASELSAN started works on dividing approved sub-industry firms into subcontractor and sub-industry classes in the last quarter of 2019. This classification will help give turnkey assignments to subcontractors as per their system level, which will enable them to create their own supply ecosystems and provide full support to the industrialization model.

ASELSAN's industrialization model is structured in parallel with the industrialization pyramid of the Presidency of Defense Industries.

SUPPLIER EVALUATION

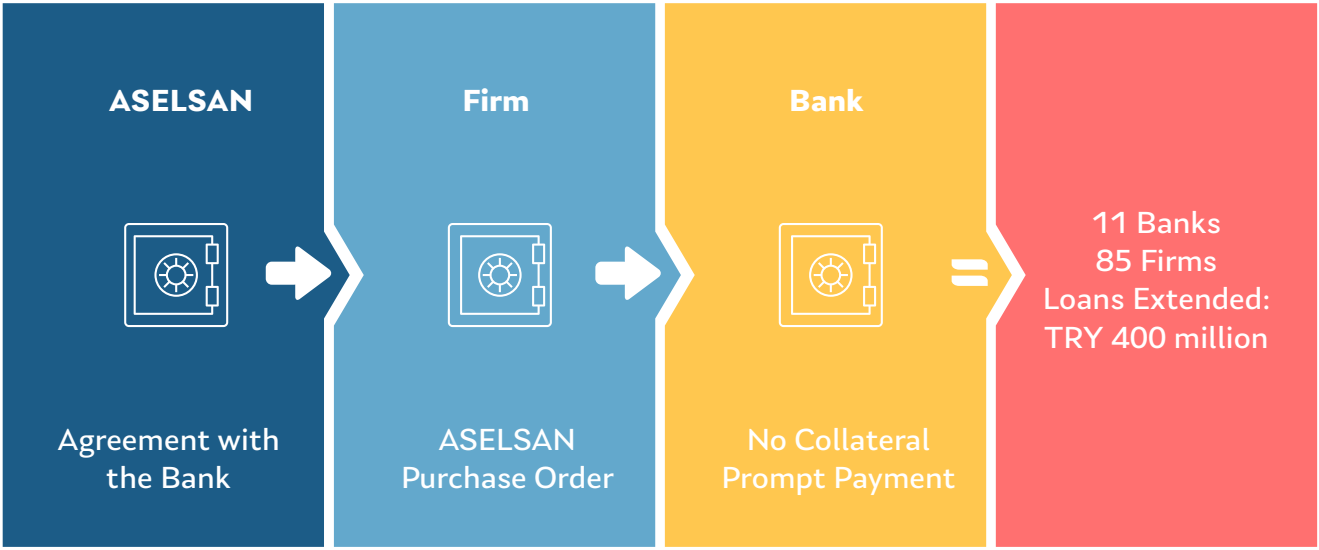
Introduction of performance scorecard practices into procurement processes is intended to prioritize successful firms in requests for proposal and attain a performance-based purchasing process.

Supplier Scorecard development activities were started in 2019 for the purposes of measuring the performance of approved sub-industry firms with a scorecard.

Supplier Scorecard

Supplier Scorecard development activities were started in 2019 for the purposes of measuring the performance of approved sub-industry firms with a scorecard. Scorecards will help ASELSAN look into the performance of suppliers and determine from which firm it will request a quote. Under this practice, performances in 2019 were measured and the system was launched in 2020. Introduction of scorecard practices

into purchase and sale processes is intended to prioritize successful firms in requests for proposal and attain a performance-based purchasing process. Effective monitoring of the performance scores will also encourage suppliers to improve their performance so that they can receive more purchase orders, and ensure a business continuity model where performance plays a significant role.



Under the supplier scorecard system, firms are evaluated in the following five categories:

- **Quality:** The score according to the inspection of firms' deliveries
- **Delivery:** Firms' compliance with the delivery dates as mutually agreed in purchase orders
- **Audit:** The result of the most recent audit performed in the past three years
- **Customer Feedback:** Surveys completed by ASELSAN's Supply and Quality staff on the firm
- **Supplier Feedback:** Companies using special processes or working on special processes evaluate one another

Supplier Financing System

ASELSAN provides suppliers with financing support, as well. To this end, the Company launched the first Supplier Financing System of the defense industry in 2013. The Financing System enables approved sub-industry firms, which have a long-standing cooperation with the Company, to contact the Banks registered within the system by submitting their purchase orders to take out loans and receive letters of guarantee without the need for additional collateral, guarantor etc. The scheme below is an illustration of the system. The Company signed contracts with three additional banks in 2019, raising the number of partner banks to 11. So far, 85 firms have used the system and TRY 400 million in loans were extended. The system has contributed to the financial sustainability of the firms within ASELSAN's ecosystem.

“Gücümüz Bir (Powerful Together)” Platform

www.gucumuzbir.com ASELSAN established a pioneering and innovative platform for the purposes of fostering the bond with suppliers, boosting the effectiveness of localization efforts, reducing Turkey's reliance on foreign resources, and run partnerships with suppliers under an integrated structure. Named “Gücümüz Bir (Powerful Together);” the platform was launched in April 2020.

The platform is an interactive platform with a target group composed of ASELSAN's existing and potential suppliers. Gücümüz Bir (Powerful Together) serves suppliers via a corporate website and mobile applications.

The Platform is intended to strengthen relations with existing suppliers, introduce the ecosystem with potential, value-adding suppliers, and contribute to the sustainability of ASELSAN's supply ecosystem.

It will also help inform suppliers on the global and local developments/news as well as on the developments regarding ASELSAN; enhance their contributions to localization efforts; provide them the chance to benefit from ASELSAN's competencies; and assist them in reaching the human resources they need.

So far, 85 firms have utilized the Supplier Financing System with the total loans taken out equaling TRY 400 million.

