

Turkey's Sustainable Powerhouse



aselsan

aselsan

Sustainability
Report
2020

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About the Report

With its 8th sustainability report in 2020, 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 foreign affiliates, as well as operations abroad, are excluded from the scope of this Sustainability Report 2020. 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 2020, available in Turkish and English, can be submitted to the following address:

aselsan.ir@aselsan.com.tr

At ASELSAN, we have undertaken significant duties for over 40 years not only in the defense of our country but also in many other areas of life thanks to our products equipped with advanced technology. Our customers are confident that they can receive technical support no matter the circumstances, and this is the reason why our products provide confidence while being used for long years. Our efforts are also focused on the sustainability of our Company in terms of financial and corporate governance.

In our activities, we pursue the vision of becoming an eco-friendly and sensitive national technology firm that continues its sustainable growth thanks to the values we create on the global market and maintains its position as a preferred and strategic business partner with its competitive edge.

EMPLOYEE-CENTERED APPROACH

We believe that the most important factor behind our success is our employees. As a company that did not suspend production during the pandemic, we took all the necessary measures so that our employees work in a happy, peaceful, and safe environment. We also launched the “a BİL-GE Platform” on online and mobile channels to make employee development sustainable in 2020. We stood by 9,000 employees on their development journeys through the training sessions specifically designed for the pandemic. With this project, we were among the finalists for the Global Council of Corporate Universities awards.





JOINING FORCES WITH OUR SUPPLIERS

We are going through a period where the coronavirus exposed the fragility of global production and supply chains. We devise our supply system by forecasting possible crisis scenarios. As a result of our long-standing and rather rigorous localization and nationalization efforts, local companies make up the majority of over 4,000 suppliers we work with. We take reliable and firm steps towards the future with our suppliers on the “Gücümüz Bir (Powerful Together)” online platform launched under the theme of “Joining Forces” when faced with challenging conditions.

RISING OVER TECHNOLOGY AND R&D

In parallel with our vision of becoming Turkey's technology hub, we carry our country forward. We conduct R&D activities as they are instrumental in reaching this vision. We finance these R&D activities either with our internal sources or with customers' sources. ASELSAN is among the companies with the highest R&D spending in Turkey. We attain sustainable achievements and grow consistently through these investments.



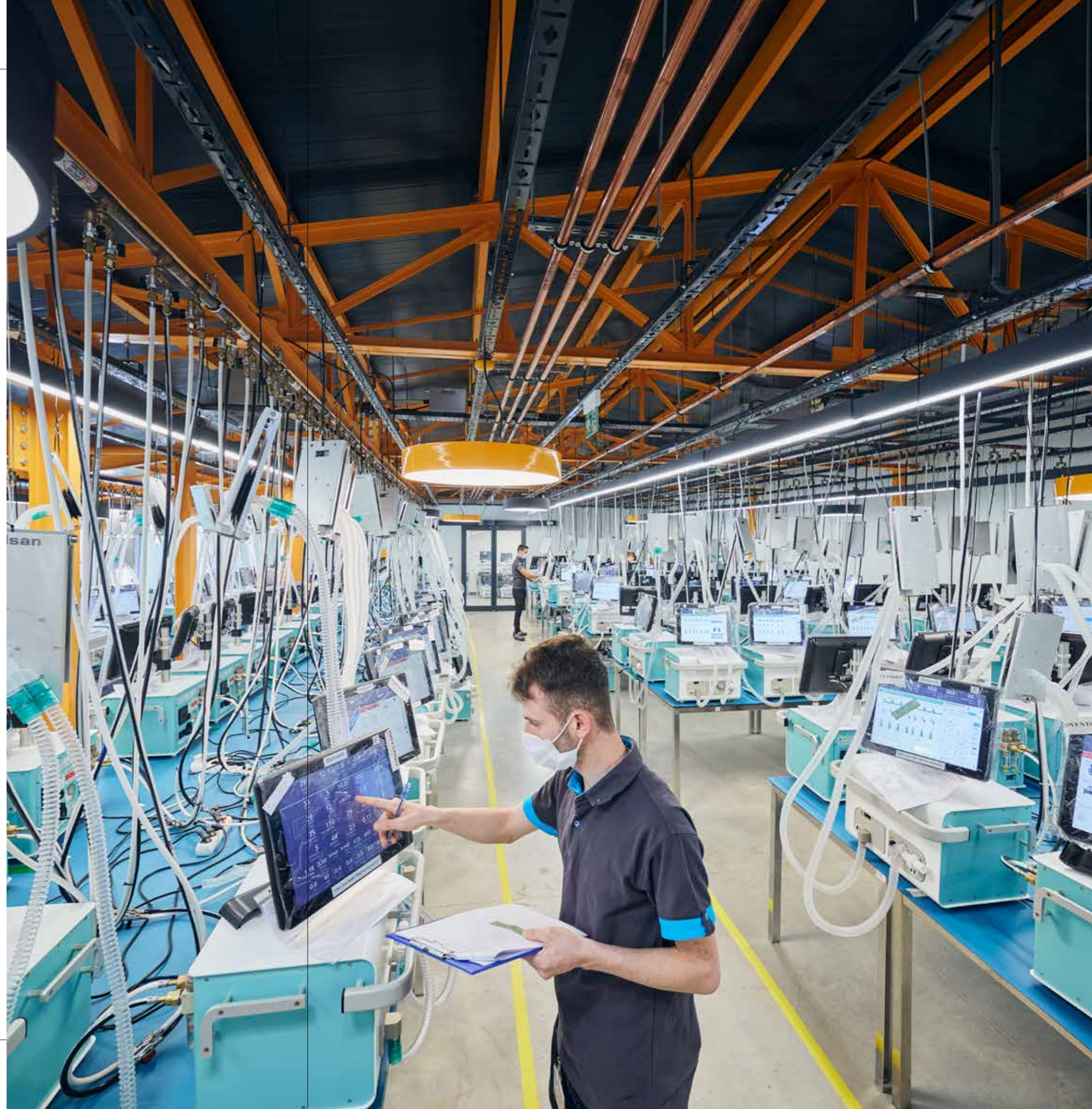


ECO-FRIENDLY PRODUCTION

Since 2009, we have continued our operations with the Occupational Health and Safety and ISO 14001:2015 Environmental Management System certifications which are issued by ISO (International Organization for Standardization) as one of the most important and recognized standards in the globe. In an attempt to reduce carbon emissions, we have been calculating carbon emissions since 2009 in our facilities. We are the first Turkish defense industry company to have taken part in the CDP survey. In addition, we take our eco-friendly approach forward through the high scores we obtain every year.

BREATHING LIFE INTO PEOPLE AND THE ECONOMY

As part of innovative projects, we develop key solutions not only in the defense industry but in different areas of day-to-day life. In only 14 days and utilizing 100% domestic sources, we developed an ICU ventilator equipped with the most advanced technology of the world, breathing life into Turkey and the globe during the pandemic. We increase our export revenues and breathe life into the economy as well thanks to the solutions we develop.



Our Fields of Activity

Founded in 1975 by the Turkish Land Forces Foundation in Ankara, ASELSAN is a rising power of the global defense industry.

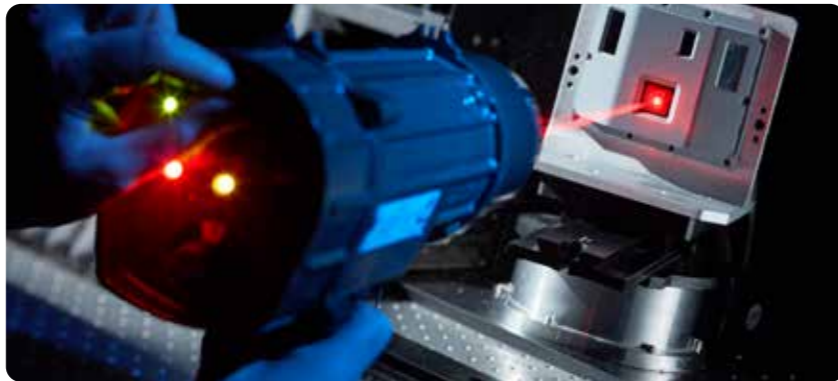
Communications and Information Technologies



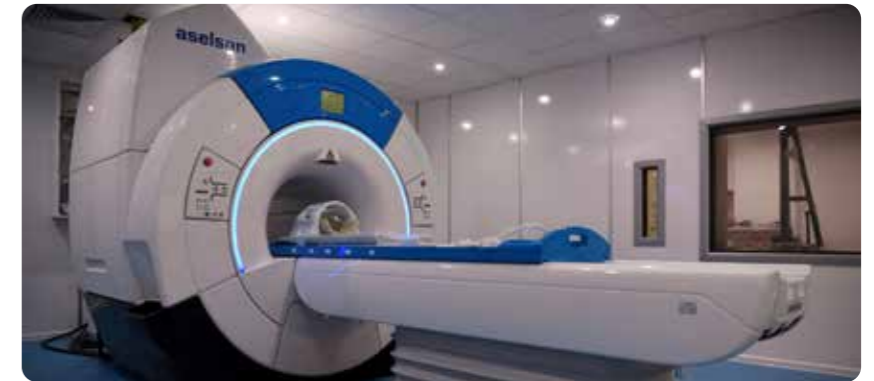
Radar and Electronic Warfare Systems



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)

24% Increase

'19	13,012,551
'20	16,104,455

Total EBITDA (TRY Thousand)


38% Increase

'19	2,853,811
'20	3,927,476

Total Assets (TRY Thousand)

33% Increase

'19	25,633,044
'20	34,094,229




A World-Class Professional Corporate Governance Approach

Corporate Governance Rating:

9.29

Ratio of Shares Traded in Borsa Istanbul:

25.80%



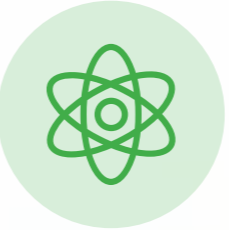
Competent and Dynamic Human Resources

Total Number of Employees:

8,692

Number of "Talent A" Employees:

115




Turkey's Largest R&D Center

Total **TRY 3,356 Million** R&D Spending

Total **TRY 2,875 Million** Externally-Funded R&D Spending

Total **TRY 481 Million** Internally-Funded R&D Spending

175 Patent Applications and **40** Registrations in 2020




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: **121,701 hours**




A Responsible Management Approach Minimizing Environmental Impacts

CDP Reporting with a Score of A-

Fundamental Environmental Awareness Training for **5,038 Employees**

In Macunköy, Akyurt and Gölbaşı Premises **Total 1,862,000 kg** of Waste Recycled



Social Investments Bolstered By Employees' Voluntary Participation

A Social Responsibility Movement Championed by Employees: ASELSAN Social Innovation Leaders (ASİL), and the Solidarity Foundation Established under the ASİL Structure

Turkey's Most Preferred Vocational High School: ASELSAN Vocational and Technical High School

Innovative practices in the field of sustainability

ASELSAN in Brief

ASELSAN broke records in 2020 despite the COVID-19 pandemic that turned the world upside down.



Total Assets

34.1
TRY Billion

ASELSAN's total assets reached TRY 34.1 billion as of the end of 2020.

ASELSAN is the world's 48th biggest defense industry company with its sales and production network spanning 12 countries on 3 continents. The Company takes confident steps forward on its transformation journey to become a global defense industry player.

A global defense company

Founded in 1975 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, military and civilian communication, microelectronics, guidance, electro-optics, radar and electronic warfare, defense system technologies, security, transportation, energy, and healthcare sectors.

Record-breaking growth during the COVID-19 pandemic

ASELSAN broke records in 2020 despite the COVID-19 pandemic that turned the world upside down. In 2020, ASELSAN's turnover rose by 24% year-on-year totaling over TRY

16 billion. The Company's net profit also increased by 33% compared to last year to stand at TRY 4.5 billion. Having increased collections through export revenues significantly, ASELSAN concluded 2020 with a strong cash position.

ASELSAN's Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) rose by 38% to a record TRY 4 billion. Meanwhile, the EBITDA margin went higher than forecasts, up by 24.4% - which is an all-time high in ASELSAN's history.

Exports to 70 countries

ASELSAN continues to grow its global presence rapidly. Launched two years ago, the Global Leadership Vision started to bear fruits as of the last year. Indeed, the year 2020 proved to be quite a lucrative operating period, during which the highest export collections coupled with the highest export order placements were seen and the number of export countries reached 70. ASELSAN founded companies in three countries last year, as part of its strategy to tackle processes with overseas customers in their own country in the most prompt and effective manner. It has

also opened offices and branches in these countries. Taking these leaps, the number of affiliates and branches in and outside Turkey reached 28.

Turkey's largest R&D company

ASELSAN's mission is to reduce Turkey's reliance on foreign technology and provide its domestic and foreign customers with high added value, innovative and reliable products. In the upcoming period, 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

ASELSAN's net profit reached TRY 4.5 billion, up by 33% compared to the previous year. With collections supported by export revenues, we managed to conclude the year with a solid cash position.

Revenue

16
TRY Billion

ASELSAN's total revenue reached TRY 16 billion as of the end of 2020.

Esteemed Stakeholders,

The year 2020 is likely to leave a mark on the 21st century due to the jarring effects of the COVID-19 pandemic. While it dealt a severe blow to the economic and healthcare infrastructure worldwide, the coronavirus also provided great opportunities in spotting the weaknesses of organizations. Significant progress was attained in healthcare and communication

technologies in particular as digital transformation and innovative technologies were introduced to maintain economic and social stability in an attempt to address the limitations arising from the challenges of the pandemic.

In a period where the global economy contracted by 3.3%, ASELSAN and many other organizations were tested in terms of their strengths and weaknesses when faced with extraordinary conditions. Meanwhile, Turkey successfully navigated this multi-pronged crisis thanks to its solid economic and healthcare infrastructure and strong ties to society.

Restrictions aimed at slowing the spread of COVID-19 were introduced in a manner to not interfere with production processes, while our strong healthcare infrastructure tackled infected patients' treatment requirements successfully. The mass vaccination campaign that started at the beginning of 2021 was a source of great pride for us since it constituted a reference practice for the entire world.

Highest sales and profitability of all times

A global brand in its field, ASELSAN attained a turnover of TRY 16 billion, up by 24% compared to the previous year, in the 2020 operating period. Our Company's net profit reached TRY 4.5 billion, up by 33% compared to the previous year. With collections supported by export revenues, we managed to conclude the year with a solid cash position.

Largest 48th defense company in the world

Spanning 12 countries on three continents with its sales and production network, ASELSAN is the world's largest 48th defense company. Boasting this position, the Company reached a record TRY 4 billion of Earnings Before Interests, Taxes, Depreciation, and Amortization (EBITDA), posting a 38% growth. Meanwhile, the EBITDA margin went higher than forecasts, up by 24.4% - which is an all-time high in ASELSAN's history. ASELSAN maintained its pace in exports in 2020 when cross-border mobility suffered severe interruption due to the COVID-19 pandemic. Our Company commenced sales to six new countries in 2020, and signed deals worth USD 446 million in total, injecting momentum into Turkey's export volume. With the contribution of new overseas orders, the overseas backlog of orders reached over USD 1 billion, an all-time peak, while our total backlog amounted to USD 9.5 billion.

Message from the Chairman, President and CEO

As of the end of 2020, ASELSAN's R&D spending amounted to a total of TRY 3,356 million, TRY 481 million of which was funded internally. The Company also filed 175 patents in 2020, 40 of which were registered during the year.

40 employees graduated from the ASELSAN Academy Program established to help boost university and industry partnerships for the development of national and innovative technologies. 645 employees continued their post-graduate studies, 575 master's degree and 70 doctorate students, under the program.

EBITDA

4

TRY Billion

ASELSAN's total EBITDA reached TRY 4 billion as of the end of 2020.

Backed by our values, we take firmer steps towards the future

Announced by the People Management Association of Turkey (PERYÖN) as the winner of the "Creating Value in Difficult Times" category, ASELSAN presented its new corporate values to its stakeholders in 2020 to take firmer steps towards the future. "Unity is Our Spirit"; "Trust is Our Commitment"; "Development is Our Goal"; "Excellence is Our Work"; and "Innovation is Our Philosophy." It is in the light of these new corporate values that we strive to attain higher ranks on "Defense News Top 100 List," where we are currently in 48th place as of 2020, backed by the support of our stakeholders. Ranking among the top 10 "Strongest Brands" in Brand Finance 2020, ASELSAN

effectively manages risks and opportunities, and thus strengthens its corporate reputation thanks to its sustainability approach. ASELSAN continued its supply chain without respite during the COVID-19 pandemic. Tapping into its organizational structure and qualified human resources that quickly adapt to changing conditions, ASELSAN maintains its consistent growth in an environmentally responsible manner.

The rising Innovation Center of the global defense industry

As of the end of 2020, ASELSAN's R&D spending amounted to a total of TRY 3,356 million, TRY 481 million of which was funded internally. The Company also filed 175 patents in 2020, 40 of which were registered during the year. In addition to the Turkish Armed Forces, our Company conducts innovative projects to help address the defense requirements of brotherly countries and allies and has thus remained the destination for innovative solutions in transportation, security, energy, automation, and healthcare.

We observe our environmental impact while growing

At ASELSAN, we are aware of our environmental responsibilities as a company with a focus on consistent growth and a confident look to the future. We take determined steps to reduce our carbon emissions and increase the share of recycled products in use in the light of strategies aimed at efficient consumption of natural resources. In 2020, our Company was granted the Climate Leader Award by CDP (Carbon Disclosure Project) thanks to our unfaltering steps to fight global climate change. Meanwhile, consumption of natural resources remained at minimum levels thanks to the Zero Waste Initiative. ASELSAN

worked with resolve towards the Establishment and Certification of ISO 50001 Energy Management System, and enhanced energy efficiency considerably while ensuring full compliance with laws.

Our human resources focused on continuous development

An attraction center for white- and blue-collar professionals, ASELSAN continued to introduce human resources processes to raise the quality of business continuity in the 2020 operating period. In parallel with the goal of attracting qualified Turkish professionals overseas to Turkey, ASELSAN initiated the Next Big Move to Türkiye Project and made sure to attract 50 professionals back to Turkey in the past two years. A global brand in innovations and R&D, our Company is committed to ranking among the most preferred firms for professionals in and outside Turkey in the coming periods. 40 employees graduated from the ASELSAN Academy Program established to help boost university and industry partnerships for the development of national and innovative technologies. 645 employees continued their post-graduate studies, 575 master's degree and 70 doctorate students, under the program. "My strength is my country, my profession is my future" is the motto behind ASELSAN Technical Generation, i.e. the ATİK Program. Having prepared the first

talent program of Turkey for the students of vocational high schools, our Company opened doors for 172 young people in the 2020-2021 academic term.

We invest in the future of our country with social responsibility projects

For ASELSAN, it is quite important for Turkish Society to be "United" and "Strong." It is with this understanding that ASELSAN continued to deliver pioneering social responsibility practices via the ASIL Solidarity Foundation set up by volunteering ASELSAN staff in the 2020 operating period. Here are some of the projects where our employees worked with the most heartfelt feelings:

- Elazığ-Malatya earthquake aid campaign;
- Reconstruction of the demolished kindergarten in the village of Kurucaova, district of Doğanşehir, Malatya,
- Equipment support for healthcare employees during the COVID-19 pandemic,
- Donations made for the National Solidarity Campaign, "We are Self-Sufficient Turkey,"
- Rations delivered during Ramadan,
- Prior to Eid Al-Adha, some 2,000 children were provided with clothes for Eid,
- Rations distributed to civilians who suffered the flood that hit the Black Sea region,

- In coordination with the Ministry of National Education, a campaign was initiated to establish three EBA support points in three villages. Meanwhile, 5 thousand tablet computers were donated to provide equal opportunity in education,
- Sleeping bags, camping stools, lighting equipment, and wood heaters were donated after the earthquake in İzmir.

Backed by our innovative power, we contribute to the bright future ahead of Turkey

Since the day it was founded in 1975, ASELSAN has produced the "Reliable Technologies" for the Turkish Defense Industry. Despite the rather challenging year of 2020 due to the COVID-19 pandemic, ASELSAN continued to raise its net profitability and deliver innovative projects. Boasting the greatest R&D capacity in Turkey, ASELSAN will confidently remain a source of pride for Turkey in the global defense industry for the years to come. I thank all our stakeholders for supporting ASELSAN's corporate development journey crowned with new accomplishments in and outside Turkey. I wish to take pride in and celebrate together many other achievements to come in the future.