SUPPLIER EVALUATION

The purchase rate from local suppliers, which was 33% in 2008, has moved to over 65% as of 2019 as localization efforts have accelerated.

As per the procurement projections for the next three years, the amount that remained in the country thanks to the now local products is USD 71 million.

LOCALIZATION EFFORTS WITH LOCAL COMPANIES

Local/national product development activities have become much more effective thanks to the ASELSAN Local and National Product Development Board that conducts various works to reduce Turkey’s foreign reliance and improve the share of local components in the products in line with ASELSAN’s Local and National Product Development goals.

The Board has carried out detailed examinations and studies on some 20,000 products up to date. As a result of these activities, a decision was made to develop and produce, using local sources, 300 products (which equaled 90 brochures) in the first phase. With the most recent launch, the number has risen to 51, which equals 140 brochures covering 450 products. The Industrialization and Supply Directorate initiated product development and localization efforts with the design teams under Business Sectors and the local manufacturers that have design capabilities. Since September 2018, these activities are ongoing.

As part of the aforementioned activities:

- Over 200 firms have filed some 500 applications for the brochures covering 450 products.
- Negotiations, production or validation processes for over 150 products are ongoing.

- Validation and approval process for 9 products with a completed prototype is ongoing.
- The Company finalized efforts with around 30 firms to localize 210 different product ranges, 29 of which are featured in brochures; local orders have been opened for 45 products.
- As per the procurement projections for the next three years, and regarding 210 products that are now local:
 - The amount remaining in Turkey equals USD 71 million;
 - Earnings correspond to USD 28 million;
 - And the share of local products at more affordable prices than that of overseas prices has reached 94%.

Works towards including new products to be determined by Business Sectors in the localization model continue. Within this scope, all import products are regularly examined so as to identify priority products in terms of critical technology, export restrictions, costs and lead time. Brochures relating to these products are prepared accordingly. Companies interested in these products review the brochures launched via different channels and file their applications via the Gücümüz Bir (Powerful Together) Platform deployed in mid-April. Applications are evaluated by the ASELSAN National and Domestic Product Development Board, which gives start to product development activities for eligible products.



It also provides guidance for applicant companies to benefit from the support packages of KOSGEB (Turkish Small and Medium Enterprises Development Organization) and Ministry of Industry and Trade, and issues a memorandum of understanding for the companies as and when needed.

The Strategic Product Support Program by KOSGEB

ASELSAN issued “Memorandum of Understanding” documents for 16 firms as part of the Strategic Product Support package introduced by KOSGEB to assist with localization and narrow the current deficit. Indeed, ASELSAN came to the fore as the organization that issued the highest number of MoUs in the defense industry. Around 90% of the applicants, who also hold ASELSAN’s MoU, were approved; this marked a significant contribution to localization efforts.

Tech-Driven Industry Initiative

ASELSAN consistently takes on the task of developing and expanding the ecosystem it belongs to. ASELSAN issued a Memorandum of Understanding to 10 SMEs for the “Tech-Driven Industry Initiative” announced by the Ministry of Industry and Technology of the Republic of Turkey. These processes are monitored

by the ASELSAN staff, who provide guidance when and as necessary. The aim is to ensure local development of the products our Country needs, expand R&D and production ecosystems, and assist firms in strengthening their competencies.

The works performed within this scope will reduce foreign reliance to meet Turkey’s needs via production activities based on national and local resources, while eliminating covered/ implicit embargos. They will also help enterprises of all sizes involved in this process attain higher visibility and boost their competitive edge in international markets. Firms that play a role in this process acquire critical technologies, serve other key players of the defense industry, and get the chance to venture into foreign markets and start export operations. With this process, the share of local components in our products will grow, which will help reduce foreign reliance and contribute to the narrowing of the current deficit.

ASELSAN issued “Memorandum of Understanding” documents for 16 firms and came to the fore as the organization that issued the highest number of MoUs in the defense industry.

ENVIRONMENTAL MANAGEMENT

In 2019, ASELSAN delivered distant environmental protection training to 6,248 employees.