Kind regards,

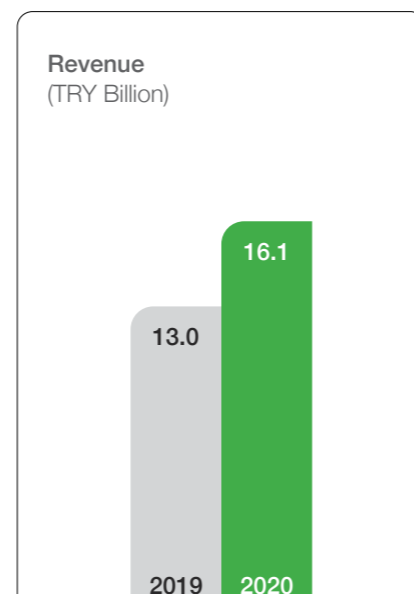
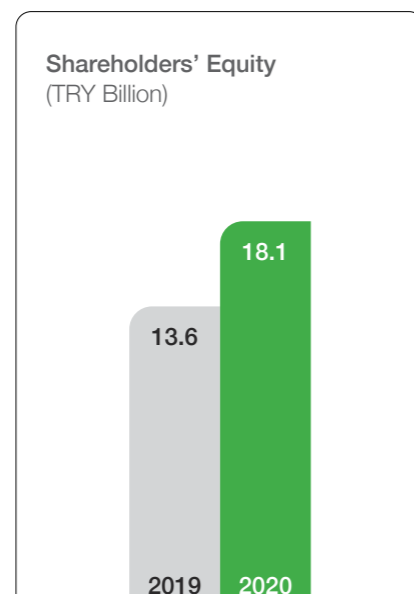
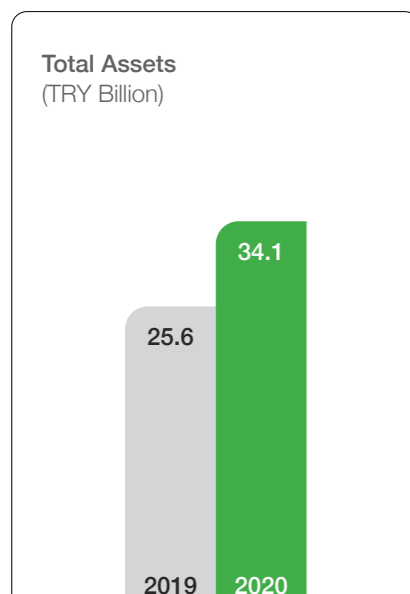
Prof. Dr. Haluk GÖRGÜN
Chairman, President and CEO of ASELSAN

Our Key Financial and Operational Indicators

In 2020, ASELSAN's EBITDA rose to TRY 3.9 billion, up by 38% year-on-year.

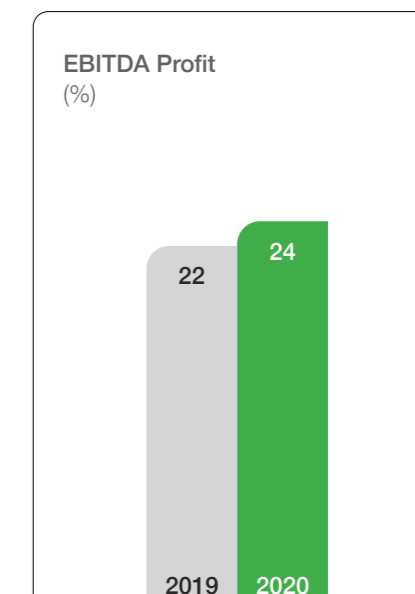
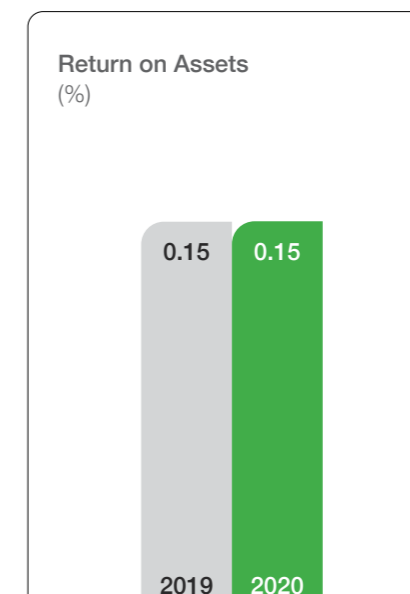
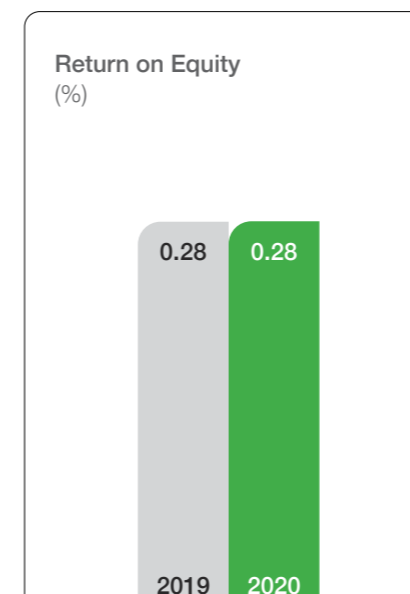
Income Statement (TRY Thousand)	2020	2019
Revenue	16,104,455	13,012,551
Gross Profit	4,605,015	3,371,733
Operating Profit (EBIT)	3,641,978	2,612,595
EBITDA	3,927,476	2,853,811
Profit for the Period	4,461,266	3,352,673

Balance Sheet (TRY Thousand)	2020	2019
Total Assets	34,094,229	25,633,044
Current Assets	19,594,261	13,976,498
Total Liabilities	15,996,126	12,064,144
Received Order Advances	3,102,114	2,387,584
Shareholders' Equity	18,098,103	13,568,899
Operational Cash Flow	1,718,600	976,852



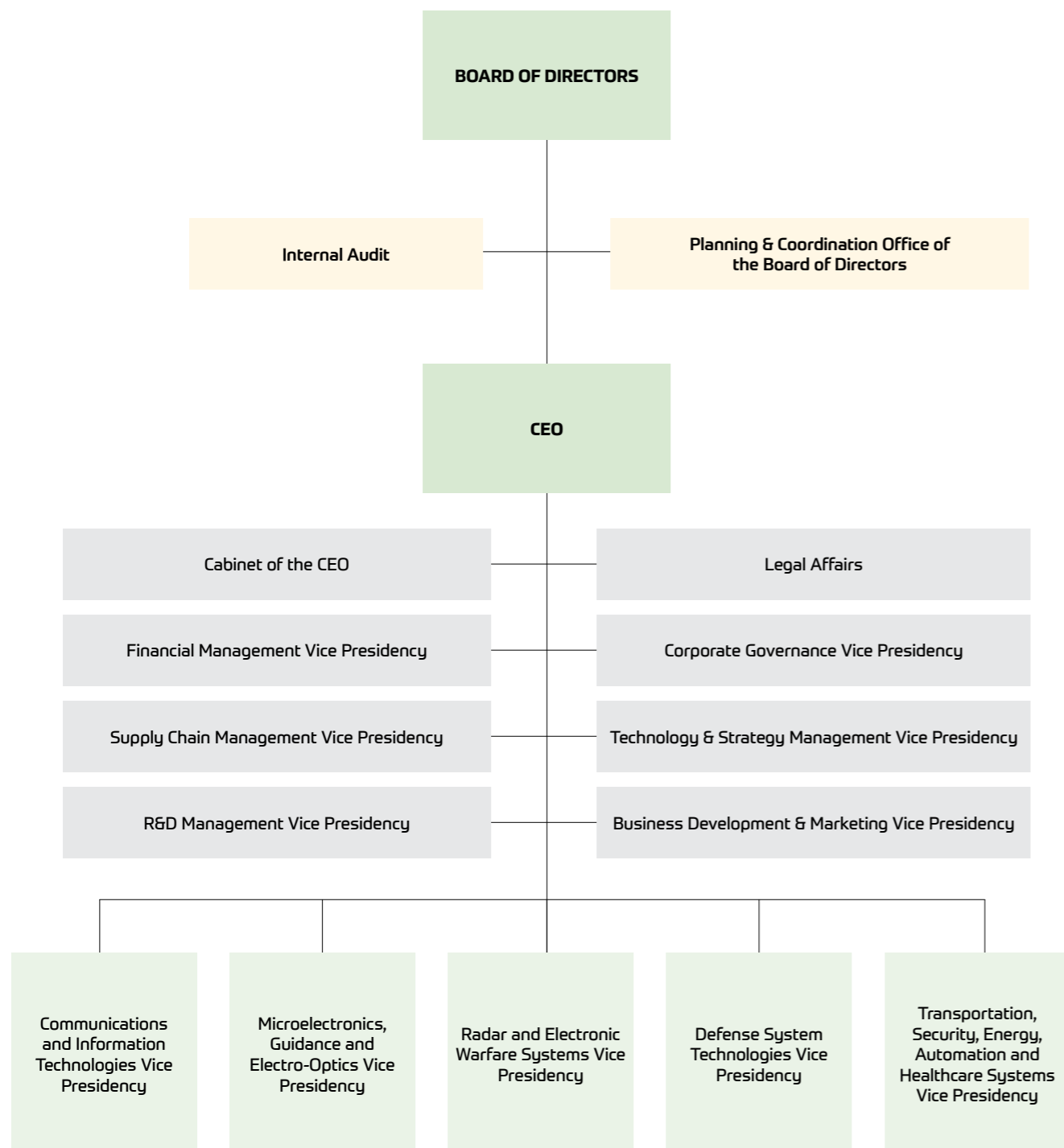
Financial Ratios (%)	2020	2019
Current Ratio	1.59	1.80
Asset Turnover	0.54	0.58
Equity/Assets	0.53	0.53
Fixed Assets/Assets	0.43	0.45
Return on Equity	0.28	0.28
Return on Assets	0.15	0.15

Profit Margins (%)	2020	2019
Gross Profit	29	26
Operating Profit	23	20
EBITDA Profit	24	22
Profit for the Period	28	26
Revenue per Employee (TRY Million)	1.85	1.91



Our Organizational Structure

ASELSAN has incorporated its visionary management approach into all the elements of its organizational structure.

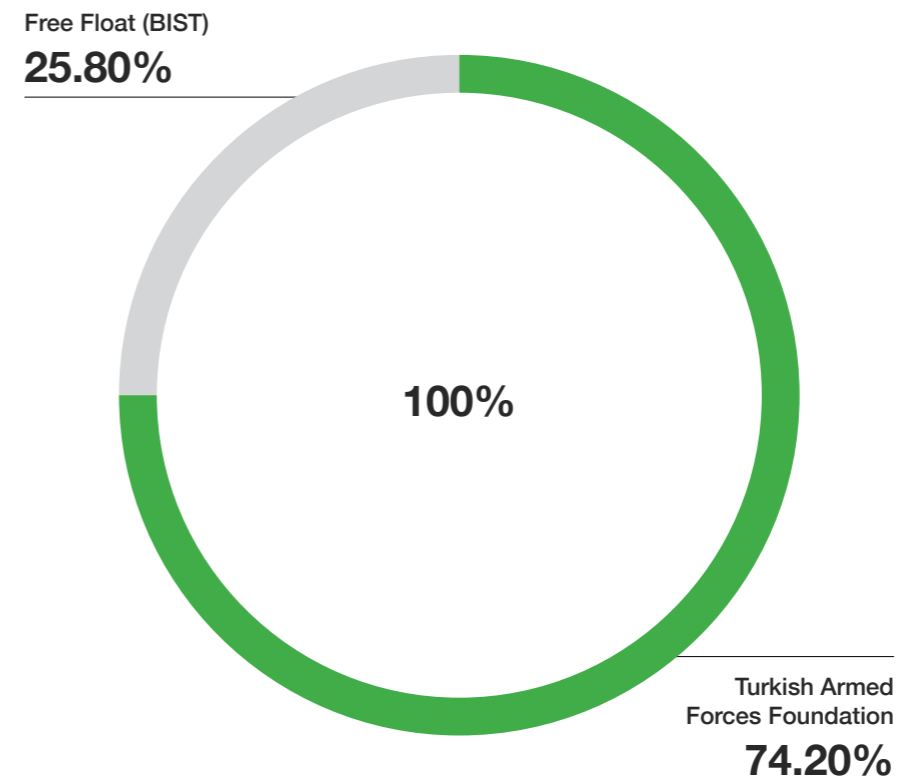


Our Shareholding Structure

Turkish Armed Forces Foundation owns 74.20% of ASELSAN's shares.

Our Shareholders	Share Amount (TRY)	Share Ratio (%)
Turkish Armed Forces Foundation	1,691,651,248.92	74.20
Free Float (BIST)	588,348,751.08	25.80
Total	2,280,000,000	100.0

25.80% of ASELSAN shares are traded in Borsa Istanbul.



Mission and Vision

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 and becoming a defense company that makes the Turkish nation proud.

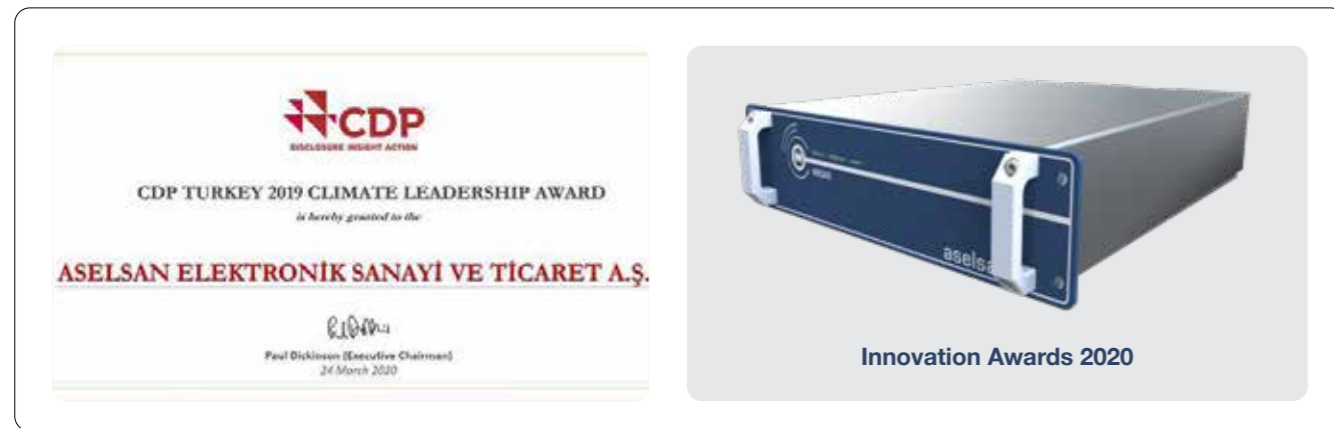
Vision

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 national purpose in establishment.



Awards

Having maintained its sustainable success curve, ASELSAN was granted numerous awards in 2020.



Bronze Award in the Culture & Technologies category at the Global Council of Corporate Universities awards

ASELSAN's learning and development projects launched in pursuit of development to contribute to its employees were granted a Bronze Award in the Culture & Technologies category at the Global Council of Corporate Universities awards. GlobalCCU awards were announced on the GlobalCCU e-forum held virtually on May 5, 2021.

ASELSAN won "Big Star" and "Fast 50" awards

In Deloitte's 143rd edition of Technology Fast 50 Turkey, which is held to choose Turkey's fastest-growing technology companies, ASELSAN was deemed worthy of awards in Big Star and Fast 50 categories.

ASELSAN was named a "Climate Leader" again

ASELSAN won the Climate Leader award under the Carbon Disclosure Project (CDP), an environmental project with the most trusted rating methodology in the world, also in 2020. Of 54 companies that report under the Climate Change heading of CDP Turkey Reporting for 2019, the Company was among five companies that were entitled to become "Climate Leaders" thanks to their score of A-.

While the prominent defense industry leaders in the world lowered their CDP (Carbon Disclosure Project) scores by one level in 2019, ASELSAN maintained its A- score - a level it achieved for the first time in 2018 - and demonstrated the importance it has placed on a sustainable environment for its stakeholders.

"Rail Systems" Award for ASELSAN

Organized by the European Railway Clusters Initiation (ERCI) for the sixth time this year, ERCI Innovation Awards is intended to evaluate the highlight innovation projects of European railway industry players and reward the best projects. MİDAS-R ERCI developed by ASELSAN was nominated for the 2020 edition of the ERCI Innovation Awards. With MİDAS-R, ASELSAN was named the "Best Large Scale Company."

Third Place at Prognostic Health Management Europe 2020

Engin Sirkeci, a member of the staff at the Integrated Logistics Support Department of ASELSAN's Defense Systems Technologies Business Sector came third at the PHM Europe 20 Data Challenge.

ASELSAN awarded for the 'Most Valuable Corporate Response' by Stevie Awards

Working rigorously since the outbreak of the COVID-19 pandemic, ASELSAN won the Silver Award at the Stevie International Business Awards for practices that add value to employees and stakeholders. The Company was deemed worthy of the "Most Valuable Corporate Response" award with its projects conducted throughout the COVID-19 pandemic.

ASELSAN was granted innovation awards, as well

ASELSAN came in second in the "Innovation Strategy" category of the TIM InovaLIG Innovation Leaders Awards organized by the Turkish Exporters' Assembly.

International occupational safety award for ASELSAN

ASELSAN has worked to create and maintain a safe and healthy working environment that focuses on employees' personal development from its first years onwards. Accordingly, the Company has won the "International Safety Award," which is one of the most prestigious awards granted in the field of occupational safety.

"Creating Value in Difficult Times" BY PERYÖN

The People Management Association of Turkey (PERYÖN) announced the winners of the twelfth "Human Value Awards" virtually this year due to the COVID-19 pandemic. ASELSAN was granted an award in the newly-added category of "Creating Value in Difficult Times." ASELSAN won this award thanks to its projects that create value and serve as a guide for employees, stakeholders, and society in a period marked by mounting uncertainties, stress, and anxiety due to the COVID-19 pandemic.

ASELSAN received the grand prize at the "Defense Industry Presidency's Scenario Contest for Swarm Intelligence Focus Technology Network"

The Presidency of Defense Industries (SSB) commenced activities under the Swarm Intelligence Focus Technology Network (OTAĞ) upon the launch on April 21, 2020. The aim was to determine the technology roadmap



ASELSAN, the only Turkish company on Defense News' TOP 50 list

ASELSAN is the only Turkish company among the top 50 companies ranking on the Defense News' Top 100 list. The Company is in 48th place as of 2020.

ASELSAN CFO Mehmet Fatih Güçlü among the Most Influential 50 CFOs

Over 1,000 organizations were analyzed in a wide range of areas including financials, the number of employees, reputation in the sector, and the financial performance and achievements of the candidates under the Most Influential 50 CFOs project carried out in 2020. After evaluations, ASELSAN's CFO Mehmet Fatih Güçlü ranked among the most influential 50 CFOs.

ASELSAN among the "Most Attractive Employers"

ASELSAN was granted two awards in the "by Business/Commerce Professionals" and "by Engineering/IT Students" categories under Universum's Most Attractive Employers ranking.

Two awards for ASELSAN by NCIA

ASELSAN's two project proposals, one in the field of Radar and Electronic Warfare Systems and the other in Systems Technologies, won the grand prize at the 2020 edition of the "Defense Innovation Contest" organized by NATO Communications and Information Agency (NCIA).

and develop innovative use cases for swarm intelligence apps that are currently considered game-changers in combat environments. Under the OTAĞ activities, efforts linked with communication and electronic warfare, autonomy, modeling, human-machine interaction, and sensor fusion disciplines continued throughout the year. The Use Case of UAV Swarms in the Tactical Field Information Warfare won the grand prize from among over 30 use cases in the contest.

ASELSAN's Digital Transformation was granted an award

A joint initiative of Platin Magazine and Ipsos, the "Platin Global 100 Index" was themed "digitalization" in the 2020 operating period. In the Platin Global 100 Awards Ceremony, the Defense Industry Digitalization Award went to ASELSAN. Corporate Governance Vice President Assoc. Prof. Dr. Hakan Karataş received the award on behalf of the Company. Head of the Investment Office of the Presidency of Turkey Ahmet Burak Dağlıoğlu, Minister of Transportation and Infrastructure Adil Karaismailoğlu, and Minister of Trade Ruhsar Pekcan attended the ceremony via video call.