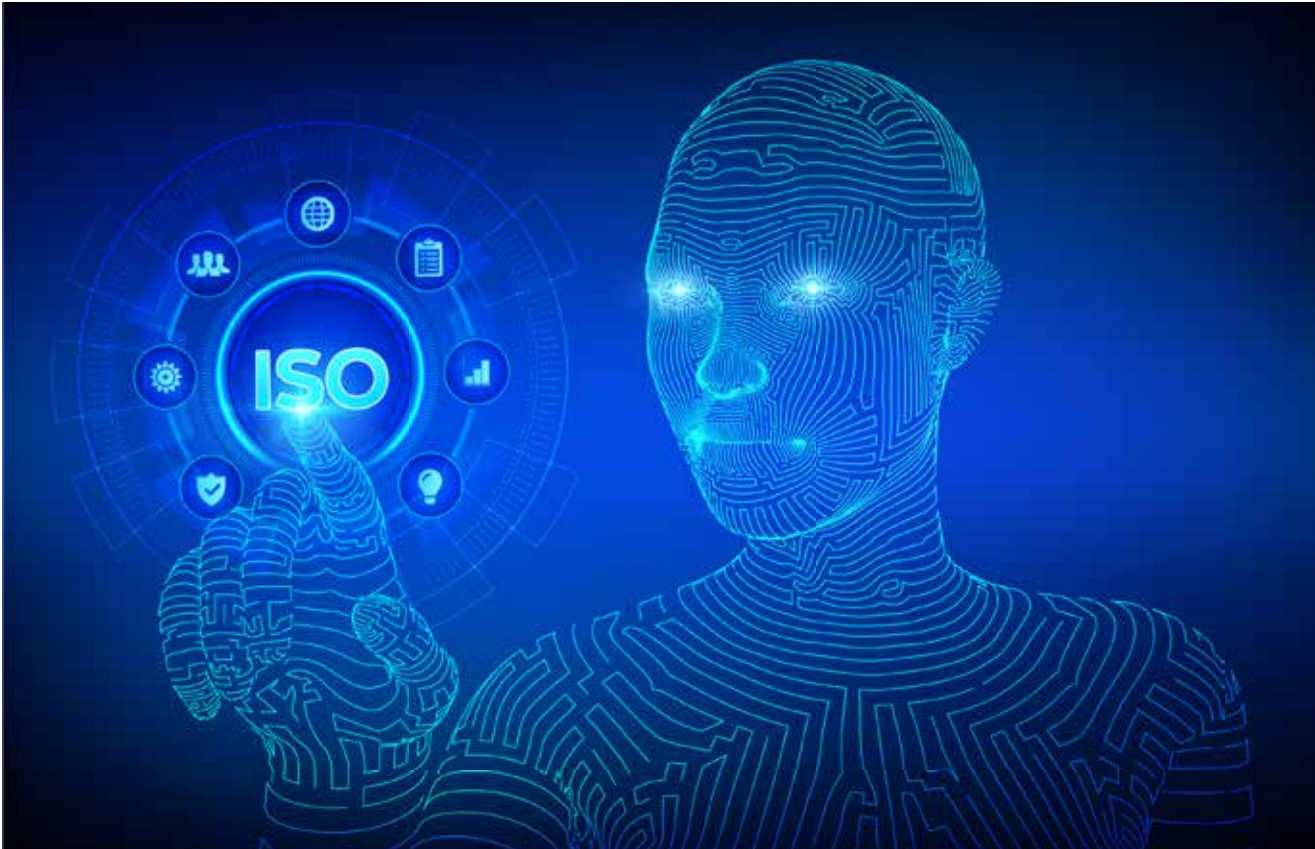
As part of the efforts toward minimizing environmental impacts, ASELSAN launched the Zero Waste Initiative at its facilities in 2019.

ASELSAN is aware that leaving a more inhabitable world for future generations requires protection of the environment it interacts with. To this end, it pays utmost attention to managing environmental impacts of its activities and operations most effectively, using resources responsibly, developing environmentally-friendly business processes, and performing environmental impact assessments. Laid out by the Senior Management, the Environmental Policy with a focus on Sustainability clearly demonstrates ASELSAN's commitment to effectively managing the environmental impacts of its operations.

Zero Waste Initiative Kicked Off
ASELSAN's works aimed at mitigating environmental impacts are performed at Macunköy, Akyurt and Gölbaşı facilities in line with the ISO 14001:2015

Environmental Management System. As part of the efforts toward minimizing environmental impacts, ASELSAN launched the Zero Waste Initiative at its facilities in 2019. The Company was performing waste sorting and reduction activities prior to the introduction of the Zero Waste Regulation. Currently, it adheres to all the practices specified by the regulation at its facilities.

The ASELSAN Environmental Safety Board (ESB) complements the Company's sustainable practices and works to determine the measures for environmental protection and safety, while evaluating the issues regarding the implementation of such measures. The ESB monitors and maintains the implementation of environmental safety measures, determines mitigating proposals, and improves the quality and



efficiency of sustainability practices. The ESB meetings are held at least once a year with the participation of relevant persons from each facility; internal inspections are carried out accordingly. Furthermore, an environmental handbook is given out to employees for implementation at the facilities.

Full Compliance with the ISO 14001 Environmental Management System

As an environmentally-sensitive company, ASELSAN organizes regular online environmental trainings for employees every year. In 2019, ASELSAN delivered distant environmental protection training to 6,248 employees. Furthermore, in line with the ISO 14001 Environmental Management System and applicable laws, drills are organized so as to ensure employees know how to take necessary action in the case of chemical spills and leaks and act in a prepared manner when faced with such environmental accidents. ASELSAN organizes events and programs in line with its principle of leaving an inhabitable world to future generations and raising employees' and other stakeholders' environmental awareness. As part of the events to celebrate World

Environment Day on June 5, a painting contest is organized every year with the participation of 5th, 6th, 7th and 8th grade students for the purposes of raising the environmental awareness of children. The effectiveness of these activities is evaluated by the Senior Management at Management Review meetings held during the year.

No environmental accident occurred in 2019 thanks to ASELSAN's robust plans, proactive approach and rigorous works. The Environmental Policy is at the core of ASELSAN's environmental management approach aimed at an inhabitable world for future generations. It is communicated to internal and external stakeholders via in-house communication means and the corporate website.

As part of ASELSAN's fight against climate change, the Company undertakes efforts with a focus on managing climate and environmental risks and reducing carbon emissions, while monitoring and reporting its annual sustainability performance transparently.

No environmental accident occurred in 2019 thanks to ASELSAN's robust plans, proactive approach and rigorous works.

CLIMATE CHANGE AND CARBON MANAGEMENT

ASELSAN’s greenhouse gas emission management is a part of its responsible energy management approach in its operations and in accordance with the ISO 14001 and ISO 14064 standards.



ASELSAN’s energy management is based on the principles of the ISO 50001 Energy Management System.

EMISSIONS AND ENERGY

ASELSAN uses resources responsibly and efficiently, and its management approach is based on informed and efficient use of energy in its operations. The Company’s energy management is in line with the principles of ISO 50001 Energy Management System. In 2019, efforts were undertaken for the ISO 50001 Energy Management System certification at the Macunköy, Akyurt and Gölbaşı facilities. Energy management activities pertain to all the processes/production processes within the Company and are run in parallel with other integrated management systems. Energy density reduction targets set within the scope of the strategic plan are handled by the functions in charge of managing the existing energy infrastructure at the facilities. To this end, efficiency studies are performed on the resources consuming a significant amount of energy, and the findings are evaluated via analyzers and software systems.

Active Fight Against Global Climate Change

ASELSAN’s GHG emissions are managed in line with the ISO 14001 and ISO 14064 standards. As specified in its Environmental Management Policy, ASELSAN is committed to mitigating the impacts of global climate change and monitoring and transparently reporting its greenhouse gas emissions. Therefore, sources of emission at ASELSAN facilities are identified, and greenhouse gas emissions are calculated, reported and validated by an independent firm on an annual basis. The 2019 data was validated on April 13 and 14, 2020 as per the ISO 14064 standards.

ASELSAN’s carbon emission targets are set by the Senior Management in line with the strategic goals. A Greenhouse Gas Management Plan is prepared and implemented to reach the targets. The CDP Board and its representatives coordinate the activities of periodically reviewing and improving the practices under the Management Plan.

Responsible and Effective Management of Resources

GHG Emissions from ASELSAN’s Own Sources

Scope 1

“Direct greenhouse gas emissions” are calculated as greenhouse gas emissions from ASELSAN’s own sources

Scope 2

“Electricity indirect GHG emissions” are calculated as GHG emissions from consumption of purchased electricity

Scope 3

“Other indirect GHG emissions” are calculated as other indirect emissions such as personnel shuttles, waste water, waste disposal, water supply, use of materials (food, glass or paper from cafeterias), travels (flights), raw material procurement and highway transport.

Carbon Emission Measurements in Line with International Standards

The emission calculations at ASELSAN are performed by using the calculation methodologies specified under the Guidelines for National Greenhouse Gas Inventories (2006) by the Intergovernmental Panel on Climate Change (IPCC), ISO 14064-1, and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). The emission factor values used as a reference point in calculations are based on the IPCC (2006), the International Energy Agency’s (IEA) 2015 Report, and DEFRA 2019.

Data on emissions from ASELSAN’s activities is provided in the table below. The Company expanded the Scope 3 emission calculations for 2017 at the end of 2016. Emissions from transport and distribution in the supply chain, from waste generated by operations, and from the consumption of food and beverages were included in the Scope 3 calculations for the first time in 2017 thanks to reliable data access. Hacettepe and İvedik satellite facilities were also included in the scope of the 2019 report. Activities are ongoing for transition to the ISO 14064:2018 version and the scope will be further expanded in 2020 thanks to the data the Company will retrieve.

The Company conducts activities for transition to the ISO 14064:2018 version.

CLIMATE CHANGE AND CARBON MANAGEMENT

ASELSAN aims to reduce Scope 1 and 2 emission intensity by 2022 per unit turnover and by 64.12% per base year, in line with the GHG emission management plan that is annually updated to report changes.

ASELSAN works to ensure efficient use of energy not only in its own activities but also by end users via the products and services it offers.

In 2019, the turnover-based emission reduction target was changed. The target was updated by taking the existing turnover and the effectiveness of reduction projects into account. Accordingly, ASELSAN aims to reduce Scope 1 and 2 emissions by 2022 per unit turnover and by 64.12% per base year, in line with the GHG emission management plan that is annually updated for the CDP Climate Change Reporting.

	Scope 1	Scope 2	Scope 3
2016	11,999	38,651	5,124
2017	12,420	35,983	15,811
2018	10,738	37,663	15,000
2019	14,148	37,786	15,661

- ASELSAN's emission value per unit between January 1 and December 31, 2019 was 0.0040 tCO₂e/TRY 1,000.
- Considering that the emission density calculated for the year 2018 was 0.0064 tCO₂e/TRY 1,000, the unit emission values of Scope 1 and Scope 2 GHG dropped by 35.37% between 2018 and 2019.



- The emission density for the base year, 2016, was calculated as 0.0136 tCO₂e/TRY 1,000. This shows that the unit emissions for Scope 1 and Scope 2 GHG dropped by 70.71% between 2016 and 2019.

CDP Reporting with a Score of A-
ASELSAN places the holistic sustainable approach at the core of its operations and strategy, as demonstrated by the global success it attains in the CDP reporting which is presented to investors and all stakeholders. As per the 2019 reporting results, ASELSAN maintained its successful position by scoring A- for two consecutive years. The reporting results for 2020 will be disclosed to the public in the last week of August.

Carbon management is among the cornerstones of ASELSAN's sustainability management. Therefore, the Company prepares a greenhouse gas inventory and has external audit firms validate its performance on an annual basis in line with the ISO 14064 Greenhouse Gas Reporting Standard.

ASELSAN is aware that employees' contributions are critical for sustainability to be ingrained in the corporate culture and effectively integrated with its operations. To this end, it organizes training courses and awareness-raising events on carbon management for employees. There are Environmental Officers in charge of the matters on climate change and emission monitoring at the Company. Activities performed and reports drawn within this scope provide input to the Management Review meetings, while the carbon management performance of the Company is evaluated by the Senior Management. Suppliers are also updated on carbon management during the supplier visits paid throughout the year so as to raise their awareness on this issue.

ASELSAN's emission values are validated by independent organizations. While the Company monitors emission trends closely, it pays utmost attention to environmental sustainability and prefers a growth model with minimum impact on the environment during its operations. Employees are among the key contributors to carbon management. Accordingly, ASELSAN undertakes efforts aimed at reducing greenhouse gas emissions with the participation of all employees. For ASELSAN, efficient use of resources is an indispensable principle for sustainability. The projects performed to this end are carried out by the Technological Infrastructure Directorates of each facility. In the meanwhile, Transport, Security, Energy, Healthcare and Automation Systems Business Sectors regularly conduct projects and feasibility studies aimed at using renewable energies and clean energy.

Energy efficiency and emission reduction projects implemented during the reporting period helped attain significant energy savings thanks to the effective deployment of the automation infrastructure, replacement of 10,500 florescent bulbs with LED bulbs, improvements in compressors, and facade insulation practices. In addition to these improvements at the facilities, paper consumption was reduced under the "R&D Incentive Automation Project" and "Supply Consolidation Project," whereas electricity consumption was reduced by preventing excessive operation of thermal cycle chambers under the "Production Follow-up System" program.