Milestones of Our Sustainability Journey

ASELSAN Vocational and Technical High School, founded in collaboration with the Ministry of National Education, admitted its first students and commenced education activities in the 2020 operating period.

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 Ph.D. 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 significant success by maintaining this trend in 2014, 2015, 2017, 2018, and 2019.

2014

- ASELSAN Academy was established for 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 correspondence at ASELSAN, as well as a part of the external correspondence, 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.



In 2020, ATİK (ASELSAN Technical Generation) was rolled out with the motto "My strength is my country, my profession is my future."

2020

2018

- ASELSAN kicked off Employees' Voice Workshops and "Our Future is With You" Events.
- ASELSAN Social Innovation Leaders (ASIL) 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.
- ASIL and ASIL 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.
- The 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 Pusula 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.
- The "Back to Turkey" Project was initiated.
- ASELSAN Information and Development Platform, a BİL-GE, was deployed to provide employees with digital learning tools and conduct learning and training activities in a holistic manner via a single system.
- 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.

- Upon the successful completion of design efforts, the Leadership Development School aimed at boosting ASELSAN managers' leadership capabilities opened.
- "Gücümüz Bir (Powerful Together)" was launched in April 2020 as a platform to help ASELSAN communicate with suppliers more effectively.
- ASELSAN became one of the least affected four defense industry companies in the world owing to the measures taken since the first reported case of the COVID-19 pandemic.
- Of 54 companies that report under the Climate Change heading of CDP Turkey Reporting for 2019, the Company was among five companies that were entitled to become "Climate Leaders" thanks to their score of A-.
- ASELSAN Vocational and Technical Anatolian High School, founded in collaboration with the Ministry of National Education, admitted its first students and commenced education activities.
- ATİK (ASELSAN Technical Generation) was rolled out with the motto "My strength is my country, my profession is my future."
- A decision was passed to establish an R&D Management Vice Presidency to ensure an effective, efficient, and centralized management of R&D activities, which constitute one of the most important elements of ASELSAN's mission since its founding.

The Early Detection and Management of Risk Committee was formed at ASELSAN in 2012.

Our Material Sustainability Issues

ASELSAN determines areas for corporate development by taking its material sustainability issues into account.



ASELSAN established its priorities for the 2020 Sustainability Report by taking the suggestions and expectations of various stakeholders.

In addition to the themes addressed within the scope of “corporate transformation,” ASELSAN established its priorities for the 2020 Sustainability Report by taking the suggestions and expectations of various stakeholder groups, first and foremost employees, into account. Addressing 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.



ECONOMIC

- Economic Performance
- Market Presence
- Indirect Economic Impact



RESOURCE MANAGEMENT

- Energy Management
- Water Management
- Climate Change Management
- Waste Management
- Environmental Compliance



SOCIAL

- Employment Structure
- Workforce Management
- Occupational Health and Safety Practices
- Education and Learning Opportunities
- Diversity and Equal Opportunities
- Anti-Discrimination
- Right of Organization and Collective Bargaining
- Supply Chain Management
- Safety Practices
- Interaction with Communities
- Product and Service Quality Management
- Technology and Innovation Management
- Information Systems and Information Security



Our Stakeholder Map and Communication Approach

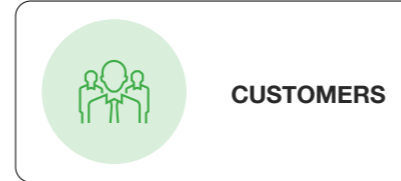
ASELSAN actively encourages the participation of organizations and entities within its stakeholder map in sustainability efforts.



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.

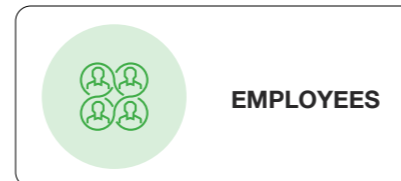
ASELSAN has included all individuals, entities, and companies, who directly or indirectly affect, or are affected by the Company's activities, in its stakeholder map. Encouraging stakeholder participation to achieve its business continuity and operational excellence

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.



Regarding the ability to address customers' demands as the 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 constant 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.



For ASELSAN, experienced and competent human resources are an indispensable component of the Company's sustainable and successful performance. In 2020, the Company organized numerous events to hear employees' expectations and suggestions to boost employee motivation and maintain the productivity of human resources. In the meantime, the HR Business Partnership Structure established in 2019 is now able to respond to employees' expectations in a more rapid and prompt manner. "Bring Your Coffee and Join Us" was the motto behind the series of events held weekly to answer employees' questions on the specific business partnership and sector for the week, find out their expectations, and help them adopt the HR projects. Staff Representatives successfully maintained their activities

as a channel that conveyed employee opinions and suggestions to the senior management.

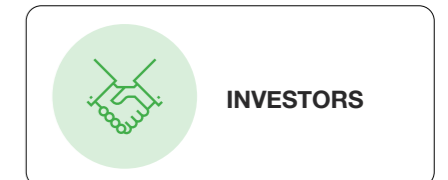
Under internal communication activities, which serve as a pillar for stakeholder communication at ASELSAN, the Company has carried out active communication with employees via intranet and e-mail in 2020. While focusing on the use of a shared language at ASELSAN, the Internal Communications Unit supports all other functions in each announcement/ mailing and design activity. The unit played a key role in boosting interaction with leaders and ensuring the uninterrupted circulation of the updates on the COVID-19 pandemic provided by the Chairman, President, and CEO Prof. Dr. Haluk GÖRGÜN to employees.

During the COVID-19 pandemic, Chairman, President, and CEO Prof. Dr. Haluk GÖRGÜN sent letters to employees' residential addresses, while hygiene kits were delivered to those staff members on administrative leave who were also updated on in-house practices via short text messages.

"Back to Turkey" project was renamed as "Next Big Move to Türkiye." The project underwent various changes in systemic aspects, and associated communication activities were planned and initiated. Pre-Onboarding and Onboarding Processes were developed and the communication tone renewed. The PUSULA process was revised and enhanced, and personal development and information videos were prepared for the employees who are chosen to be PUSULA. Announcements were designed for special occasions such as New Year's Eve, birthdays, retirement dates, anniversaries, and the start of school for employees' children. A "Life" segment was launched on LinkedIn.

Digital communication channels such as social media and websites become a more important tool for stakeholder communication. In this respect, regular communications were conducted with stakeholders of all levels and segments via popular social media


platforms including Facebook, Twitter, LinkedIn, Instagram, and YouTube, as well as via ASELSAN's ecosystem made of aselsan.com.tr, gucumuzbir.com, and teknomacera.com.



Operating with a focus on creating sustainable value 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 2020, the Investor Relations Department accepted the maximum possible number of meeting requests from domestic/foreign corporate and retail investors. The majority of investor meetings were held online during the COVID-19 pandemic that hit the world in 2020. In total, 95 meetings were held. ASELSAN adopted the principle of replying to the e-mails of corporate and retail investors promptly and in detail while briefing them directly via phone calls. In this regard, the queries of 1,000 retail shareholders were replied to in writing or verbally in 2020.


It is useful to reply to retail investors' phone calls via the Interactive Voice System to ensure more efficient time management in phone calls with investors and to measure and report their efficiency. This system enables the Company to receive feedback from investors, respond to some queries via the interactive voice system menu without having to personally talk with the Investor Relations staff, record the calls, and report and analyze the data in relation to the calls. From November 2019 to the end of 2020, 3,715 calls were received by the system; retail investors clicked 377 times on the system; 941 retail investors talked directly with the Investor Relations specialists, and retail investors browsed the system 2,398 times.

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. The Supplier Portal enables the Company to carry out such activities as the receipt of quotes, management of the 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. Meanwhile, 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. Furthermore, the Company comes together with existing and potential suppliers through visits to the industry and trade chambers in various provinces.




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 2020. 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 of the Republic of Turkey 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 2020, ASELSAN briefed young individuals of all ages on ASELSAN products and career practices when they visited the Company's booth.




PUBLIC INSTITUTIONS

The majority of ASELSAN's customers are 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 addresses the public sector's requests for information and opinions on the defense industry and ASELSAN's activities.




SECTORAL ORGANIZATIONS AND NON-GOVERNMENTAL ORGANIZATIONS

ASELSAN injects momentum into 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 domestic and international sectoral platforms by the Senior Management and employees.



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.



FUTURE GENERATIONS

Being the most preferred technology company of the young and successful professionals, 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 the digital transformation process. The Company has made it a principle to address the entire ecosystem on digital media. This is how it has managed to initiate a strategy whereby its stakeholder communications are driven by sustainability. ASELSAN's means and frequency of communication with stakeholders in its impact area are as follows:

Meeting of ASELSAN Leadership Development School

An introductory meeting was organized on January 8, 2020, for the ASELSAN Leadership Development School to address Managers and higher-level executives.

Our Job is Important Workshop

The first edition of the workshops aimed at job families was held with the Logistics Support Job Family in coordination with the Corporate Governance Vice Presidency. Themed "What Kind of a Transformation at ILS," the workshop took place on January 13, 2020, with the participation of some 250 people working under the Integrated Logistics Support job family.

ASELSAN PLM Project Phase 1 Project Kick-Off Meeting

On January 14, 2020, the kick-off meeting for ASELSAN's Product Lifecycle PLM Project was held with the participation of project representatives from the Executive Board, Business Sector Directorates, and Vice Presidencies.

Corporate Wear Initiative

Support Services Directorate and Industrialization and Supply Directorate worked in coordination with the Corporate Communications Department and prepared the Corporate Wear Catalog for ASELSAN. With the first phase commencing in July 2020, the initiative was completed upon the Chairman, President and CEO's announcement of the catalog to employees on October 19, 2020. The first implementation phase began following the completion of the catalog.

Promotional Products and Gifts Catalog

The Promotional Products and Gifts Catalog was drawn up to introduce the promotional products and gifts offered to customers during events, visits, tests, acceptance meetings, workshops, and training courses for the purposes of promoting ASELSAN and reinforcing stakeholder collaboration. The catalog is aimed at supporting the activities carried out by ASELSAN staff, who produce the Reliable Technologies of the Future, mostly in challenging conditions. It will also help the Company to ensure effective and efficient use of resources in planning and distributing customer promotions.

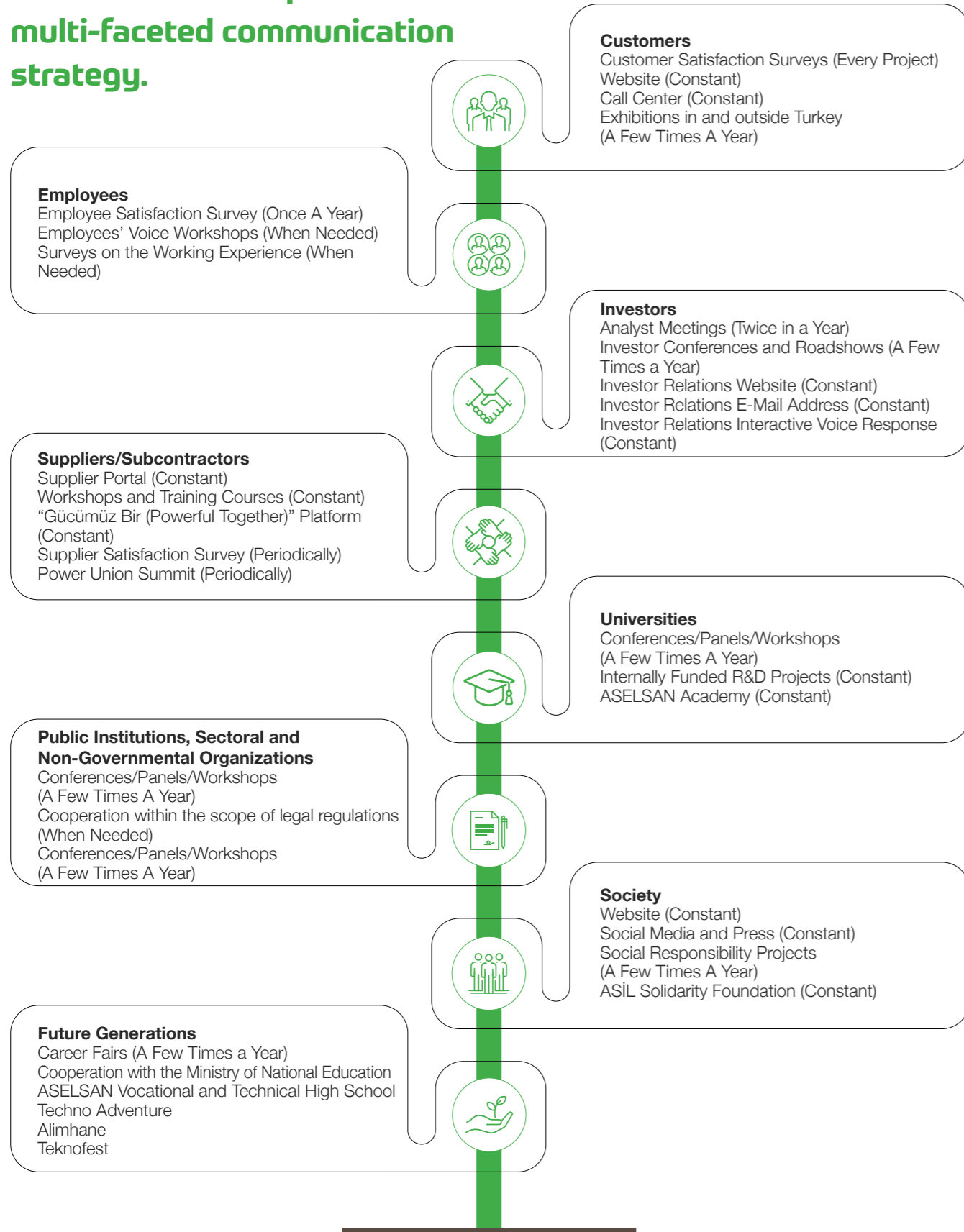
The Launch of Values and the ASELSAN Anthem

The values of ASELSAN were laid down through the activities conducted by the Human Resources Directorate. ASELSAN Values were announced by ASELSAN's Chairman, President and CEO Prof. Dr. Haluk GÖRGÜN in a ceremony on February 10, 2020, hosting all ASELSAN staff. Singer Kırac sang the ASELSAN anthem for the first time for ASELSAN staff.

An introductory meeting was organized on January 8, 2020, for the ASELSAN Leadership Development School to address Managers and higher-level executives.

Our Stakeholder Map and Communication Approach

ASELSAN has adopted a multi-faceted communication strategy.



ASELSAN Underwater Systems Contest (TEKNOFEST 2020)

A record number of 376 teams applied to compete in the Unmanned Underwater Systems Contest organized by ASELSAN to pioneer the future of our country in underwater technologies at the third edition of TEKNOFEST 2020 held in Gaziantep on September 24-27, 2020. 43 finalist teams showcased their skills with their unmanned vehicles underwater on the track decorated with the Gypsy Girl's mosaic, which is a hallmark of Gaziantep. ASELSAN is proud to be part of such a great family, namely TEKNOFEST, since the very beginning of the organization that has encouraged the youth for science and technology and thus turned into a prominent brand for Turkey.

TÜBİTAK BİLGEM-ASELSAN Cooperation Workshop

Goodwill agreements and memorandums of understanding were signed between the parties at an auspicious cooperation workshop organized at TÜBİTAK's BİLGEM facilities in Gebze from February 29 to March 1, 2020.

Future Solutions Search Conference under the City Security Management System Project

The Presidency of Defense Industries (SSB), General Directorate of Police (EGM), ASELSAN, and HAVELSAN are the stakeholders of the City Security Management System Project for which a three-day search conference was organized in Istanbul on March 13-15, 2020. User needs that might emerge in coming periods and solutions to address such needs were determined during the conference, which hosted the users from the police departments in 81 provinces, as well as the representatives of the Transportation, Security, Energy & Automation Systems Business Sector.

ASELSAN-DASAL Cooperation Workshop

Cooperation opportunities were discussed with DASAL during the ASELSAN-DASAL cooperation workshop held in ASELSAN's Akyurt premises on June 30, 2020.

REHİS TTEK Conference (Online)

REHİS (Radar and Electronic Warfare Systems) TTEK Conference, a traditional, annual conference of the Radar and Electronic Warfare Systems Business Sector, was held online this year on November 7, 2020.

The opening session of the conference hosted 580 invited participants, while six parallel sessions hosted from 53 to 320 attendees throughout the day.

Third ASELSAN Academy Workshop (Onsite and Online)

ASELSAN Academy's Third Workshop was held on November 2-4, 2020, and hosted by Gazi University. A ceremony was organized for the closing of the workshop during which ASELSAN Academy presented its first graduates' memorable medals for their graduation and awards to accomplished employees in the thesis contest.

Memberships and Initiatives Supported

ASELSAN is a member of and supports 19 domestic and 23 international organizations.

DOMESTIC

- ✓ ARUS (Anatolian Rail Transportation Systems Cluster)
- ✓ ATO (Ankara Chamber of Commerce)
- ✓ ASO (Ankara Chamber of Industry)
- ✓ AUSDER (Smart Transportation Systems Association)
- ✓ 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 (Turkish Defense & Aerospace Cluster)
- ✓ 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
- ✓ TÜMAKÜDER (All Battery Importers and Manufacturers Association)
- ✓ TÜTED (Association of All Telecommunication Businessmen) Corporate Membership
- ✓ Turkey Open Source Platform Membership
- ✓ UITP (International Association of Public Transport)

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)
- ✓ DVB (Digital Video Broadcast Consortium) Membership
- ✓ EAQG (European Aerospace Quality Group) Membership EENA (European Emergency Number 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) (Telecommunications Industry Association)
- ✓ 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)
- ✓ SPIE (Society of Photo-Optical Instrumentation Engineers)
- ✓ TETRA Base Station (Critical Communication Association)
- ✓ TIA ADVANCING GLOBAL COMMUNICATIONS (Telecommunications Industry Association)
- ✓ UCAlug (UCA International Users Group)
- ✓ UIIN (University Industry Innovation Network)
- ✓ VITA (VMEBus International Trade Association)
- ✓ WEMPEC (Wisconsin Electrical Machines and Power Electronics Consortium)



Corporate Governance

Driven by its listing in 2012 on the Corporate Governance Index of Borsa Istanbul, ASELSAN has maintained its consistent progress in corporate governance processes in 2020.

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; adds momentum into its consistent growth, and safeguards the interests of stakeholders. In an attempt to bring its lead on domestic platforms to the international arena, the Company works without respite towards full compliance with corporate governance principles and legal regulations. ASELSAN bases its processes on a professional corporate governance approach and releases a Corporate Governance Principles Compliance Report every year since 2004.

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 legislation, 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. Three committees have been formed to enable the Board of Directors to fully execute its duties and responsibilities in ASELSAN:

Audit Committee:

The committee consists of three independent members of the board. The main responsibilities of the committee are to disclose financial information to the public and monitor the functioning and effectiveness of ASELSAN's accounting system, independent audits, internal audits, and internal control systems. The Internal Audit Office reports directly to the Audit Committee and Members of the Board of Directors. The Audit Committee convenes at least four times a year.

9.29

ASELSAN's corporate rating was announced as 9.29 in 2020.

Full compliance with Corporate Governance Principles

Driven by its listing in 2012 on the Corporate Governance Index of Borsa Istanbul, ASELSAN manages its corporate governance approach as a continuous and dynamic process. Improvements made by the Company to this end paved the way for the 2020 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 on the corporate website as well as within the annual reports.



Early Detection and Management of Risk Committee:

Consisting of two Board Members, the Early Detection and Management of Risk Committee is chaired by an Independent Board Member. The Committee convenes at least six times a year to determine the Company's strategic, operational, financial, and compliance risks and to manage the risks identified in line with the Company's corporate risk-taking profile. Principles regarding the establishment, functioning, meeting and reporting of the committees are set out by the Board of Directors.

Corporate Governance Committee:

The Corporate Governance Committee consists of three Board Members and the manager of the Investor Relations Department as per the regulations of the Capital Markets Board. The Committee is chaired by an Independent Board Member. The Committee submits proposals to the Board of Directors to carry out corporate governance principles compliance and improvement efforts. The Committee convenes at least four times a year, taking the activities of the Investor Relations Department into account.

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

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Corporate Governance

Ethical Principles enable ASELSAN to preserve a working environment where ASELSAN 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 to create working environments that comply with ethical principles based on integrity, honesty, and work discipline; prevent unethical behavior; raise awareness on ethical values; and align the Company's practices with ethical principles.