According to the results of the 2019 reporting, ASELSAN attained A- score for two consecutive years and thus maintained its successful performance.

CLIMATE CHANGE AND CARBON MANAGEMENT

Water management practices at ASELSAN are in full compliance with laws, as is the case in all environmental activities.

Water recovery systems for specific production devices help attain significant water savings.

WATER MANAGEMENT

ASELSAN is aware that water resources are vital for the continuity of not only its operations but also of life on our planet and therefore must be preserved. To this end, its water management approach is aimed at responsible, effective and efficient use of water in its facilities and operations.

The Company conducts rigorous water management activities at the Macunköy, Akyurt and Gölbaşı facilities. Water is a significant input for some of ASELSAN's production areas, while playing a significant role for the Company to perform administrative services in a suitable manner.

Water Consumption Cut by 10%

In addition to water management efforts under the ISO 14001:2015 Environmental Management System, the Company monitors water data as part of the CDP Climate Change reporting. Every year, targets for water consumption are determined; data collected from analyses is presented to the senior management at the Management Review meetings. Water recovery systems for specific production devices help attain significant water savings. Communication efforts to raise awareness on water consumption include posters, informative notes and campaigns across the Company. ASELSAN reduced water consumption by 10% compared to the previous year.



Water management practices at ASELSAN are in full compliance with laws, as is the case in all environmental activities. Wastewater discharge standards are set in accordance with the Regulation on Wastewater Discharge to Sewers by ASKİ (Ankara Municipality Waterworks). Wastewater is discharged from the Macunköy and Gölbaşı facilities to the Sakarya catchment basin. In 2018, the Macunköy chemical wastewater treatment plant and Gölbaşı biological treatment plant discharged 48,705 m³ and 15,699 m³ of water, respectively.

Neutralization and precipitation methods are implemented at the Macunköy chemical wastewater treatment plant, while there is a biological package treatment plant for domestic waste at the Gölbaşı facility. Domestic wastewater is discharged directly to sewer at the Akyurt facility. Furthermore, chemical wastewater is collected in tanks at the Gölbaşı and Akyurt facilities and disposed of by authorized companies.

Neutralization and precipitation methods are implemented at the Macunköy chemical wastewater treatment plant.

CLIMATE CHANGE AND CARBON MANAGEMENT

ASELSAN’s main environmental goal is to minimize waste generation and reduce consumption of natural resources. The Company regularly monitors the amount of waste produced at its facilities.

In 2019, a total 1,546,473 kg of waste was sorted at the Macunköy, Akyurt and Gölbaşı facilities.

ZERO WASTE MANAGEMENT

ASELSAN manages waste based on the waste management hierarchy and in a manner to minimize the environmental impact of the waste generated from its activities. The hierarchy starts with reducing waste at its source, followed by reuse and recycling, and finally, disposal of waste.

Waste management activities are in parallel with the ISO 14001:2015 Standard, while the designated department handles relevant practices and reportings as per environmental regulations.

Minimizing the Amount of Waste Produced is Number One Priority...

ASELSAN’s main environmental goal is to minimize waste generation and reduce consumption of natural resources. The Company regularly monitors the amount of waste produced at its facilities. In line with the Environmental Policy and management system, the aim is to minimize the waste generated from production activities, sort waste at the source prior to disposal, and thus recover it at maximum level. To this end, activities aimed at accurate and systemic sorting,

and appropriate disposal and recycling of waste are carried out effectively by the Company. Separation of waste by type and temporary storage of waste does not harm the environment and risk occupational health and safety practices. Waste is categorized under the classes of hazardous, non-hazardous, medical and packaging waste, while separate storage areas for each type of waste are available at all facilities. Waste storage and disposal activities are performed in accordance with waste management regulations. Waste oil classification analyses are carried out by the licensed organizations authorized by the Turkish Ministry of Environment and Urban Planning and accredited by TÜRKAK.

The tables below provide the total amount of waste produced in 2019. Recyclable metals and packaging waste are monitored regularly under the non-hazardous waste class.

In 2019, a total 1,546,473 kg of waste was sorted at the Macunköy, Akyurt and Gölbaşı facilities



Facility	Hazardous Waste (kg)	Non-Hazardous Waste (kg)	Total
Gölbaşı	15,894	180,030	195,924
Akyurt	80,078	580,620	660,698
Macunköy	187,731	502,120	689,851
Total	283,703	1,262,770	1,546,473

In October 2019, ASELSAN initiated the Zero Waste Project for efficient use of resources, prevention of waste, minimization of waste generation, and waste recovery, in addition to the existing waste management practices at the Company.

In addition to the existing waste management activities, ASELSAN initiated the Zero Waste Project in October 2019.

CLIMATE CHANGE AND CARBON MANAGEMENT

In addition to waste sorting stations at offices and working spaces, container boxes for waste batteries, electronic waste and vegetable oil, as well as clothing and toy bins are placed at facility entrances and parking lots.

Cleaning and Refectory staff received face-to-face trainings as part of the Zero Waste Project.

The following activities were carried out under the project:

- Face-to-face trainings were delivered to Cleaning and Refectory staff; employees were briefed via announcements and brochures.
- Waste separation stations were placed at the Akyurt, Gölbaşı and Macunköy refectories, which started separating plastic and other waste. After separation, waste food on trays is donated to animal shelters.
- Container bins at working spaces and offices were removed and replaced by waste separation stations at designated common use areas.

The stations helped the Company sort the following types of waste:

- Biodegradable waste,
- Paper waste,
- Plastic waste,
- Glass waste,
- Metal waste, and
- Other waste.
- In addition to waste sorting stations at offices and working spaces, container boxes for waste batteries, electronic waste and vegetable oil, as well as clothing and toy bins are placed at facility entrances and parking lots.



- The composting machine installed at ASELSAN helps turn biodegradable waste collected in Waste Separation Stations and vegetable waste generated from cooking activities into compost.
- **Eliminating Use of Paper Cups:** Use of paper cups at working spaces was eliminated to minimize the consumption of natural resources. Paper cups were replaced with the glass tumblers and porcelain cups distributed to all employees.
- **Collecting Pharmaceutical Waste:** Pharmaceutical waste bins were placed at infirmaries to prevent inaccurate use of medicinal drugs that are expired, damaged or contaminated.
- **Project Launch:** On December 10, 2019, the “ASELSAN Zero Waste Project Launch Ceremony” was held at the Hacim Kamoy Integration Hall of the Macunköy Facility, with the participation of Her Excellency, Emine Erdoğan.

In a short span of time, the Company sorted and thus helped 60 tons of waste be recycled or recovered, which would otherwise be directly dumped, from the launch of the Zero Waste Project on October 21 to December 31, 2019.

Breakdown of Waste Sorted by Type

Type of Waste	Percentage (%)
Food Waste (Animal Shelter)	42
Plastic	24
Biodegradable (Compost)	19
Paper	11
Glass	4

Furthermore, 2,780 clothing items and 287 toys collected in clothing and toy bins were donated to the Turkish Red Crescent Society. 42 liters of waste vegetable oil collected thanks to oil collection tanks were handed over to a licensed company for recycling purposes.

Use of paper cups at working spaces was eliminated for the purposes of minimizing the consumption of natural resources.

CLIMATE CHANGE AND CARBON MANAGEMENT

Thanks to ASELSAN’s sensitivity for environmental compliance, the Company did not face any infringement penalty or punitive sanction under the Environmental Law and related regulations in 2019.

An Environmental Performance Report, which covers the activities in the previous year, is drawn at the end of every year and presented to the Senior Management.

ENVIRONMENTAL COMPLIANCE

ASELSAN is in constant interaction with the environment due to the nature of its operations and therefore always manages them in full compliance with laws and regulations. ASELSAN is aware that environmental compliance efforts must be undertaken by considering the needs of all stakeholders. To this end, it has adopted the ISO 14001:20015 Standard for compliance with environmental laws and other requirements during these efforts. The Company also briefed suppliers on this topic during the visits paid in 2019 and encouraged all stakeholders to reach environmental compliance.

As part of compliance with environmental laws, the Zero Waste Project was initiated in 2019. ASELSAN expanded the scope of existing waste management activities at the facilities to reach compliance with the Zero Waste Regulation.

Management of hazardous substances is critical to guarantee environmental compliance. This is why the Company receives consulting services so as to fully perform its obligations under the Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) and the Regulation on the Carriage of Dangerous Goods by Road. In order to gain further effectiveness in these activities, the Dangerous Goods Safety Software was integrated with the core system. Furthermore, environmental impact assessments are regularly carried out for all operations, while attention is paid to the environmental impact management approach and performance of suppliers in selection processes.

The Environmental Officer is in charge of obtaining, updating and renewing necessary environmental permits, licenses and documents for facilities and activities. The Environmental Officer also issues monthly evaluation protocols and reports the environmental status of the facility to the Facility Officer. An Environmental Performance Report, which covers the activities in the previous year, is drawn at the end of every year and presented to the Senior Management.

Thanks to ASELSAN's sensitivity for environmental compliance, the Company did not face any infringement penalty or punitive sanction under the Environmental Law in 2019.



GREEN SOLUTIONS IN OPERATIONS

ASELSAN strives to minimize the environmental impact of its operations via use of “green technologies.”

INFORMATION SYSTEMS

ASELSAN believes that environmental sustainability can be achieved by, first and foremost, using all resources efficiently and effectively, and determines its efficiency targets in business processes accordingly. Since the Information Systems Management approach is based on such efficiency targets, the Company prefers environmentally-friendly systems with minimum environmental impact when it purchases IT hardware. It also strives to reduce energy consumption with a focus on the Green IT principles in data center design.

Data Center Project

As part of the Data Center Project, the Company aims almost 100% availability in line with the international Tier 3 standard. Deployment of measurable and controllable data centers helps attain significant energy savings, reduce greenhouse gas emissions and reach compliance with the Green IT Benchmark.

Secure Print System

The Corporate Electronic Document Management System (EDMS) minimized printed correspondence at ASELSAN in 2019. In the meanwhile, the secure printing system in use centralized printers and their management/ maintenance, which ensured security, savings and efficiency. The Company also started to monitor printer printouts regularly to unnecessary inessential printing of documents.

As part of the Data Center Project, ASELSAN aims almost 100% availability in line with the international Tier 3 standard.



GREEN SOLUTIONS IN OPERATIONS

The Technological Infrastructure Directorates started ISO 50001 certification efforts so as to ensure that energy is used more efficiently and legal and social responsibilities are performed to the fullest extent.

New business processes were moved to the Electronic Document and Workflow Systems, enabling the Company to reduce use of paper significantly.

Efficiency with Information Systems

Virtualization of ASELSAN's IT infrastructure contributed to flexible use of resources, high availability rates and efficient utilization of IT resources. Automatic deactivation of the systems not in active use reduces energy consumption significantly.

Integrated communication and video conference systems were deployed in business processes, which minimized the travel between facilities and helped reduce emissions resulting from travels. New business processes were moved to the Electronic Document and Workflow Systems, enabling the Company to reduce use of paper significantly. Transition of a significant amount of workflows to the electronic environment also helps our employees use their time efficiently, while contributing to the progress toward the "Zero Paper" goal.