Ethical Principles enable ASELSAN to create and preserve a working environment where ASELSAN 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 interests but also the long-term interests of their society, their Company, and all the stakeholders.

Senior Management's full support for the enforcement of Ethical Values

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, Supply Chain Management, 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 takes 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. New recruits are also tasked with mandatory Ethical Principles, Values, and Code of Conduct; provided a booklet on ethical principles, values, and code of conduct; and are expected to commit to ethical principles specified in the ASELSAN Covenant for Employment. 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. All ASELSAN employees can apply to the Ethical Principles Committee via the Ethical Principles Help Desk, while external applications are received at etik@aselsan.com.tr. In 2020, 180 applications were filed with the Ethical Principles Committee, and all applications were evaluated and request owners were informed. Applications included reports on rule violations such as facial masks (due to the pandemic), smoking, and the parking lot. Resolution of issues arising from miscommunication among employees, complaints on mobbing, and applications for a permit on engagement outside ASELSAN were

among the topics of evaluations. Where a violation of ethics was found, infringing parties were either issued a warning by the Ethical Principles Committee when deemed sufficient or redirected to the Disciplinary Board or Internal Audit for further disciplinary investigations. In some other cases, written notifications on potential measures were issued for the relevant Vice Presidency. Reprimands in various grades or termination of the labor contract are implemented as disciplinary penalties upon the CEO's approval if deemed necessary by the Disciplinary Board. ASELSAN's Ethical Principles Committee regularly announces the applications received and the evaluations made by the Committee to all ASELSAN employees to raise awareness on ethical principles and values. The Ethical Principles Committee presents a report at the Board Meeting every year in January regarding its activities, applications received and evaluations conducted.

The Committee issues certificates of appreciation for employees to encourage employee behavior that help promote ethical principles and values. Meanwhile, necessary studies were completed to send "Glad to Have You" notifications to employees via the "Glad to Have You" app on behalf of the Committee. Such incentive mechanisms will be launched for active use.

ASELSAN's efforts to boost its competitive edge and cement its position as a global company have brought the importance of internal audit function to the fore.

INTERNAL AUDIT

Evaluating and improving the effectiveness of the processes of corporate governance, enterprise risk management and internal control at ASELSAN is ensured via 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 on a risk basis, 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 2020, planned audit activities, as well as control tests specifically aimed at the risks arising from the COVID-19 pandemic, were performed, while 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 principles, 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 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 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 the use of green technologies.

In 2020, an audit was conducted on the activities related to the 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. Action plans developed accordingly are followed by the Company. This audit also contributed to the effectiveness of internal controls within the business continuity governance structure to minimize the impact of possible interruptions in IT services and ensure the continuity of critical processes.

On the other hand, the effectiveness of the measures for the risks that the COVID-19 pandemic posed for project management processes was evaluated. Support was provided to initiatives geared towards developing and boosting the effectiveness of systems that will help run such processes in digital environments.

Corporate Governance

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.

COMBATTING BRIBERY & 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 to 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.

Training at global standards

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, 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, the joint ventures and affiliates where ASELSAN directly or indirectly holds more than 50% of the shares or voting rights. Employees can access the training set prepared by the Internal Audit Department aimed at raising their awareness on the prevention of bribery and corruption via the electronic training platform of ASELSAN.

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. Following the preliminary investigations on the reports submitted, matters that contradict ethical principles and pose a high risk of bribery and corruption are submitted to the Disciplinary Board, which then examines the reported matter and imposes sanctions if necessary.

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, the 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's 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 enterprise risk management principles and handled in a holistic and proactive manner to guarantee business continuity.

Enterprise Risk Management activities at ASELSAN are independent of Business Sectors and performed by the Enterprise Risk and Process Management Department under the Financial Management Vice Presidency. 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 strategic priorities and corporate existence of the Company. Risk management at ASELSAN is based on 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 in compliance with international standards.

Risk bulletins for employees' evaluations

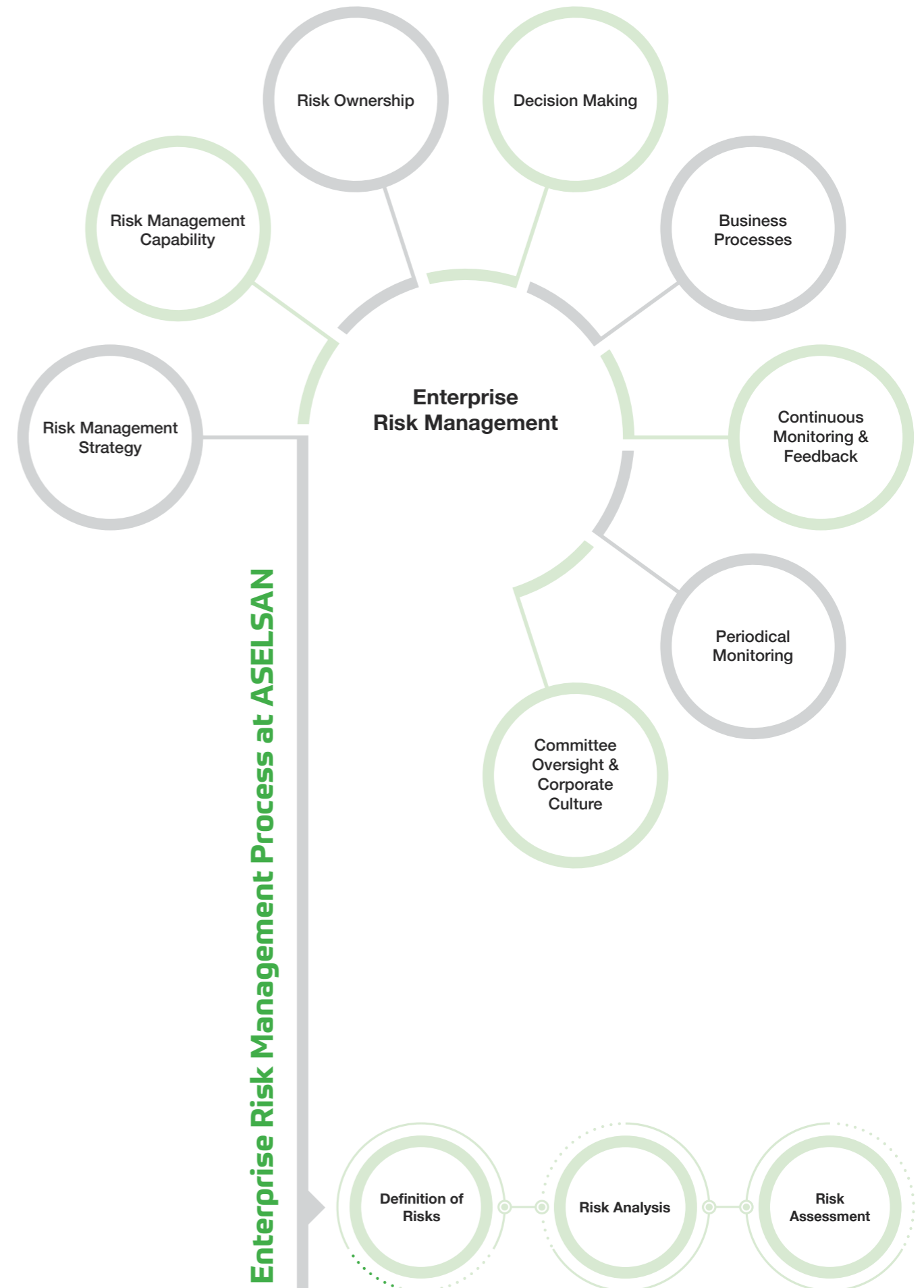
Incorporating risk management into corporate culture and raising the risk awareness of every employee are among the indispensable steps towards a successful Enterprise Risk Management System at ASELSAN. In this respect, research is carried out on risks pertaining to the Company,

the environment, and society, while its results are consolidated and presented in Risk Bulletins. These Risk Bulletins are then communicated to all employees. In addition, Risk Management courses are organized at ASELSAN. Risk Management Courses are included in the professional and on-the-job training programs of the entire staff and have been made compulsory. At ASELSAN, all employees are responsible for Enterprise Risk Management processes. There are targets related to Risk Management in the Company's corporate scorecards, and the results are reflected on performance scores. The fact that the Company regards these processes as an integral part of the corporate culture, and that they are fully rolled out company-wide significantly contributes to ASELSAN's sustainability.

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 by involving the Board Members, Members of the Early Detection and Management of Risk Committee, and employees in the process. Policies and action plans are formulated and implemented for every risk category. Risks have been divided to the broadest extent possible 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.



Risk Management

The impact of the COVID-19 pandemic in and outside ASELSAN was observed, and the World Economic Forum's Global Risks Report 2020 was taken as a basis under the Enterprise Risk Management efforts.

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 the corporate level, are generally medium level. However, the Risk Management System assesses and manages those risks that are perceived as threats to the Company's sustainability, strategic objectives, and stakeholder expectations. As per the Risk Management System, necessary measures and practices are identified to minimize the impact and likelihood of risks. The Board is updated on such defined and prioritized risks through the reports periodically presented by the Early Detection and Management of Risk Committee. A report on the performance of mitigating/preventive activities for the risks within ASELSAN's risk inventory is also drawn up and presented by the Committee periodically to the Board. The Early Detection and Management of Risk Committee draws up an Annual Evaluation Report on its activity that presents its members, the intervals at which it convenes, and the works undertaken during a given year to provide a basis for the assessment by the Board. This regular report is submitted to the Board on a yearly basis. The risks in ASELSAN's risk inventory are reviewed by the Committee at least once a year for

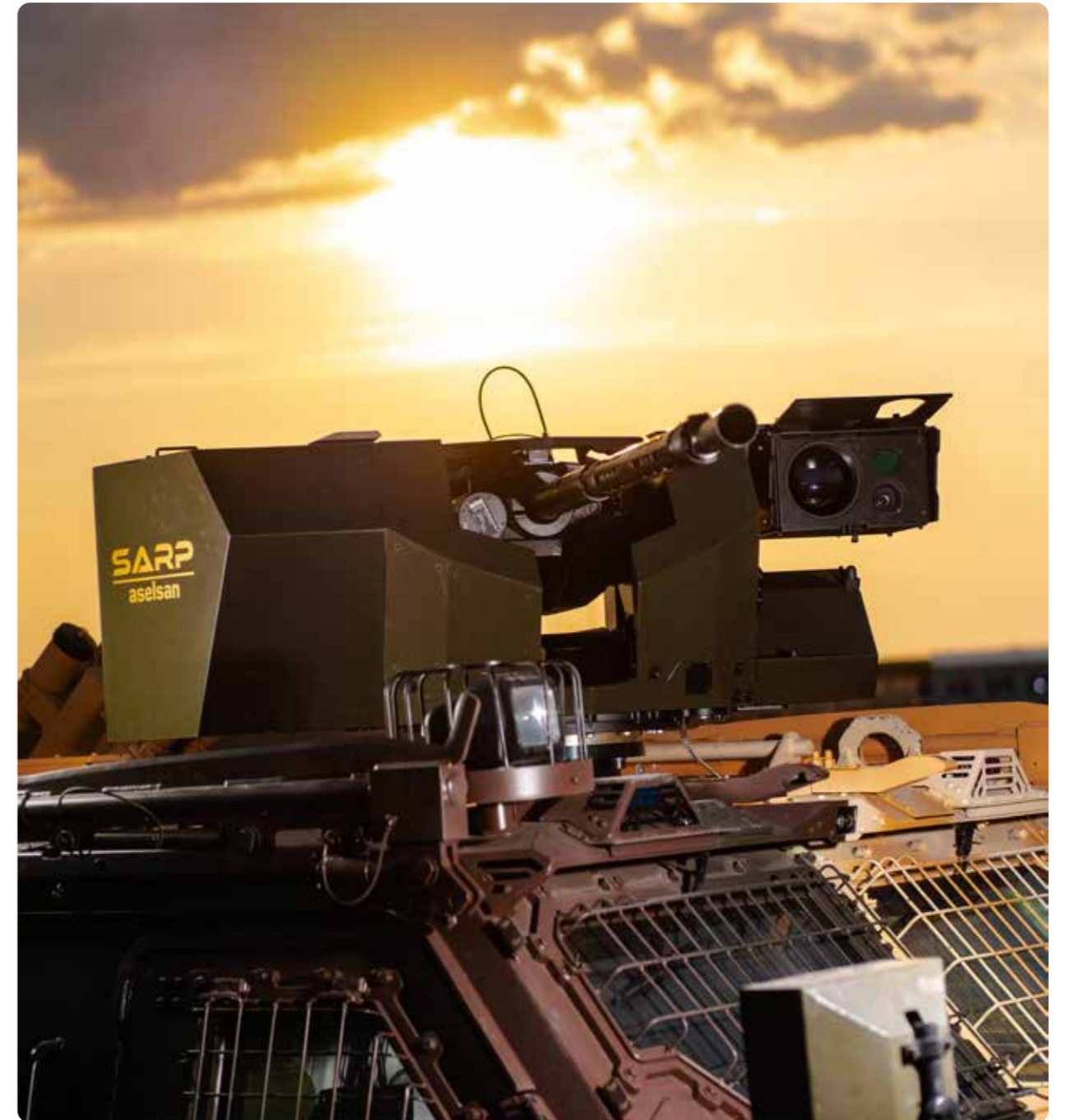
Since the first confirmed case of the virus, rigorous measures have been introduced to minimize the impact of the COVID-19 pandemic on individuals and operations.

the purposes of evaluating the level of impact and likelihood of such risks. Enterprise Risk Management Coordination Board and Risk Working Groups have been formed to carry out activities aimed at placing risks at the core of operations, defining risks at different levels, and managing these risks.

The impact of the COVID-19 pandemic in and outside ASELSAN was observed, and the World Economic Forum's Global Risks Report 2020 was taken as a basis under the Enterprise Risk Management efforts.

Rigorous measures to fight the COVID-19 pandemic

Since the first confirmed case of the virus, rigorous measures have been introduced to minimize the impact of the COVID-19 pandemic on individuals and operations. Measures communicated to the public via the Sustainability Report 2019 and the Company's website remain in place and are strictly complied with. While ASELSAN combatted the COVID-19 pandemic, it continued operations without interruption in the light of the Company's vision. The health of every employee, as well as the continuity of the supply chain, were safeguarded. Owing to these rigorous practices, ASELSAN fulfilled all the standards as defined by the Turkish Standards Institute and became the first defense industry company to be entitled to the COVID-19 Safe Production/Safe Service Certification.



ASELSAN discloses to all stakeholders its climate change risk assessment - one of the paramount risks of our era - via this report annually.

According to the Global Risks Report 2020 by the World Economic Forum, the headline risks in terms of likelihood and impact are extreme air pollution 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 of our era - via this report annually. In this field,

ASELSAN delivered a performance above the global and national average and scored A- in 2020. A testimony to the value ASELSAN attributes to a sustainable environment, this score has helped the Company maintain its position among the prominent defense industry leaders of the globe.

Our Value-Driven Human Resources Approach

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

A cultural transformation activity was carried out in 2019 to define ASELSAN's corporate values and behavioral indicators and to determine ASELSAN employees' perception of these values. Alongside new projects and practices, the focus for 2020 was to transfer the existing efforts to the field and collect the deliverables of their implementation.

ASELSAN updates its Human Resources Policy regularly 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. ASELSAN's Human Resources Policy is aimed at creating a fair, respectful, and transparent working environment, and is made up of principles based on the Universal Declaration of Human Rights, the Conventions of the International Labor Organization (ILO) to which the Republic of Turkey is a party, and the Turkish regulations on labor and social security.

Our Human Resources Management Policy is a set of principles which creates a fair, respectful and transparent working environment.

ASELSAN's Human Resources Policy is aimed at creating a fair, respectful, and transparent working environment.

The basic principles of ASELSAN Human Resources Management Policy are as follows:

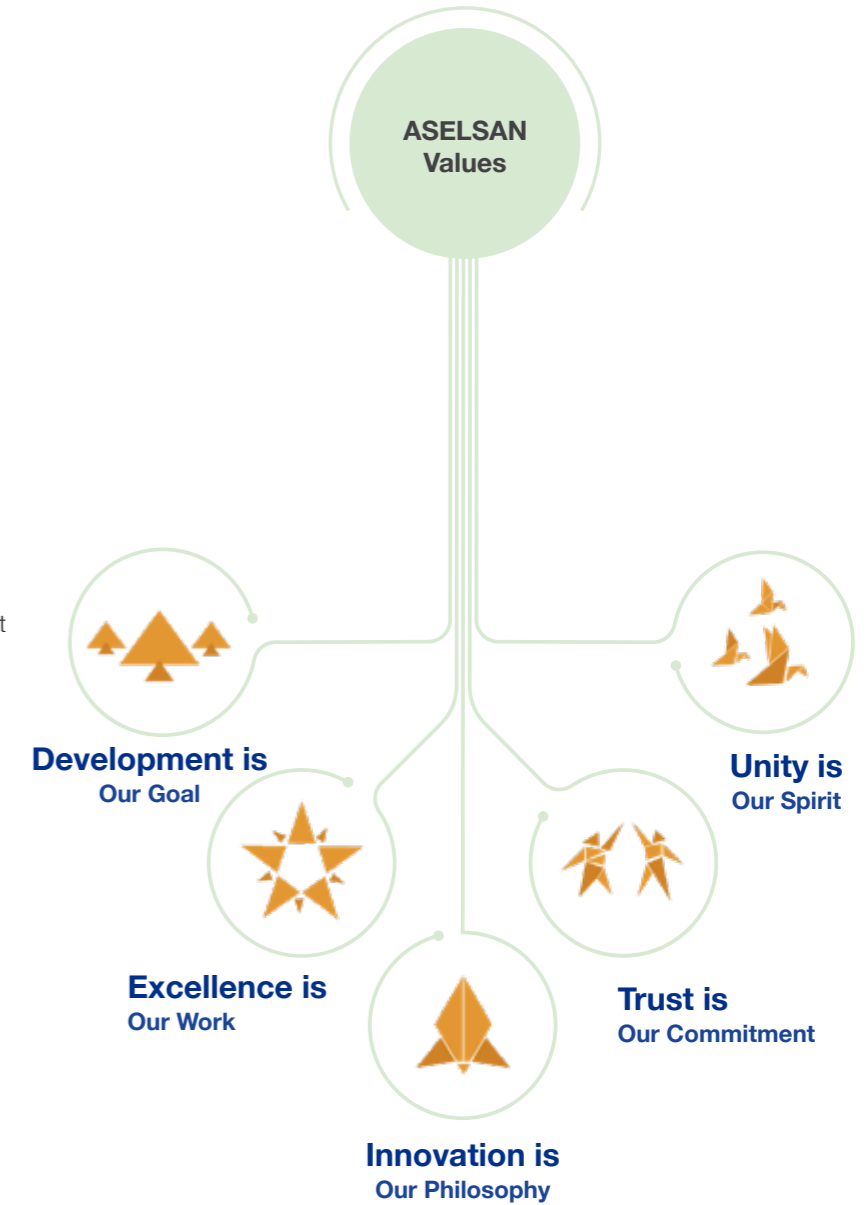
- To accept the employees as a social entity with a personality, to respect their personalities, to protect their material and moral rights.
- To ensure that the authorities and responsibilities are fully determined, and to consider the fit of the characteristics of the task and the competencies of the employees.
- Creating equal learning and development opportunities and designing learning programs according to abilities, qualifications and development areas of ASELSAN employees.
- To ensure that the employees are motivated for high performance.
- To ensure that the workforce plan is dynamic and meets the strategic needs of the Company.
- To design a career management system which allows employees to ensure their career development and promotion in accordance with their performances.
- To create a peaceful working environment which promotes creative, constructive, honest, well-intentioned and open communication.
- To ensure that appointment, dismissal and evaluation procedures are based on objective and egalitarian principles, away from personal criteria.
- To encourage employees to express their ideas by activating every possible communication channel.
- To encourage each employee for improvement and development, as an individual or team member.
- To make employees feel safe regarding their job security unless their behaviors contradict with ethical rules, general principles and laws.
- To continuously review and revise the human resources management policy, in accordance with the values and strategic plans of the Company.

All employees are responsible for the implementation of the Human Resources Management Policy within the limits of their duties and authorities.