FACILITY MANAGEMENT

For ASELSAN, a sustainable management approach is a priority both in its activities and management of all facilities. Within this scope, Energy Officers are appointed at facilities' Technological Infrastructure Directorates to constantly monitor energy efficiency, which is among the core objectives of facility management.

The Technological Infrastructure Directorates started ISO 50001 certification efforts so as to ensure that energy is used more efficiently and legal and social responsibilities are performed to the fullest extent.

Maintenance, repair and revision works on heating&cooling devices, ventilation devices, pressure air, vacuumer, aspirators, steam humidifiers, process coolers, treatment devices, transformers, UPS and generators, CCTVs, the entrance control system, fire detectors and extinguishers, illumination, lifters and conveyors are carried out in a systemic manner as part of facility maintenance activities. All these systems are managed via the Building Management System (BMS) and Integrated Data-Driven Supervisory Control and Data Acquisition System (SCADA) infrastructure that are inter-connected and capable of detecting the environment via sensors, performing data analytics and identifying requirements.



This is how organizational processes are reviewed regularly to monitor consumption values and take prompt action to prevent any loss of energy and water. Furthermore, information on energy consumption is shared with internal stakeholders regularly.

"Predictive Maintenance" methods are followed in all maintenance activities to detect failures and ensure business continuity with early interventions. Measurement and analytics devices used to this end include thermal cameras, thermometers, moisture meters, conductivity/grounding meters, ph.-meters and vibration meters. Efforts are undertaken to adopt the principles of "Total Productive Maintenance" as an integral element of the corporate culture. As for new investments, devices are selected and systems installed with utmost attention to prefer energy-efficient, high-performance and automatically-controlled devices and minimize the human error.

LED-equipped fixtures, motion sensors, automatic faucets and local lighting techniques, as well as central compensation at transformers and building insulation works all contribute to energy optimization.

Facility-critical clean zones and server rooms are operated as per the ISO 14644-1 and ISO 27001 standards, respectively, while the requirements of these standards are met at optimal level.

Administrative Services at ASELSAN

Recent developments are always monitored to provide all services in a manner to address the requirements accurately and promptly. Construction plans are developed by taking environmental responsiveness into account, efforts are made to protect and even expand green areas. Smoke-free air initiatives are run at all facilities. In this regard, smoking areas have been marked and restricted to pavilions designated at certain areas.

Some of the key services provided in light of our superior quality mindset are as follows:

- Facility and industry security
- Fire and rescue services
- Cleaning and landscaping
- Daycare center
- General documents and cargos
- Shipment services
- Personnel meals from the kitchen to the table
- Healthcare services
- Hygiene services
- Sports events
- Transport and shuttle services
- Hosting delegations and visitors
- Creation of new social spaces for the staff

"Predictive Maintenance" methods are followed in all maintenance activities to detect failures and ensure business continuity with early interventions.

OUR CONTRIBUTION TO SOCIAL DEVELOPMENT

While the ASİL Foundation's focus areas are healthcare, family, schools and education, it periodically carries out campaigns and reaches out to individuals in need via these campaigns.

The ALİMHANE project is aimed at helping high potential students acquire the sense of achieving together and preparing them for an engineering career.



The ASELSAN Social Innovation Leaders (ASİL) Solidarity Foundation

The Foundation was established in November 2019 as a platform that acts with a social responsibility awareness to reach each and every individual in need in and outside the Company, stand by them in their difficult times, and demonstrate that ASELSAN does not only produce reliable technologies but also offers technologies that create value.

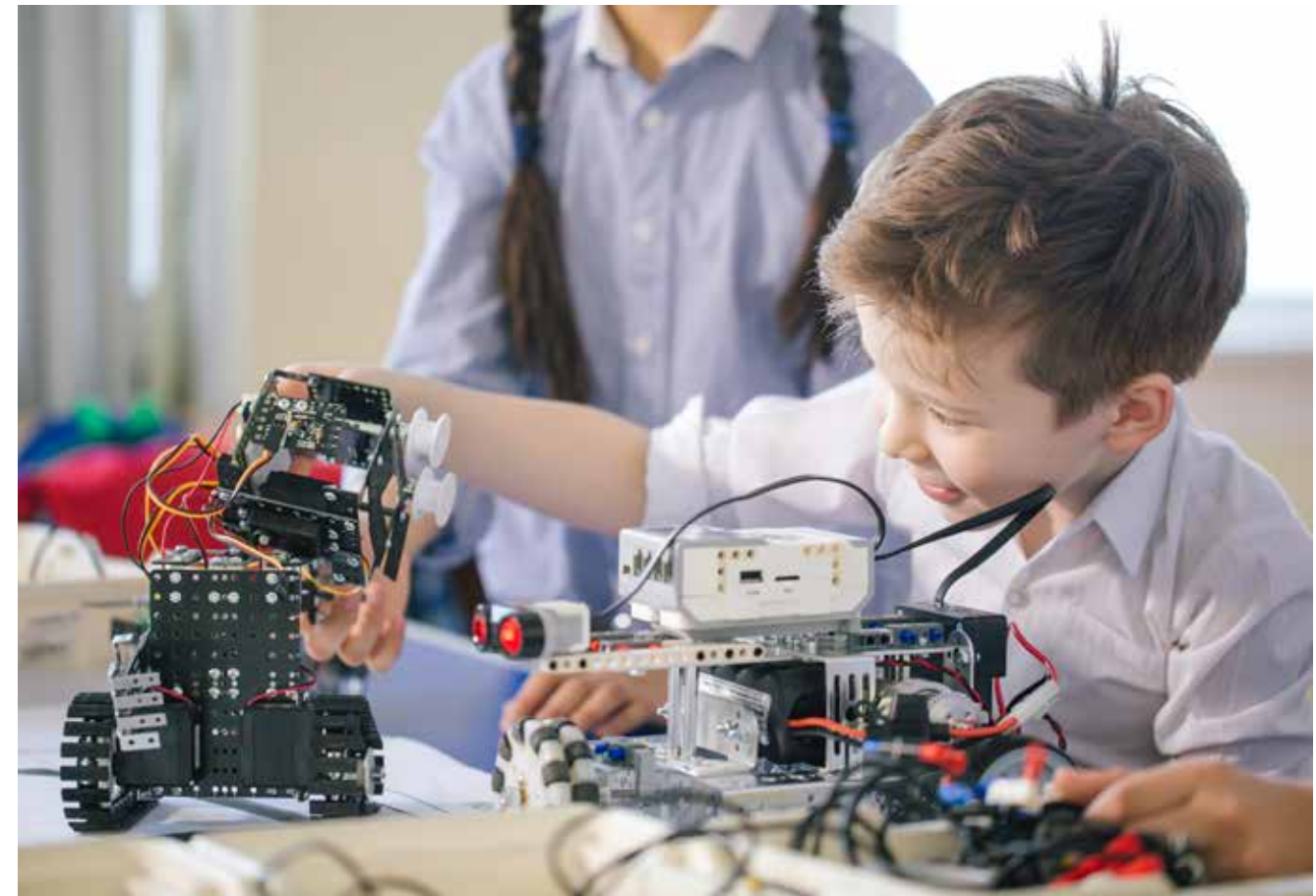
While the ASİL Foundation's focus areas are healthcare, family, schools and education, it periodically carries out campaigns and reaches out to individuals in need via these campaigns. Since its establishment, the Foundation supports scientific projects, schools in need and children expecting coats and boots. It takes on the task of meeting the urgent needs of people and delivering whatever is needed promptly when Turkey suffers a disaster or pandemic.