As part of ASELSAN's sustainable human resources approach, short, medium, and long-term sustainability goals are determined for the development of human resources. These include setting up an internal trainer system to raise 10, 15, and 20 internal trainers within short, medium, and long periods of three, five, and ten years, respectively. Another plan is to increase the number of young talents and total training hours delivered to them by 15%, 25%, and 50% in short, medium, and long-terms, respectively. Meanwhile, regular risk assessments are performed and findings reported to the Risk Committee with regards to the vulnerabilities within the personal performance management system, the failure to retain qualified/experienced staff, and the lengthiness of recruitment processes.

Our values stand for our strength
The values determined as a result of studies completed in 2019, represents the strength of ASELSAN. 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. In 2020, efforts were channeled towards promoting these values. A manifesto of values was issued and placed and disseminated on all premises to contribute to promotion activities.

To this end, 49 value ambassadors were chosen from among volunteering employees. Value ambassadors play an active role in the promotion of values together with the Internal Communications Unit. Value ambassadors also voice other employees, expressing their shared expectations and wishes, and propose suggestions for development, thereby constantly feeding these values and contributing to these efforts significantly.



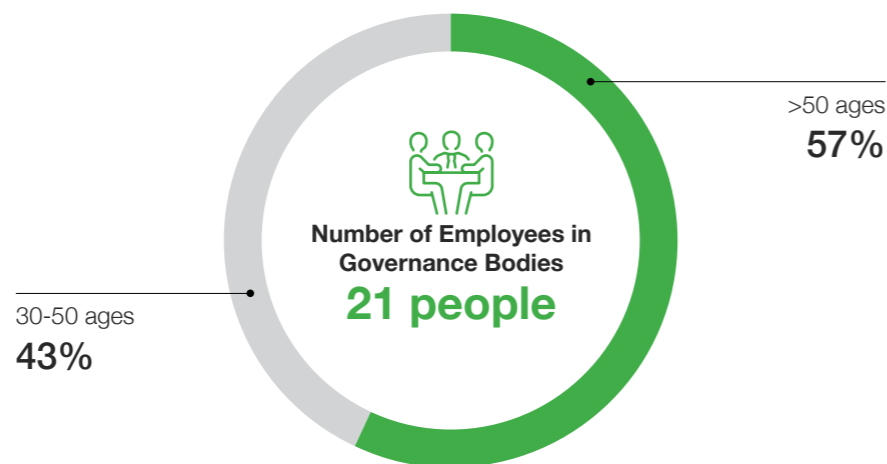
Employee Profile

By the end of 2020, the ratio of female employees at ASELSAN is 21%.

21% of the workforce are female employees in the employee breakdown of 2020. The breakdown of a total of 8,807 employees including Talent-A 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 2020 is also provided in the following tables.

Number of Employees in Governance Bodies by Age Group and Gender

Age	2019		2020	
	Female	Male	Female	Male
<30	-	-	-	-
30-50	-	7	-	9
>50	-	11	-	12
Total	-	18	-	21



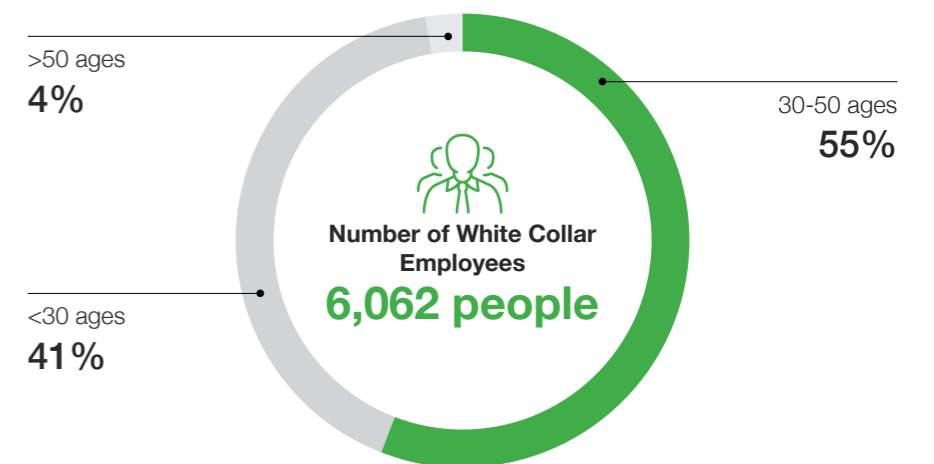
By the end of 2020, the average employee age at ASELSAN is 33.

56%

56% of white-collar employees at ASELSAN are between the ages of 30-50.

Number of White Collar Employees by Age Group and Gender

Age	2019		2020	
	Female	Male	Female	Male
<30	626	1,633	662	1,837
30-50	738	2,156	844	2,506
>50	44	178	51	162
Total	1,408	3,967	1,557	4,505



Employee Profile

16% of middle-level managers are women. The ratio of women in all managerial positions is 15%.

In 2020, employee turnover rate at ASELSAN's management level was 0.24%.

7

The average seniority of the ASELSAN staff is 7 years.

Number of Blue Collar Employees by Age Group and Gender

Age	2019		2020	
	Female	Male	Female	Male
<30	69	627	79	922
30-50	156	1,286	172	1,436
>50	9	117	10	126
Total	234	2,030	261	2,484

The average employee age at ASELSAN is 33. It is 45 years of age for managers and higher-level executives. The average seniority of the ASELSAN staff is 7 years. The average seniority of managers and executive staff is 17 years. 16% of middle-level managers are women. The ratio of women in all managerial positions is 15%.

Number of Employees by Contract Type and Gender

	Female	Male
Fixed Term Contract	-	18
Permanent Contract	1,796	6,878
Total	1,796	6,896

	Female	Male
Talent-A	22	93

In 2020, the total turnover rate for employees aged 30-50 was 1.43%.

Total Number of New Hires

Age	2019		2020	
	Female	Male	Female	Male
<30	297	924	156	864
30-50	61	259	93	362
>50	0	12	0	4
Total	358	1,195	249	1,230

Total Number of Leaves

Age	2019		2020	
	Female	Male	Female	Male
<30	23	109	28	100
30-50	37	117	35	82
>50	6	54	10	67
Total	66	280	73	249

Turnover Ratio (2020)

Age Group	Voluntary (%)	Total (%)
<30	0.7	0.93
30-50	1	1.43
>50	0.05	0.94

Gender	Voluntary (%)	Total (%)
Male	1.27	2.55
Female	0.48	0.75

	Voluntary (%)	Total (%)
Management Level	0.11	0.24

Rights of Employees

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

SOCIAL DIVERSITY AND EQUAL OPPORTUNITIES

In line with its approach for “decent work,” ASELSAN provides equal opportunities to all employees, without discriminating against any religion, language, sex, ethnic 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 opportunity 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 opportunity. Developments in these areas are reported to the Corporate Governance Vice Presidency. No act of discrimination based on religion, language, race, ethnic origin, gender, age, disability, sexual orientation, and political opinion occurred at ASELSAN in 2020.

Employment mechanisms for women and disabled individuals

There are whistleblowing and reporting mechanisms in place at ASELSAN to ensure that no employee experiences an act of discrimination due to their differences. The establishment and functioning of these mechanisms are

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 2020, employment was provided to an additional 10 disabled people. Furthermore, the number of female employees who joined ASELSAN in 2020 is 249.

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.

No act of discrimination based on religion, language, race, ethnic origin, gender, age, disability, sexual orientation and political opinion occurred at ASELSAN in 2020.

ASELSAN continued to communicate with young talents during the pandemic period and to participate in online career fairs, seminars and panels organized by universities and student societies.

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 to the employment policy. Their activities are regularly reported to the Corporate Governance Vice Presidency. The ASELSAN Recruitment Department is in charge of selecting and hiring new candidates. The Department 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. Recruitment criteria are also published on ASELSAN's corporate website.

A global brand preferred by 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 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 family. ASELSAN maintained communication with young talents during the pandemic and had online attendance at career exhibitions organized by universities, as well as seminars and panels of student clubs. Such attendance paves the way for environments where ASELSAN can be promoted and the impact of technological progress on the industry can be shared with the youth.



Rights of Employees

Thanks to the efforts conducted under “Next Big Move to Türkiye,” 50 professionals turned back to Turkey and joined the ASELSAN Family in the past two years.

In 2020, ATİK (ASELSAN Technical Generation) was rolled out with the motto “My strength is my country, my profession is my future” ATİK is designed to address ASELSAN’s need for technicians through a methodological program, emphasize the importance of vocational high schools, and boost their preferability.

ASELSAN provides internship and talent programs that enable senior engineering and economics and administrative sciences students to work with professionals with expertise in their respective fields. By examining the execution of rare scaled projects, the students are offered a unique experience. In addition, ASELSAN launched the ATİK Talent Program in 2020, which involves practices aimed at addressing ASELSAN’s need for technicians with talents raised internally and thus help boost the preferability of vocational high schools. Accordingly, the Company welcomes senior Vocational High School students in those tracks that it needs within its field of activity.

2020 activities of digitalization and talent programs

The following activities were undertaken for digitalization in 2020:

- The content and visual layout on ASELSAN’s Job Application Screen were revised; the new interface was deployed.
- The Candidate Search Screen was enhanced and launched in a manner to provide benefits and address existing needs.
- Internal apps that are currently being used for recruitment processes were gathered on the new Recruitment Portal to increase user-friendliness and effectiveness. Enhancements on the relevant page were completed substantially as of the end of 2020 and rolled out in January 2021. This portal is intended to simplify and facilitate all hiring and recruitment processes for candidates who filed applications to ASELSAN and will be assessed for vacant positions.

System improvements are ongoing in light of user feedback. The aim is to select and hire the candidate that fits the position promptly.

- The scope of the “candidate engineering” program, which has been ongoing since the initial years of ASELSAN, was expanded and continued to be offered under the name “Talent-A Program.” The aim was to make sure that young talents develop professional competencies prior to the start of their careers; embark upon their professional life with an awareness of the ASELSAN culture, and receive one-on-one mentoring and guidance for their career development starting from their years at the university.
- 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.
- Introduced as a maiden practice in 2020, Reverse Mentoring processes were integrated into the program to help the Company make the most of young talents’ knowledge and perspective; enhance communications, and transform generational differences into a mutually beneficial concept rather than a hurdle. A communication process was established to bring together Talent A staff and mentors, help them exchange ideas and create synergies. Unlike the Talent A mentoring process, it was the Talent A staff of the Company who acted as mentors and shared their current experiences and ideas on how to adapt ways of doing business to changing conditions.



- The intention was to contribute to young talents’ technical and personal development and attract talents to ASELSAN at the end of the program.
- The Talent-A Program is enhanced with an assessment platform aimed at feedback to guarantee the development of mentors and “A” talents alike.
- An electronic infrastructure was developed for those “A” Talents to evaluate the recruitment and Talent A-Reverse Mentoring processes and submit and manage surveys. The infrastructure enabled the automatic submission of surveys.
- An interface where the results of Mentor and Talent A evaluations can be reported electronically has been designed and launched.
- Back to Turkey had been in place as an overarching project that involved efforts to develop and further improve the existing qualified ‘brains’ in Turkey and to attract equally qualified Turkish citizens overseas back to Turkey in line with

ASELSAN’s fields of operation, strategic objectives, and the projects conducted to achieve such objectives.

- In 2020, the program was renamed “Next Big Move to Türkiye.” A preliminary application form was launched to enable quick and simple filing of applications on the renewed website of “Next Big Move to Türkiye.”
- A new infrastructure was also designed to monitor the applications filed and handle the selection and recruitment processes. The new infrastructure is intended to display candidates’ resumes, redirect them to vacant positions that match their professional experience and interests, and make sure that instant reporting requests are handled by the system once deployed.
- Thanks to the efforts conducted under “Next Big Move to Türkiye,” 50 professionals turned back to Turkey and joined the ASELSAN Family in the past two years.

- In 2020, ATİK (ASELSAN Technical Generation) was rolled out with the motto “My strength is my country, my profession is my future.”
- ATİK’s aim is to address ASELSAN’s need for technicians through a methodological program, emphasize the importance of vocational high schools and thus help boost their preferability, and support vocational high schoolers in their technical and personal development.
- Receiving vocational training at the premises three days a week during their final year at the school, students have the chance to work with mentors under the talent program. The program is also planned to assign term projects to ATİK participants, have them take talent tests, and support them through personal development courses. Meanwhile, on-the-job and technical training will support students in acquiring psychomotor and manual skills.
- Throughout the program, a mentor is assigned for each ATİK student, and students’ development scorecards are monitored during the academic year.
- Under the ATİK program, an electronic infrastructure was built to help monitor ATİK students’ progress and evaluations on the program. The automation process for ATİK students’ Development Scorecard and Mentor Evaluation is ongoing to integrate them into the system.

Rights of Employees

The “ASELSAN Development Center” was founded to contribute to employee development under the ASELSAN Talent Management Model.

The “ASELSAN Development Center” was founded to contribute to employee development under the ASELSAN Talent Management Model.

PERFORMANCE DEVELOPMENT, CAREER AND TALENT MANAGEMENT

TALENT 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.

Career development planning began

ASELSAN Talent Management Model introduced in 2020 is designed to accompany employees' on their career journeys. Accordingly, the Career Development Planning process helps employees recognize their knowledge, skills, potential, and competencies; identify the necessary steps towards their career goals; and take necessary action in this process. These development actions have been monitored throughout the year in collaboration with managers, who are indispensable players on a development journey. Career Development Planning has contributed to employee development and supported the Company in creating a sustainable organization.

ASELSAN Development Center was founded

The “ASELSAN Development Center” was founded to contribute to employee development under the ASELSAN Talent Management Model. Employees were evaluated as per certain competencies during development center practices. Following development center practices, feedback meetings were held first with the employees, then with their managers, to discuss any development actions that could be taken. In 2021, the ASELSAN Development Center practices are planned to assess the competencies of those employees on technical or managerial career paths.

CAREER MANAGEMENT

Manager appointment made online

The process of the manager appointment system was re-structured in 2019 and turned into a faster process that is run virtually with all its phases in 2020. This enabled the Company to appoint new leaders who completed the process successfully for managerial positions that play a significant role in ASELSAN's business results during the pandemic as well. Utmost care was taken to provide equal opportunities for all employees, while all candidate managers applying for vacant managerial positions were assessed in technical and managerial terms on the virtual environment. Candidates were also assessed at the Senior Management level at ASELSAN, and their leadership skills were considered in light of the development center practices. Candidates were provided with feedback on their areas for improvement in their competencies to contribute to their career development paths.

Applications upon internal announcements for rotations

In the meantime, ASELSAN aims to develop employees' competencies 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 in 2019, and it now allows employees to apply and be assessed for applicable positions in coordination with the Human Resources Directorate. Aiming to place the right candidate who has the right competencies for the position, the system has enabled the Company to tackle rotations among functions, use internal resources more efficiently to address the skill gap in certain areas, and assess employees' and managers' requests in coordination with the Human Resources.

Continuous development number one priority

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. Within this scope, Employee Satisfaction Surveys, Employees' Voice 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 performance 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 of ASELSAN was necessary.

The “Performance Development and Feedback System,” which was revamped in the 2020 operating period, is designed to strengthen goal-based performance management and feedback culture. Accordingly, consulting services were received from a firm experienced in this field to deal with goal and performance management more efficiently and swiftly. Workshops for the Dissemination of Goals were organized with the participation of the management team. The goals 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 goals, 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 underperformers are channeled towards areas where they can prove more beneficial.

Dynamic performance management processes

Under this revamped performance development and feedback system, ASELSAN intends to encourage and motivate employees to achieve together. Employee performance is assessed by their first-line managers as well as by their co-workers and internal customers. Employees' final performance assessment consists of an assessment by their respective manager of the goals assigned to them; an assessment by co-workers on their contribution to the projects mutually conducted; the realization ratio of the goals assigned to their department as well as the realization ratio of the goals assigned to the broader organizational function under which they work.



Rights of Employees

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.

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.

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 the 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 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.

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, life insurance, infirmary services, day nursery, graduate education opportunities, and the right to more leave 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.

A “job grading” study was conducted in 2020 for all the positions under the existing main job family/sub-job family at ASELSAN ensuring that the requirements of the remuneration policy, fringe benefits, and bonus systems were identified.

Employees who retire from ASELSAN are granted 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.



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

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 the 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 courses delivered by ASELSAN trainers, 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.

Rights of Employees

Although training hours seem to have dropped due to the inability to hold face-to-face courses during the pandemic, digital training sessions still contributed to employee development.

Pursuing its commitment to development, ASELSAN supported life-long learning and contributed to the development of employees' potential in 2020.

Pursuing its commitment to development, ASELSAN supported life-long learning and contributed to the development of employees' potential in 2020. The following tables provide details on the average duration of training courses organized in 2020 per employee, by employment category, gender and age. Although training hours seem to have dropped due to the inability to hold face-to-face courses during the pandemic, digital training sessions still contributed to employee development. The hours in training per employee comply with the breakdown of employees.

Employees' Average Hours in Training

	2019		2020	
	Female	Male	Female	Male
Blue Collar	21.9	19.3	15.2	14.4
White Collar	23.5	22.6	14.5	12.8
Senior Management (Executive Board)	0	5.3	0	20.8

Employees' Total Hours in Training

	2019		2020	
	Female	Male	Female	Male
Blue Collar	5,135	39,156	3,934	36,378
White Collar	33,054	89,477	22,901	58,301
Senior Management (Executive Board)	0	53	0	187

Employees' average hours in training by age with the exception of compulsory courses are as follows:

Age Range	2020
<30 ages	11
30-40 ages	14.75
41-50 ages	15.9
>50 ages	16.37

Managers at middle and higher levels have received 28 hours of training on average in 2020.

Training courses organized include 78,968 hours of technical courses, 42,733 hours of awareness-raising, and personal development courses.

The Leadership Development School, aimed at the development of competencies for ASELSAN leaders to help reach the Company's strategic goals, opened in 2020.

Learning Management System

ASELSAN launched "a BIL-GE" in 2019 as a Learning and Development Platform intended to manage, document, monitor, measure, and report learning and development activities on a single system in a holistic manner; provide courses ASELSAN employees need on e-learning platforms and help employees access information on learning and development easily. The platform was made accessible for online and mobile channels in April 2020 during the COVID-19 pandemic to support employees and help them continue their development. The Company shifted its focus to digital training and live classroom events in learning and development methods as face-to-face courses were suspended. Digital content on a BIL-GE was diversified, and an Information Exchange Program was introduced to enrich development programs. Under the Information Exchange Program, the content created by employees aspiring to share their knowledge and experience with all ASELSAN staff, as well as video-based courses from experts of their respective fields were shared with all employees on the a BIL-GE platform. Within this scope, 164 information exchange videos aired on the a BIL-GE platform with the number of views reaching over 130,000. Over 85% of employees completed at least one non-compulsory course on a BIL-GE. Orientation training and introduction of facilities under compulsory sessions, Occupational Health and Safety courses, as well as the process training of Business Sectors, were moved to the a BIL-GE platform and made available for employees. As part of orientation, personal development courses aimed at new hires were delivered digitally.



Leadership Development School opened

The Leadership Development School, aimed at the development of competencies for ASELSAN leaders to help reach the Company's strategic goals, opened in 2020. The program is based on a multi-dimensional learning and development model involving the use of tools such as the implementation of a 360° personality inventory and reporting its results; face-to-face training modules, preliminary preparations for training modules, and reinforcement tasks in between modules; coaching meetings as well as Action Learning Teams (ALTs).

Erasmus+ accreditation application accepted

ASELSAN's application for an Erasmus+ accreditation in professional training was accepted in 2020. The program will enable ASELSAN staff to attend activities organized abroad in their professional fields and thus develop their capabilities and skills. The Erasmus+ accreditation for professional training learners' and staff's mobility allows participating organizations to take place in the Erasmus+ program for longer terms and receive grants for mobility activities on a regular basis.

Rights of Employees

The ASELSAN Academy Graduate Education Program was brought into service following the protocol signed between the Higher Education Board (YÖK) and ASELSAN on August 1, 2017.



As of the 2020-2021 Fall Term, 645 students - 70 Ph.D. and 575 M.Sc. - carry on their graduate education activities at the ASELSAN Academy.

ASELSAN ACADEMY GRADUATE PROGRAM

ASELSAN Academy Graduate Education Program was implemented to increase the number of qualified and expert employees and improve know-how by enabling employees to carry out thesis studies on the topics within ASELSAN's Technology Roadmap.

The ASELSAN Academy Graduate Education Program started its activities with the protocol signed between the Council of Higher Education (YÖK) and ASELSAN in August 2017. The ASELSAN Academy model enabled, under the coordination of YÖK, more than one university to take part in the collaboration model under a

single program and even to establish partnerships between universities. This feature marks ASELSAN Academy as the first model implemented for such a purpose in and outside Turkey. As of the 2020-2021 Fall Term, 645 students - 70 Ph.D. and 575 M.Sc. - carry on their graduate education activities at the ASELSAN Academy.

The 4th Generation University Model

ASELSAN Academy has graduate programs in Computer Sciences, Electrical and Electronics, Mechanical and Material Engineering with the participation of research universities, 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 the 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 Natural

and Applied Sciences of partner universities. At the end of the program, the students receive the M.Sc. or Ph.D. degree of their respective universities.

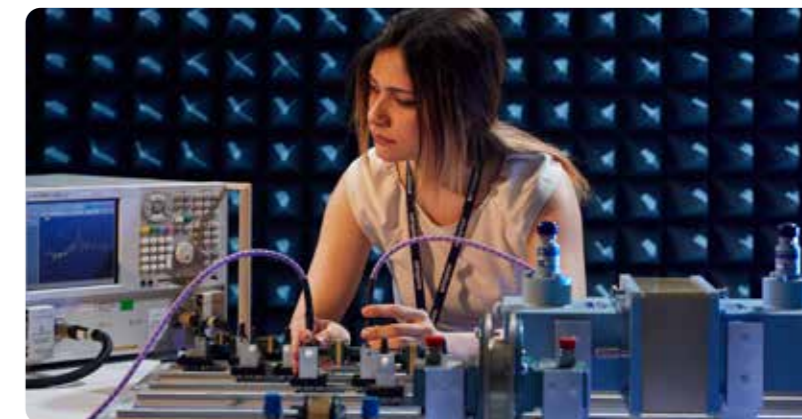
The program is mainly intended to allow ASELSAN's personnel to take classes on the topics associated with the projects assigned to them at ASELSAN, thus helping them complete their thesis studies in these fields. Assigning employees with an academic perspective in R&D projects, the development of innovative technologies in the defense industry, and the nationalization of critical technologies gain momentum.

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 partnerships and cooperation between universities. The approach of ASELSAN Academy also allows academics working in different fields and universities to carry out projects together.

ASELSAN Academy, which was established with the mission of developing the knowledge of employees within the Company's field of activity and contributing to the applied academic development of other stakeholders (universities, R&D centers, institutes, etc.), has become a new and innovative model for Turkey.

The ASELSAN Academy Model enables post-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 three years, ASELSAN Academy is an important and innovative platform that is run under the umbrella of the Technology and Strategy Management Vice Presidency. 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, training laboratories, and other necessary infrastructure at the Macunköy Facility to ensure the continuity of this academic program.

University-Industry partnerships

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 41 universities - 37 in Turkey and 4 abroad - on 128 projects in 2020. The Company placed orders worth USD 5 million in project costs to universities as part of the R&D projects conducted in collaboration with universities in 2020.

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 2-week training course in January 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 2020, five people were granted scholarships for doctorate and postdoctoral research activities in Turkey.

Rights of Employees

ASELSAN Vocational and Technical High School admitted one student each from the first 0.46% and 0.33% percentile of students taking the High School Entrance tests in its first and second years, respectively.



ASELSAN Vocational and Technical Anatolian High School has educational content in two branches: "Defense Electronic Systems" and "Defense Mechanical Systems."

ASELSAN Vocational and Technical High School

The school was opened for the purpose of raising qualified human resources for the defense industry. To this end, ASELSAN signed a cooperation protocol with the Turkish Ministry of National Education and Directorate-General for Vocational and Technical Training. The school admitted its first students in the academic term of 2019 - 2020. ASELSAN Vocational and Technical High School offers

a select education program co-developed by ASELSAN, the Turkish Ministry of National Education, and the Directorate-General for Vocational and Technical Training in two tracks: "Defense Electronic Systems" and "Defense Mechanical Systems." ASELSAN Vocational and Technical High School admitted one student each from the first 0.46% and 0.33% percentile of students taking the High School Entrance tests in its first and second years, respectively.



Organizational Development and Data Analytics Initiatives

ASELSAN pursues the vision of acquiring world-class human resources practices and therefore updates the HR systems in use in line with current requirements. For such updates to be introduced in the most effective manner, communication channels through which employees can provide feedback are open at all times, while regular data analytics activities are carried out.

As for data analytics activities, employee data is analyzed under a series of categories regularly in quarterly periods. The profile of employees who quit is examined; contents of the feedback received during exit interviews are analyzed, and, are developed and considered. Retention ratios are also examined to measure the effectiveness of recruitment processes. Recruitments and leaves are analyzed and interpreted together to preserve the know-how of qualified and experienced employees at ASELSAN. Meanwhile, statistics are analyzed for those

employees who moved to different functions within ASELSAN. This helps understand preferences and trends by department or job families, and the reasons behind them. Absenteeism ratios are studied to monitor compliance with annual working capacities that are normally calculated during workforce planning efforts. In an attempt to manage the cost of wages to the Company properly, wage budget compliance analyses are performed, and the effective usage of R&D subsidies is constantly monitored.

In addition, advanced analytics are utilized to perform future simulations for the workforce composition. Human resources management system policies are updated according to the results of these simulations. The results of analyses performed in 2019 were taken into account for the Company to focus on the recruitment of experienced employees in 2020. Such analyses were repeated in 2020, according to which the mentioned change in method was determined to be effective and a decision was made to continue the practice.

Workforce planning at ASELSAN is carried out by considering short- and long-term requirements. As part of workforce planning activities conducted every year, a broad range of criteria, such as the hours of labor planned by project, types of labor, contract information, project maturity level, and project financial size, is applied on detailed datasets for the projects performed by all operational units. Short- and long-term projections for workforce requirements are set according to these analyses. During the analyses, data of employee satisfaction and engagement as provided by existing employees, feedback provided by employees who left the Company, and the ratio of overtime are taken into account to further examine the workload. This helps enrich the study with data compiled from different resources. Efforts carried out are reported to the Senior Management to determine ASELSAN's requirements for a workforce aligned with strategic objectives.

Rights of Employees

Programs and projects were initiated to minimize the negative impact of the COVID-19 pandemic on employees. These also helped strengthen the employer brand thanks to ASELSAN's values and mission.

INTERNAL COMMUNICATION AND EMPLOYEE MOTIVATION

The COVID-19 pandemic hit the world in a period when ASELSAN's values and cultural codes were being revisited and determined, and a roadmap to move the Company forward was being revised. Due to the nature of ASELSAN's field of operations, the principle of continuity in national security and the defense industry was upheld. The importance of this matter was considered in continuing operations with no interruption. Taking this in mind, and backed by the spirit of unity, the Company continuously supported communication with employees who were involved in the process via "Gelişim Atölyesi." Every measure, decision, and practice adopted was communicated to employees by the Senior Management.

Programs and projects were initiated to minimize the negative impact of the COVID-19 pandemic on employees. These also helped strengthen the employer brand thanks to ASELSAN's values and mission.

The number of internal communication channels and tools was increased during the COVID-19 pandemic. New communication campaigns were devised specifically for the period, and communications focused on bonding in addition to the steps taken by the Company.

Working in alternating schedules, employees who came to the premises received specially-designed e-mails to "welcome back" every week and express how the Company was "glad to have them." Once they got back to working from home at the end of

the week, the Company wished them "healthy days," while suggesting solo or family activities and tips for an efficient time spent together at home on the weekend.

All managers and higher positions were provided information on how to communicate with their teams during the COVID-19 pandemic.

Chairman, CEO and President Prof. Dr. Haluk GÖRGÜN updated employees on every development as well as the decisions taken during the COVID-19 pandemic.

We stood by employees who tested positive for COVID-19

ASELSAN managed to fully support employees diagnosed with COVID-19. Such support was not confined to hospital access, or provision of paid leaves and scanning services. Indeed, it was based on personal communication at the Senior Management level. Both President, Chairman and CEO Prof. Dr. Haluk GÖRGÜN and Vice President of Corporate Management Assoc. Prof. Dr. Hakan KARATAŞ made regular calls to infected employees and sent written messages to motivate and support them. June 1, 2020, Monday was when the gradual easing of restrictions started. Except for the staff members in risk groups, all employees were greeted with the message, "Now, We Are Complete." "Welcome back" messages were delivered throughout the day with printed and digital materials.

A "Glad to Have You" app was designed to develop a culture of recognition and appreciation shaped around ASELSAN values. The app is built on Unity and Trust that are among ASELSAN values. The app

was planning to be implemented in 2020. However, related activities gained speed considering the changing working conditions and employees' concerns and stress due to the COVID-19 pandemic. This helped the Company launch the app on April 30, 2020. The app is intended to enable employees to share their recognition and appreciation for one another to boost morale and motivation.

İz Birakanlar Award Ceremony was organized online in 2021 for the first edition of the contest where the top-ranking staff of 2020 who left a mark on the Company are selected with the votes of employees. This contest has now turned into a culture for ASELSAN. Employee motivation and happiness are boosted and their well-being is preserved thanks to this award ceremony where they can now thank and recognize those people who "left a mark" on the Company.

"Bring Your Coffee and Join Us" was among the online events organized on a weekly basis during which HR Partners made their best efforts to reply to employees' questions meticulously and genuinely. Invitations were consistently sent for employees to grab a cup of coffee and join these meetings to inform themselves on HR processes and results.

Although physical events to celebrate anniversaries had to be suspended due to the COVID-19 pandemic, no anniversary or special occasion was missed, and the Company remembered employees.



DECENT WORKING CONDITIONS

One of the key priorities for ASELSAN is to achieve business life-private 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 this 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 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

Nursing and assistance leave was introduced at the beginning of 2020. The Nursing and Assistance Leave allows employees to take paid leave in cases where a first-degree relative requires 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.

Rights of Employees

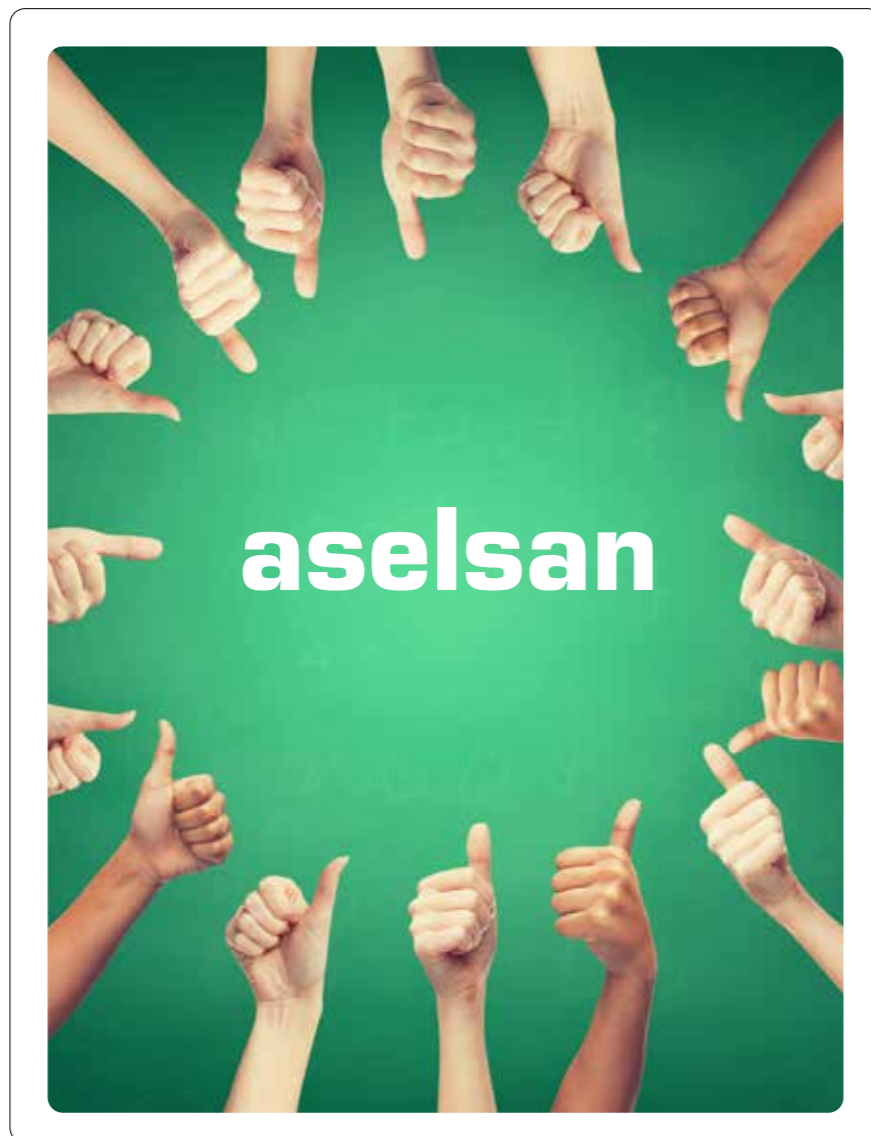
ASELSAN considers every individual regardless of their language, religion, race, gender, political opinion.

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 every individual equally, without discriminating against differences such as language, religion, race, gender, or political opinion. Every ASELSAN employee is expected to respect others' rights and freedoms and be 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 the laws and does not evaluate candidates under 18 - regardless of the position - in recruitment processes. Practices related to this matter are in full compliance with the standards of the International Labor Organization (ILO).



Occupational Health and Safety

Thanks to its occupational safety performance, ASELSAN was granted the “International Occupational Safety” award, which is one of the most prestigious global awards in the 2020 operating period.

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.

Effective audits via Occupational Health and Safety Councils (OHSCs)

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) is in use as a 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 in 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 of this process is to help designated officers reach compliance with the standards in the non-compliant working environments and thus prevent potential occupational diseases and accidents. The root causes of occupational accidents that occur despite all the aforementioned preventive actions are analyzed and potential precautions are determined by the OHSC. Occupational accidents are monitored monthly by calculating the Accident Frequency. 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 on the risks of 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 via 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.

Occupational Health and Safety

At ASELSAN, occupational safety, environment and climate change efforts are run in a manner to cover the entire value chain as per the Golden Rules.



Under OHS courses, Fundamental, Technical, Health, Elective Technical, and Working At Height Courses are delivered to employees as applicable for the task they perform. The duration and frequency of these courses vary depending on the hazard class of the relevant workplace. Also available via the distance learning infrastructure as per legal requirements, these pieces of training are among the matters of priority at OHSCs. New hires take a two-hour Start of Work 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 Human Resources Directorate gives out to all new hires.

Employee participation in training courses and the validity of courses are monitored on SAP. The Company also organizes planned fire, earthquake, evacuation, and chemical leak/spill drills on an annual basis 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 participation in training courses and the validity of courses are monitored on SAP.

Employee health and safety are 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, there are steps available 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. During the COVID-19 pandemic, matters employees were expected to pay attention to during their overseas travels, and emergency action plans were shared with them in brochures.

ASELSAN strives to meet hygiene requirements, achieve continuous improvement, help all staff and suppliers regard hygiene as a shared responsibility, and carry hygiene practices to the highest level. To this end, Hygiene Councils were formed to conduct hygiene inspections at employees' common use areas and some of the relevant suppliers' premises, propose corrective actions for hygiene and serve as a guide for necessary measures.

Employees are regularly examined by workplace physicians. Tests requested by workplace physicians are carried out at the laboratories, delivering free-of-charge testing services for employees.

Occupational accidents at ASELSAN are examined via OSIS 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.

IMS Development Stations were formed under the Business Sectors to make sure occupational safety and environmental courses were more efficient. Employees are delivered training in these areas at certain intervals and their awareness is raised through bilateral communications. The entire value chain is taken into consideration in ASELSAN's occupational health and environmental practices. An introductory film was prepared for visitors to ASELSAN to inform them on sustainable occupational safety and environmental practices at ASELSAN, as well as the occupational health and environmental rules that are mandatory at ASELSAN's premises. The training video for the subcontractor personnel was updated.

"13th ASELSAN Occupational Health and Safety Motto Contest" was organized to establish a robust OHS culture that thrives with employees' contributions for its implementation and development as a shared responsibility embraced by all.

Employee participation constitutes the very core of any given practice that ASELSAN carries out. All processes are evaluated and managed by taking relevant parties' opinions and expectations into account. "It's in Your Hands to Eliminate Risks" is the title of events held regularly to help employees address risks most comprehensively. ASELSAN employees are invited to identify a risk that Occupational Safety Experts have not yet identified and submit it to the evaluation committee as part of the event which is planned to be organized again in the second half of 2021. Works are initiated for all risks after the evaluation, and finalists are included in the rewarding program.

Occupational Health and Safety

Rising on the spirit of “Unity” which involves every member of the ASELSAN Family, the Company pursues excellence with a focus on development and innovations in its stronger occupational safety culture.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Since 2009, the Occupational Health and Safety Management System is implemented at ASELSAN as part of the ISO 45001:2018 Occupational Health and Safety Management System Standard 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 made a transition to the “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 to get the message across that Chairman, 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 alive throughout the year. 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.

A project was rolled out in 2020 whereby the entire ASELSAN Family contributes to its implementation and development to establish a solid occupational safety culture. The project will involve efforts to measure the occupational safety culture as an integral part of the corporate culture and introduce actions for improvement as per the results of such measurement. The aim is to continue the project with its phases planned in 2021.

Rising on the spirit of “Unity” which involves every member of the ASELSAN Family, the Company pursues excellence with a focus on development and innovations in its stronger occupational safety culture. All processes are reviewed within the business plan and all stakeholders take part in related activities since a safe working environment is only possible through working on the safety of each process. Prompt action is taken to identify and prioritize variables within our impact area during business travels with various means of transport and commute to work with shuttles. Accordingly, efforts for transition to the ISO 39001 Road Safety Traffic Management have been initiated and completed.

Occupational Health 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 to 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.



Product and Service Quality

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 has a Quality Management System based on a process approach, the effectiveness of which is constantly monitored and improved.

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."

The "Plan-Do-Check-Act" cycle

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 are 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 cycle ensures the following:

- Resources needed in line with the purpose and processes of the system are established and risks and opportunities are determined accordingly to meet customer expectations and reach the desired goals with respect to Company policies,
- Planned operations are implemented,
- Processes and the resulting products are monitored, measured, and reported against the policies, objectives, conditions, and planned operations,
- Activities are performed to improve performance when deemed 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 and changing quality models and standards.



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

- ISO 9001:2015 Quality Management System,
- AS 9100:D Quality Management System: Requirements for Aviation, Space and Defense Industry 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 and AQAP 2310 NATO Supplementary Software Quality Assurance Requirements,
- AQAP 2310 NATO Quality Management System Requirements For Aviation, Space And Defense Contractors,
- CMMI Capability Maturity Model Integration Level 3,
- ISO 17025 General Requirements for the Competence of Testing and Calibration Laboratories,
- ISO 10002 Quality Management: Customer Satisfaction,
- ISO 20000: 2018 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),
- DO-178 (Software Considerations in Airborne Systems and Equipment Certification),
- DO-254 (Design Assurance Guidance for Airborne Electronic Hardware),
- RTCA DO-278 / EUROCAE ED-109 (Guidelines for Communication, Navigation, Surveillance and Air Traffic Management Systems Software Integrity Assurance)

certifications as per civil aviation regulations.

The definition, functioning and performance of ASELSAN's Quality Management System were confirmed and certified by internal and external audits conducted in 2020.

Technology and Innovation Activities

The “ASELSAN Innovation Board” was established in 2020 to develop an ASELSAN Innovation Management System whereby innovation contributes to ASELSAN’s sustainable development and operational efficiency.

ASELSAN adopts the Strategy Management System as a framework that preserves and maintains its sustainable growth.

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 are ingrained in ASELSAN’s DNA and lies in the remit of all employees. At ASELSAN, Technological Development and Innovation Management are addressed at the senior level, with processes being run by the Technology and Strategy Management Vice Presidency in coordination with Business Sectors.

Innovative steps towards the future

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

The “ASELSAN Innovation Board” was established in 2020 to develop an ASELSAN Innovation Management System whereby innovation contributes to ASELSAN’s sustainable development and operational efficiency. Innovation ambassadors received training on ISO 56000 Series Innovation Management System Standards to develop their competencies in this area.