The ASELSAN Social Innovation Leaders (ASİL) Program was initiated to forge ASELSAN's values with the values of Turkey. The Program continues with its activities aimed at addressing the matters that touch people and the steps taken for the future of the world with the identity and from the viewpoint of ASELSAN.



ALİMHANE Project

The Project was launched at the Ankara Scientific High School as part of the activities of the ASİL Social Responsibility Working Group. ALİMHANE is aimed at helping high potential students acquire the sense of achieving together and preparing them for an engineering career based on a collaborative model that empowers them to develop their projects. The model consists of three stages, namely, "Dream," "Prepare," and "Act" ("DPA"). This is how ALİMHANE helps students dream first to conceive an idea, receive mentoring support to learn more on their respective topic, develop a project for these ideas, and then develop their products in a laboratory environment.



Techno-Adventure Platform

Techno-Adventure is a corporate volunteering project with a mission to equip new generations with appropriate and beneficial habits on technology, IT and defense industry. This way, the project aims to encourage them to become curious, inquisitive and productive individuals, as required by our era. Targeting children aged 6-12, the project is designed to help children acquire technology and coding literacy, understand the importance of local and national production, gain awareness and self-confidence, improve their skills to develop ideas, and boost their imagination through the skills they acquire in real life.

Children can join and win gifts in various contests on Techno-Adventure's social media accounts, while getting information on new developments. They can also visit the platform's YouTube channel to watch educational videos,

have fun and learn new things by playing the games on the platform's website, and ask questions to ASEL, the mascot of Techno-Adventure. The platform paid visits to Armada Shopping Mall on April 27-28 and Cepa Shopping Mall on May 12, 2019 as part of the activities it carried out. To celebrate the report card day, Techno-Adventure gifts were given out to the students of Şehit Mustafa Erdal Middle School, while children won prizes in the competitions organized for this occasion on the platform's social media accounts. Visits were paid to Çekmeköy Alemdağ Primary School on November 28, 2019 and to ASELSAN Primary School on February 6, 2020. The platform also met with many students in the Ahlat district of Bitlis and Erciş district of Van between February 11 and 14, 2020. In these events, children had the chance to improve their psychomotor skills and imagination through various experiences and workshops, while getting to know technology first hand.

Targeting children aged 6-12, the Techno-Adventure project is designed to enhance children's technology and coding literacy.

OUR CONTRIBUTION TO SOCIAL DEVELOPMENT

ASELSAN conducts projects to extend social opportunities for social welfare and scientific activities for social development. It also supports institutions so as to contribute to the society.

The Techno-Adventure Platform held events at Istanbul Teknofest on September 17-22, 2019 and at the Konya Science Festival on October 3, 4, and 5, 2019. During these festivals, children joined space adventures and cycling tours with virtual reality headsets, had photos taken with the ASEL hologram, painted with 3D pens, played coding games, competed against m-bots, and enhanced their manual skills and technology knowledge in the workshops.

Social Responsibility
ASELSAN conducts projects to extend social opportunities for social welfare and scientific activities for social development. It also supports institutions so as to contribute to the society. To this end, the Company established Donation and Aid Policies, which are available to the public. As per the Donation and Aid Policy:

Cash donations and aids can be provided to institutions, organizations, foundations and associations involved in scientific research and development activities; organizations and similar entities established for social purposes; construction of schools or healthcare facilities for the common good; and other



activities that the Company may consider beneficial. Donation plans and the upper threshold for donation amounts for the year are determined at the General Assembly meetings; donations are made upon the decision of the Board.

Contributing to communities' social development is a primary duty for ASELSAN, which has also disseminated this culture across the Company. In this regard, ASELSAN employees support the yearly Blood Donation campaigns of the Turkish Red Crescent Society and help

them replenish blood reserves. Employees also support the ASİL Foundation's solidarity campaigns with their voluntary contributions and donations.

ASELSAN Akyurt Mosque
As part of its social responsibility investments, ASELSAN took on the construction of ASELSAN Akyurt Mosque, which is located outside the Company's premises and open to all visitors. This way, it met the need for a mosque in the Akyurt facility and its vicinity.

Contributing to communities' social development is a primary duty for ASELSAN, which has also disseminated this culture across the Company.

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