ASELSAN addresses innovation by applying it to the strategy, technologies, projects, and requirements for resources while activating all necessary processes to implement innovation with its internal and external stakeholders. Accordingly, it ranked second as one of the finalists from among the 1,236 contesting firms in the Innovation Strategy category of “InovaLIG” organized by the Turkish Exporters Assembly (TİM) to choose the Innovation Leaders of Turkey every year.

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. As part of open innovation practices, efforts are underway to organize Innovation contests open to external contenders to help ASELSAN have a say in shaping the technological progress in Turkey as a pioneering company that sets the standards in the market for future technologies. These events will also contribute to the entrepreneurship and technology ecosystem in Turkey. 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 on 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 while stipulating the technology infrastructure and resources needed to this end.

7% turnover support for R&D and 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 almost 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 almost 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.

Since 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 for 2021-2025, which was drawn up in 2020, includes innovation-driven plans regarding “Instant Innovation Opportunities,” “Activities to be Implemented at ASELSAN Entrepreneurship Center,” and “ASELSAN Academy Support for Post Graduate Dissertations,” in addition to the core technologies of ASELSAN.

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

Internally funded R&D projects

ASELSAN allocates 7% of the turnover originating from the majority of the 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, evaluated by the elected ASELSAN employee reviewers, and then implemented upon decisions on the “R&D Activities Evaluation Committee.” All the internally-funded R&D projects planned are evaluated by the internally-funded R&D projects Evaluation Committee consisting of senior managers who consider the opinions of reviewers elected from among expert ASELSAN employees. In this respect, around 200 projects are actively maintained as part of which new technologies and products are developed as of the end of 2020. Efforts aimed at running application approvals and peer reviews for the internally-funded R&D projects digitally within the organization were finalized in 2020. The digital platform was launched in 2021.



Technology and Innovation Activities

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.

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.

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 large number of universities, technoparks, and research centers, particularly in the technologies at their nascent stages in terms of technology readiness. 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 5,263 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 5,263 R&D employees as of the end of 2020. 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 2020, ASELSAN filed 175 patent applications, of which 40 were registered. The R&D Indicators of the Company are as follows:

- Total TRY 3,356 Million R&D Spending
- TRY 2,875 Million Externally-Funded R&D Spending
- TRY 481 Million Internally-Funded R&D Spending

ASELSAN's Firm Stamp on the R&D and innovation rankings of Turkishtime's R&D 250 Survey...

ASELSAN came in second as the company with the highest R&D spending in 2019, as demonstrated by Turkishtime's survey the results of which were announced in 2020. In 2018, the Company topped Turkishtime's list of "R&D 250, Turkish Companies with the Highest R&D Spending" with TRY 2,162,839,458. 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 post-graduate R&D specialists under its roof, the Company is a champion on the lists both in terms of spending and expert



human resources. The number of undergraduate and post-graduate staff at ASELSAN is double that of the second-place finisher, which proves ASELSAN's distinctive position among other companies on the list. In addition, ASELSAN was a champion in the following categories: As for the number of projects implemented at R&D Centers, ASELSAN ranked first with 1,300 projects.

- Top 50 by the Number of Staff Members with Undergraduate and Postgraduate Levels at the R&D Center in 2019
- Top 100 by the Number of Staff at the R&D Center in 2019
- Top 100 by the Number of Projects Implemented at the R&D Center in 2019
- Top 50 by the Number of Women Employees at the R&D Center in 2019
- Top 50 by the Number of Utility Models Obtained at the R&D Center in 2019

Studies of the National Local Product Development Board

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 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 the evaluation of products in terms of technological hardships, 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, 450 products (which equaled 150 brochures) in the first phase. In 2020, this number rose upon the periodic examinations of the products procured from abroad on an annual basis. 300 technical specification brochures, covering 300 products, were issued. Preparations were completed for the brochures of over 750 products in 2020. At certain intervals and based on their priority, they were presented to Clusters, Chambers of Industry and Commerce, 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 since September 2018.

In 2020, localization efforts for 84 product types were finalized thanks to internally-funded R&D projects and the localization activities undertaken with SMEs through technical specification brochures. Localization of 150 products was finalized with local companies and the rest was done by ASELSAN through internally-funded R&D projects.

Order-Based R&D Program with TÜBİTAK

As part of Turkey's local and national product development strategies, TÜBİTAK announced the TEYDEB Order-Based R&D Program and started to receive applications in 2020. Three ASELSAN projects were accepted and supported by TÜBİTAK in 2020. The Company plans to contribute to Turkey's domestic and national efforts through filing new projects in the program set to continue in 2021. The projection is to devise plans with SMEs for over 20 products.

National and local product development studies will naturally result in quicker access to products as they are based in Turkey, product procurement at more affordable costs, and ASELSAN's enhanced capability to offer its competitive quality at more attractive prices in national and international markets. In addition, these studies will significantly contribute to SMEs in Turkey in terms of equipping them with new capabilities, products, and product development processes and helping them have global sales activities.

3.4 TRY Billion

ASELSAN spent a total of TRY 3.4 billion on R&D in 2020.

Technology and Innovation Activities

One of the indispensable elements of ASELSAN's digital transformation, the Product Lifecycle Management System is expected to make the transition in between processes as well as communication between units easier, and reduce the time lost and product completion times.



ASELSAN strives to utilize its technological know-how in healthcare systems.

Product Lifecycle Management (PLM) activities continued successfully in 2020

One of the indispensable elements of ASELSAN's digital transformation, the Product Lifecycle Management System is expected to make the transition in between processes as well as communication between units easier, and reduce the time lost and product completion times. While preparing ASELSAN for the future, PLM will provide the infrastructure for concurrent engineering, which ensures interactive and productive work in all units from design and production to program management and integrated logistics support.

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 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 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 the use of ASELSAN's design capabilities related to 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 (BILKENT UMRAM). Tapping into the experience acquired in medical imaging, ASELSAN also focused on and commenced studies to address the need for AI-driven healthcare systems. 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 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 the use of local resources. The goal is to release the first product of this collaboration in 2021.

ASELSAN's second partnership in the field of life support systems is with BIOSYS, which has 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

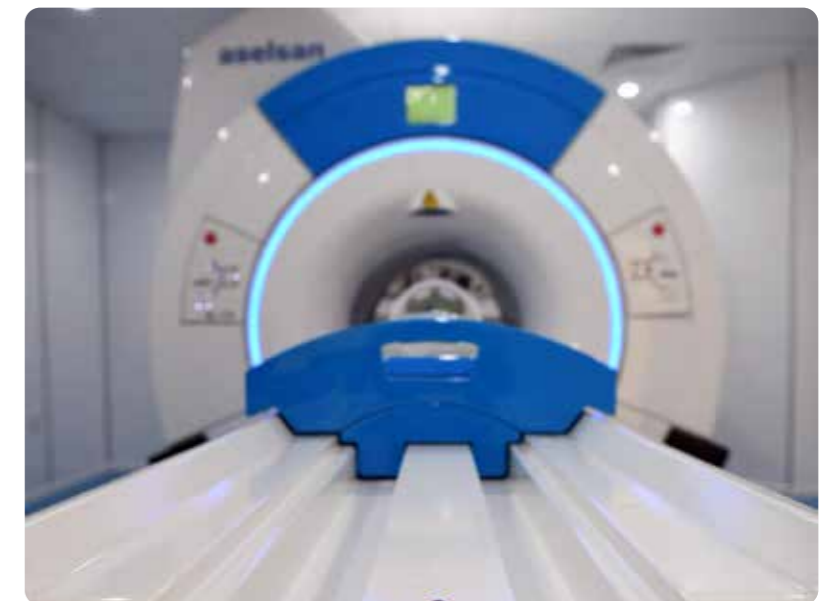
patients suffering from respiratory failure. The need for ventilators grew sharply all over the world due to the COVID-19 pandemic. Ventilators became such an urgent need that the global demand for many of the components in the device was soon impossible to meet. In an attempt to prioritize national 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. Batch production of the resulting ventilator is ongoing, and over 20 thousand ventilators have been produced in Turkey without any reliance on overseas resources.

ASELSAN Research Center runs fundamental and practical research on innovative medical imaging and signal processing methods. Research is ongoing, and intellectual property is obtained in the fields of advanced

signal processing techniques that reduce imaging times for Magnetic Resonance Imaging, Magnetic Particle Imaging (MPI) as a new imaging method, signal processing algorithms providing high precision and specificity, and radar systems capable of sensing vital signs remotely. These studies are aimed at helping Turkey attain a position to produce and export medical device technologies.

Two patent applications were filed for MPI in 2020, and five patents for this particular technology allow the Company to protect its intellectual property rights while converting these methods into products. Experience obtained through a smaller MPI prototype system developed earlier has also enabled ASELSAN to initiate an internally-funded R&D project aimed at developing an MPI system of human size. Another patent application was filed for a new quick simulation method for high-performance image creating algorithms in the field of ultrasound and acoustic underwater imaging. Investments have started in the necessary infrastructure whereby the developed methods will be validated in prototype systems. Algorithms were developed and experimental preliminary studies commenced to sense vital signs remotely.

Diagnostic systems are another area ASELSAN has preparations for. The Company aims to develop diagnostic kits and devices enabling quick, precise,



Technology and Innovation Activities

ASELSAN TRNC (ASELSAN Cyprus) conducts R&D activities in the Kalkanlı Technology Valley (KALTEV) of METU.

and cost-effective 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). The first step under these efforts involved R&D studies to develop an optics-based diagnostics system capable of diagnosing biological agents. Experience obtained through these studies helped the Company to develop the prototype for an alternative diagnostics system for the SARS-CoV-2 virus in a short span of time, i.e. 8 months, following the outbreak of the COVID-19 pandemic. Antigens for the SARS-CoV-2 virus were identified in the Research Center laboratories at Teknopark Istanbul. ASELSAN partnered with universities and institutes (Yeditepe University, TÜBİTAK MAM GMBE) to study inactive and active SARS-CoV-2 viruses. Innovative studies were carried out by the ASELSAN Research Center for automatic imaging of samples via algorithms, analysis of optical images recorded, and rapid acquisition of accurate diagnostics. Various Business Sectors contributed in their respective areas of specialization to the prototype of the device developed, and two patent applications were filed to secure intellectual property rights.

With the applications having been filed to give a start to in-hospital clinical tests, the goal is to complete the certification for the system and use it to identify different pathogens. The Company has plans to initiate innovative fundamental and practical research activities on optical spectroscopy diagnostics

methods, electrochemical diagnosis technologies, and bio-surface preparation technologies to enable multiple measurements in addition to the aforementioned studies.

While developing the system, the Company received support via the use of universities' and laboratories' infrastructures in collaboration with the local ecosystem. The system will help easily differentiate diseases that demonstrate similar symptoms. Any disease as specified and formulated as per the hospital's requirements will be diagnosed through a single sample. Cost-effective solutions will also ensure much faster diagnostics and help start a treatment path.

ASELSAN also plans to play an active role in wearable diagnostic technologies. To this end, the Company has included a diagnostic system development project for continuous blood sugar measurements in its technology roadmap.

ASELSAN TRNC R&D activities

ASELSAN TRNC (ASELSAN Cyprus) conducts R&D activities in the Kalkanlı Technology Valley (KALTEV) of METU. The focus area of this Company is meta-materials and renewable energy. Accordingly, critical advanced technology investments have been made in the Northern Cyprus Campus (KKK) of METU. The plan is to proceed with more comprehensive investments. Investment efforts for an Advanced Technology Electromagnetics and Microwave Laboratory, and Energy Systems Laboratory commenced as of the last quarter of 2020.

R&D projects in energy are carried out in tandem with METU's KKK academics and funded internally with ASELSAN's resources.

- Low/Medium Voltage Renewable Energy Control System Project to analyze and solve energy issues in housing units and small-scale facilities
- "Renewable Energy Micro-Grid Development Project" to meet energy needs of medium- and large-scale facilities with solar and wind power
- One of the most recent technologies in this field, the High Voltage DC Converter Development Project will serve as a building block to ensure energy transmission between Turkey and TRNC.

The aim of these projects is to address TRNC's energy issues from a holistic perspective to make the most of renewable energies and develop the key building blocks of energy systems through new and domestic technologies.

In this respect, talks on R&D collaboration for energy in TRNC between the TRNC Ministry of Economy and Energy, KIB-TEK, METU Northern Cyprus Campus (KKK), and ASELSAN began in 2020.

Rail systems

Capitalizing on its technological know-how in the areas of communication, control, cybersecurity, unmanned systems, radar, and software & hardware design, 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. In addition, the Company took over the domestic signaling works of the M11 metro line for the Istanbul New Airport and Gayrettepe route. Project activities are now underway. As part of the National EMU Electric Train, ASELSAN also developed the traction system, as well as the train control and management system, while static and dynamic testing with the vehicle has begun.

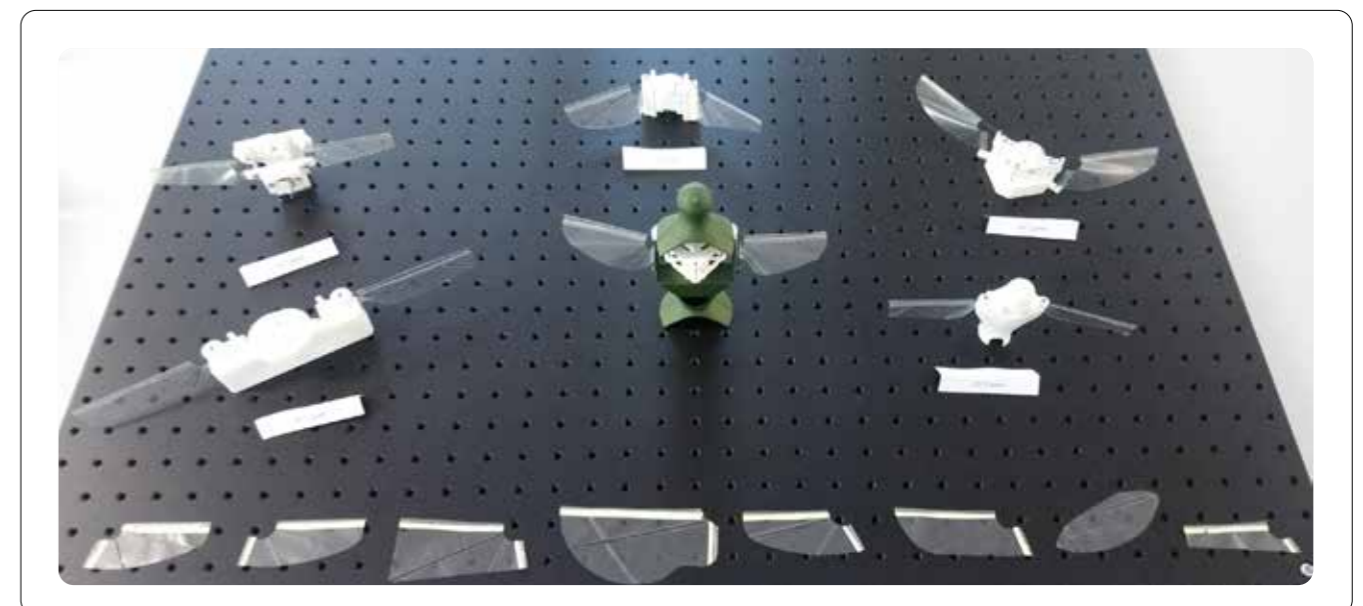
Energy systems

As part of renewable energy activities, development efforts are undertaken for high-efficiency solar inverters for the use of solar power. ASELSAN also conducts internally-funded development activities for the domestic design of wind turbines and power components for capacities above MW.

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 the 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 in the sector.

The ASELSAN Research Center conducts research projects for sensing and planning technologies to increase the autonomy level of unmanned aerial vehicles. Smart control methods are also being developed to increase energy efficiency in unmanned systems and introduce more agile maneuvers to unmanned aerial vehicles in operations.



Investment efforts for an Advanced Technology Electromagnetics and Microwave Laboratory, and Energy Systems Laboratory commenced as of the last quarter of 2020.

Technology and Innovation Activities

Having covered a long mile particularly in the field of communications, ASELSAN performs the communication payloads for Turkey's first domestic communication satellite, TÜRKSAT-6A.



The goal is to launch into orbit and deploy TÜRKSAT-6A in 2022.

Satellite/ space activities

ASELSAN undertakes intensive efforts to transfer its technology capabilities and know-how - acquired through the projects implemented to date - to the space industry, as well.

Accordingly, desired skill acquisition will broadly include the fields of sub-systems for communication between payloads for all missions in space (satellite-Earth and satellite-satellite communications); fixed and portable Earth station solutions for observation satellites; satellite communication terminals capable of missions at different frequencies on all land, air, and sea platforms.

Having covered a long mile particularly in the field of communications, ASELSAN performs the communication payloads for Turkey's first domestic communication satellite, TÜRKSAT-6A. TÜRKSAT-6A, with Ku-Band, which is the communication payload developed, is planned to serve many civilian users. The goal is to launch into orbit and deploy TÜRKSAT-6A in 2022.

A new contract was signed with TÜRKSAT, according to which ASELSAN will develop Ka-Band HUB and a Modem system. This is an important project involving the provision of Internet services to all civilian users.

In 2020, ASELSAN-TÜBİTAK and BİLGEM collaboration workshops were organized and three cooperation agreements were signed.

Another important activity performed to support civilian aerospace practices is cube satellites. ASELSAN has been the first cube satellite project conducted to this end. This project was intended to improve university-industry partnerships and to tell the history of equipment developed by ASELSAN. Tapping into the experience gained from the ASELSAT project, the Company aims to continue working on cube satellites to deliver cost and calendar-effective satellite development activities for civilian use in meteorology, agriculture, disaster, and emergency management through remote sensing technologies.

A collaboration workshop was organized and three collaboration agreements were signed with TÜBİTAK Bilgem to effectively contribute to Turkey's economic and strategic development and develop solutions that complement one another in terms of know-how, experience, expertise, and infrastructure. Led by ASELSAN, "Efforts for the Graphene and 2D Materials Focus Technology Network Roadmap" under the auspices of the Presidency of Defense Industries (SSB) were launched. Afterward, focus working groups and workshop result meetings were organized. The goal for 2021 is to report the deliverables of this study, which has been ongoing under the auspices of Presidency for Defense Industries for over one year with the broad participation of universities, enterprises, military personnel, and public institutions.



Information Systems and Information Security

In 2020, ASELSAN shaped activities related to information systems security based on the principle of full compliance with the Personal Data Protection Law (KVKK).

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 year 2020 was marked by extraordinary conditions as the COVID-19 pandemic not only hit Turkey but battered the globe and organizations had either stalled or suspended operations. Faced with the pandemic, ASELSAN took a firm stance to ensure that “ASELSAN would in no way stop.” In a manner to support this position, the Information Management Directorate promptly introduced new practices focused on continuity, security, digital transformation, and efficiency/savings. Information systems continued to deliver services in the light of these activities.

As the most effective measure to tackle the COVID-19 pandemic, social distance and online modes of working via IT systems were introduced and made available for employees in record time compared to similar practices in Turkey to eliminate the need for physical labor/meetings.

Video, audio, and text-based conference/communication systems have been deployed quickly both on the Internet and intranet platforms to provide an environment for employees to work safely without having to move between places. These systems came with various platforms in use around the world, helping eliminate the barriers to communication with the outside world. Moreover, ASELSAN's local and national BizBize video conference system was also rolled out in this period. In an effort to provide these systems not only on PC-based platforms but also on mobile devices in a secure manner, the a-ileti (e-text) mobile app was launched in this period.

In addition to such specific systems, 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 at ASELSAN. The Company's approach toward information systems management is based on:

- The ISO 27001 Information Security Management System Standard for information security;
- ISO 22301 Business Continuity Management System Standard for business continuity;
- ITIL, COBIT, ISO 20000 for Information Technologies (IT) processes and
- ISO 9001 Quality Management System frameworks and standards.

These management systems and frameworks help follow best practices such as the CIS (Center for Internet Security) Cyber Security Controls in the world, achieve continuous development, and ensure sustainable management of information systems across the organization. Risk management is a periodic process that 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 No. 6698 and relevant legislation

In the activities carried out by ASELSAN, the principle of full compliance with the Personal Data Protection Law No. 6698, secondary legislation and the fundamental opinions and policy decisions of the Personal Data Protection Board is observed. In this context, ASELSAN fulfills the necessary obligations with the Personal Data Protection Briefing



Document and its annexes. The procedures and principles applied to the protection of personal data at ASELSAN are regulated by the “ASELSAN Policy on the Protection and Processing of Personal Data and ASELSAN Policy on the Retention and Disposal of Personal Data,” and announced on the website of ASELSAN with Turkish and English texts.

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

Pursuant to ASELSAN's Information Security Policy:

“Ensuring information security is of vital importance 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.”

In addition; Users are informed with ASELSAN Websites Terms of Use, Privacy and Cookie Policy, and the principles applied to people using websites are regulated in detail.

Pursuant to the Business Continuity Policy:

“As a leading player in the global defense industry, ASELSAN regards the 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 addition; users are informed of ASELSAN Websites Terms of Use, Privacy and Cookie Policy, and the principles applied to people using websites are regulated in detail.

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 adopts 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 the users' information security awareness and informs them on the latest information security incidents. A phishing simulation was made in 2020 to maximize users' responsiveness to information security.

DAG, namely Data Access Governance, was adopted in 2020 to strengthen corporate memory and govern the access to unstructured data as a significant source of information for organizations.

Meanwhile, the Cyber Security Operations Center, where security monitoring, response, and hardening efforts are integrated, continued its work in 2020. An open-source platform was put to use to provide file integrity control, application vulnerability control, and CIS scoring capabilities for critical servers. The center performs regular penetration tests and exercises on IT systems to ensure security controls are continuously improved. Similarly, security configurations are regularly tested in terms of current threats with the attack vector simulator deployed in this period for improvement purposes.

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 as part of IT, import, export, transit, customs, and foreign trade processes. Currently, under the supervision of the Information Management Directorate, the system was re-certified in 2019 and this certification was maintained subsequent to successful internal and external audits in 2020. 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 maintained based on the principles of continuous development, as demonstrated in the follow-up audit conducted in January 2021 for 2020 due to the pandemic.

Information Systems and Information Security

The number of campuses supported by Information Systems Management is 13, and the number of ASELSAN subsidiaries is 5.



The number of IT hardware managed at ASELSAN is 99,479.

Information Systems Management in Figures

Number of Employees/Users	8,936
Average Age	33
Number of Facilities/Premises Supported	13
Number of ASELSAN Affiliates Supported	5
Managed IT Hardware	99,479

Legal Affairs' Activities on Information Security and Protection of Personal Data

1.

As per Article 12 of the Personal Data Protection Law no. 6698 (the "Law"), in cases where personal data is accessed by third parties for malicious purposes, the data controller is obliged to provide information to data subjects, the personal data of whom is compromised, on such infringement within a reasonable time period and notify the Personal Data Protection Authority (the "Authority") on this matter. Where necessary, such breach may be announced on the official website of the Authority or in any other way it deems appropriate.

In addition, ASELSAN finalizes the requests submitted to it by relevant persons under Article 11 of the Law within 30 days in accordance with the matters specified in Article 6 of the same Law. ASELSAN also complies with the matters governed under the "Principles" and "Effect of the Policy, Incidents of Breach, and Sanctions" sections of ASELSAN's Personal Data Retention and Disposal Policy in responding to and finalizing such requests at no additional cost within 30 days and reporting the result of such request to relevant persons.

2.

ASELSAN is in full compliance with the Law, secondary legislation, and any guidelines and manuals issued by the Personal Data Protection Authority. ASELSAN provides a "Personal Data Protection Briefing Document" to employees, visitors on its campuses, business partners, suppliers, and every individual the personal data of whom ASELSAN processes on a case by case basis. Where necessary, "Explicit Consent Declaration Forms" are obtained from these individuals along with other agreements and covenants if personal data is to be processed and transferred. As for cases where ASELSAN transfers personal data, written assurances are obtained from the parties to whom the data is to be transferred that personal data will be processed in accordance with all

applicable laws and rules. Pursuant to the law, ASELSAN introduced internal regulations including the ASELSAN Policy on the Protection and Processing of Personal Data and the ASELSAN Policy on the Retention and Disposal of Personal Data ("Policies"). The Company guarantees and enforces the implementation of these rules in all relevant processes since the Policies also govern the procedures of obtaining the forms and agreements specified above.

3.

As specified in article (b) of ASELSAN's Personal Data Processing Briefing Document, as well as in Section 2 of the Policy on the Protection and Processing of Personal Data, ASELSAN processes personal data in full compliance with the terms stipulated in the Personal Data Protection Law no. 6698 and adopts the measures set forth by the Personal Data Protection Authority. In this respect, ASELSAN processes only those personal data as described in Section 3.1 of the Policy on the Protection and Processing of Personal Data.

Meanwhile, ASELSAN processes personal data as stipulated on Pages 3 to 8 of the Policy on the Retention and Disposal of Personal Data and is limited to the lawful purposes described previously. If the relevant person's explicit consent is required under applicable law, a Briefing Document is drawn up in line with the purpose for which the data will be processed and the document also describes the case where such data will be processed. Explicit consent is sought only after the completion of all these procedures. Data subject's personal data is processed only for the purposes specified and then disposed of as laid out in the relevant Policy.

4.

As for cases where ASELSAN transfers personal data, written assurances are obtained from the parties to whom the data is to be transferred that personal data will be processed in accordance with all applicable laws and rules. In addition, ASELSAN includes in every

contract it signs special provisions to guarantee compliance with the Law and secondary legislation in the processing of personal data. The Company also obliges the organizations and entities it does business with to enforce these provisions. These matters are governed by the ASELSAN Policy on the Protection and Processing of Personal Data and the ASELSAN Policy on the Retention and Disposal of Personal Data ("Policies"), which are available in Turkish and English and can be accessed at www.aselsan.com.tr/KVK and www.aselsan.com.tr/en/home-page/pdp. The Company guarantees and enforces the implementation of these rules in all relevant processes since the Policies also govern the procedures of obtaining the forms and agreements specified above.

The ASELSAN Personal Data Committee (the "Committee") was established for the purposes of monitoring the processes relating to personal data protection as per the provisions in Article 7 of the ASELSAN Policy on the Retention and Disposal of Personal Data available in English and Turkish at ASELSAN's website. Consisting of senior managers at ASELSAN, the Committee is in charge of ensuring the compliance of all ASELSAN units with these Policies and managing processes regarding personal data. The Committee can be accessed at kvk@aselsan.com.tr.

Risk assessments and matters regarding the measures taken are governed by the ASELSAN Policy on the Protection and Processing of Personal Data and the ASELSAN Policy on the Retention and Disposal of Personal Data ("Policies"), which are available in Turkish and English and can be accessed at www.aselsan.com.tr/KVK and www.aselsan.com.tr/en/home-page/pdp. These Policies are in effect in all processes and procedures carried out within the Company. As per Article 5 of the ASELSAN Policy on the Protection and Processing of Personal Data, however, laws and regulations on personal data are monitored to update the Policy and adopt necessary measures accordingly.

Our Value-Driven Supply Chain Management

As a global brand in its industry, ASELSAN effectively and smoothly carries out its domestic and overseas supply processes at global standards.

ASELSAN's supply chain plays a role in the execution of all activities from the signature stage of the projects to the post-delivery process.

For ASELSAN, one of the most important links in its value chain is the suppliers since they have a 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 execution 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.

World-class supply approaches

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, in 2017 upon the approval of the Board, ASELSAN became a member of the Supply Chain Management Association (TEDAR), which is a non-governmental organization with a significant role in the Turkish business world.

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.



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

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 apply to 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

ASELSAN's Supply Workshop for 2020 was unfortunately postponed due to the COVID-19 pandemic after the first two editions in 2018 and 2019.

Supplier Evaluation

In 2020, ASELSAN conducted environmental and social evaluations on 56 companies and started collaborations with 29 of them.

ASELSAN's supply policies can be found on the corporate website of the Company.

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

Administrative Evaluation Issues

- 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 on 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 2020, ASELSAN conducted environmental and social evaluations on 56 companies and started collaborations with 29 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.

Supplier Selection and Evaluation Process

At ASELSAN, suppliers go through different selection and evaluation criteria depending on their qualifications and fields of operation. Applications of suppliers wishing to work with ASELSAN are received electronically. Supplier records are retained electronically, and their performance is monitored via the Enterprise Resource Planning System.

Suppliers whose design or production activities fulfill ASELSAN's documentation and/or requirements are inspected as part of preliminary evaluations. In these inspections, there are separate questions on the firm's administrative, production, design, and quality systems. Sets of questions are determined looking at the firm itself and expanded with administrative and quality system evaluation questions in addition to the production and/or design question sets as per the field of operation.

After the inspection, firms that score above pre-defined points are entitled to become "Approved Supply Industry Firm." Firms that are considered to have critical shortcomings regarding their production/design infrastructure may end up not getting any approval from the Inspection Board despite scoring enough points.

Performance Inspection may be planned for approved firms depending on their performance results retrieved from the ERP system. A Performance Inspection may also be deemed necessary if a supplier went through significant changes (change of address, renovation of the plant, etc.) that ASELSAN thinks will have an impact on that supplier's administrative, production, or quality structures or on the product quality.

Ethical Principles and Code of Conduct for Suppliers

ASELSAN formulated the Ethical Principles and Code of Conduct for Suppliers so that all suppliers adopt and implement ethical principles and code of conduct, communicate it to their employees, and require them to pay ultimate attention to these rules. The Ethical Principles and Code of Conduct for Suppliers are available on ASELSAN's corporate website and www.gucumuzbir.com.

These rules include and are not limited to general business ethics principles, and matters relating to the environment, occupational health and safety, remuneration, child labor, working times and conditions, and universal human rights. Suppliers' internal practices in the field of ethics, and whether they implement separate sustainable supply policies for their suppliers are also evaluated and examined during supplier risk assessments.

Determining Critical Suppliers

ASELSAN identifies critical suppliers considering certain criteria including but not limited to existing business volumes, product/category criticality, reliance on the supplier, the number of batches in shipments, and the number of products procured. Priority is given to critical suppliers in supplier risk assessments and supplier development activities.

The Kraljic Matrix Analysis is performed to determine how critical a product/category is. Each material/material group business sectors procure has 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.

Supplier Evaluation

Currently, the Company has 378 Tier 1 suppliers, which represent 49% of the overall spending in procurement.

		SUPPLY RISK						IMPACT ON PROFITABILITY			SUPPLY CLASS	
		3			2			1				
		High	Medium	Low	High	Medium	Low	High	Medium	Low		
Pro-duction	Cabling	Cx Cabling			1			1			1	NON-CRITICAL
		Fiber Optic Cabling	1								1	BOTTLENECK
		Internal			1						1	NON-CRITICAL
		Cable Network			1						1	NON-CRITICAL
		Rf Cabling		1			1					NON-CRITICAL
		Semi-rigid			1						1	NON-CRITICAL
	Cabling Processes		1							1	NON-CRITICAL	
	Card Sets Production	Production		1				1				NON-CRITICAL
		Software Upload		1						1		NON-CRITICAL
		Test	1					1				BOTTLENECK
	Rubber Based Material Production			1						1		NON-CRITICAL
	Welding Operations			1						1		NON-CRITICAL
	Composite Based Material Production	1				1						STRATEGIC
	Construction		1					1				NON-CRITICAL
	Foam, Sponge Cut			1						1		NON-CRITICAL
	Metal Extrusion Processes			1						1		NON-CRITICAL
	Metal Injection Processes			1						1		NON-CRITICAL
	Microwave Modules and Filters	1						1				BOTTLENECK
	Optic Material Production	1				1						STRATEGIC
	Production Requiring Special Processes	Friction Stir Welding (FSW)		1				1				NON-CRITICAL
		Deep Brazing	1					1				BOTTLENECK
		Vacuum Brazing	1					1				BOTTLENECK
		Gear Production	1					1				BOTTLENECK
	Plastic Injection Processes			1						1		NON-CRITICAL
	Sheet Metal Material Production		1							1		NON-CRITICAL
	System Integration	1				1						STRATEGIC
	Machining	Simple Mechanical Production			1						1	NON-CRITICAL
		Precision Mechanical Production	1				1					STRATEGIC
Microwave Mechanical Production		1					1				BOTTLENECK	
Ultrasonic Welding Processes			1						1		NON-CRITICAL	
Spring Material Production		1							1		NON-CRITICAL	
Fast Prototyping			1				1				NON-CRITICAL	
Printed Circuit Board (PCB)	1				1						STRATEGIC	

Currently, the Company has 378 Tier 1 suppliers, which represent 49% of the overall spending in procurement. There are 81 Critical Tier 1 suppliers. They represent 39.7% of the total amount procured from critical Tier 1 suppliers and make up 80.5% of the supply activities performed with all Tier 1 suppliers. ASELSAN works with 297 non-critical Tier 1 suppliers, representing 9.3% of the overall spending in procurement.

Type of Supplier	Total Number of Suppliers	Ratio in Overall Supply Spending (%)
Total Tier 1	378	49.0%
Critical Tier 1	81	39.7% (~80.5% of total Tier 1)
Non-Critical Tier 1	297	9.3%

Supplier Rewarding System

ASELSAN recognizes the efforts of suppliers who deliver extraordinary contributions to its existing operations, business continuity, and achievements. In 2021, the Company plans to roll out a Supplier Rewarding System where it will reward suppliers for excellence in three categories. These categories are as follows:

1) SUPPLIER EXCELLENCE AWARD

It covers suppliers who significantly contribute to ASELSAN's operations and achievements, having ensured organizational excellence in all their managerial, operational, social and environmental practices.

2) SUPPLIER LOCALIZATION AWARD

It covers suppliers who provide outstanding support to ASELSAN's localization activities.

3) SUPPLIER SUSTAINABILITY AWARD

It covers suppliers who have attained outstanding achievements in environmental and social sustainability practices that ASELSAN regards as a top priority.

The rewarding system is intended to encourage suppliers to develop their processes and minimize sustainability risks.

Supplier Risk Management

Managing the risks related to the supplier ecosystem is essential for ASELSAN to achieve business continuity and long-term goals. ASELSAN established a Supplier Risk Management System aimed at effective management of existing supplier risks.

This system enables close contact with suppliers and helps perform risk analyses during visits based on question sets and data analytics based on supplier data. Impact and likelihood regarding 64 sub-criteria for risks under the headings of financial, managerial, legal, ethical, quality, logistics, production, after-sales support, security, reliance, social and environmental risks are evaluated. Risk

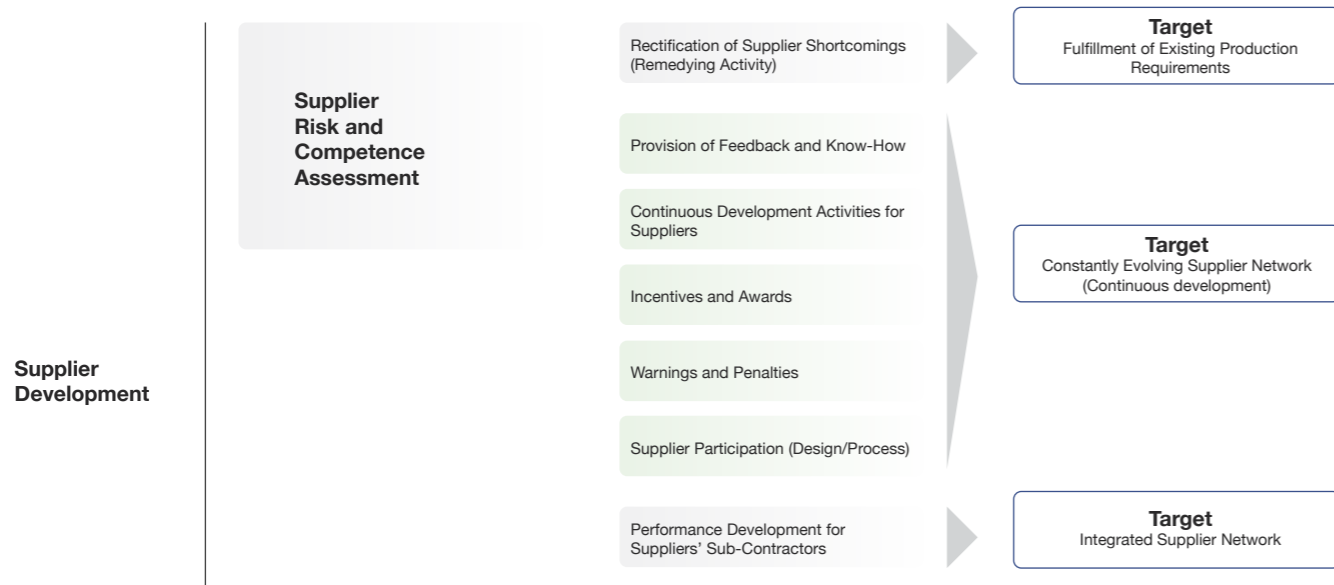
scores are calculated separately for each supplier. Corrective action and development activities required on the supplier's side are determined in light of these scores.

The quality management infrastructure, product quality, on-time delivery performance, production infrastructure/adequacy, financial stability, and organizational management risks are considered most critical in terms of their impact on ASELSAN's business continuity. The existence of such risks plays a key role in identifying high-risk suppliers. In the meantime, environmental, occupational health and safety, business ethics, and social risks are among critical sustainability risks that ASELSAN particularly looks into. Risk areas identified are reported to suppliers as an opportunity for improvement/development, while they are expected to take action within a predefined period of time. Follow-up visits are organized to monitor improvement efforts and measures taken. Medium-risk suppliers are visited once every 6 months, and low-risk suppliers once a year. Prompt response is given in high-risk areas. As part of supplier development, there are plans to conduct joint improvement efforts and deliver mentoring and training sessions to suppliers with respect to risk areas.



Supplier Evaluation

ASELSAN's Supplier Risk Management and Supplier Development System is described below.



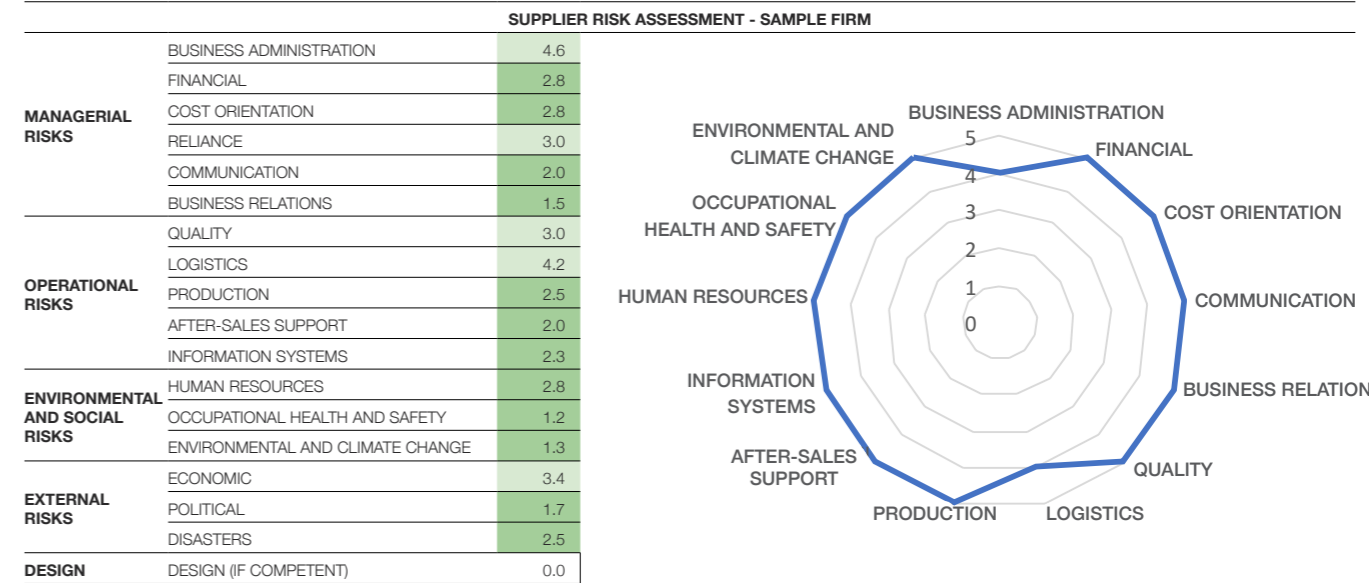
Supplier risk assessment activities began in August 2020, and a total of 72 firms went through risk assessments. Goals regarding supplier risks:

- High Risk **Critical** Rate of Suppliers: 0%
- Rate of High-Risk Suppliers <1%

In 2020, only one Tier-1 supplier was identified to be posing High Risk, while such risks have been reduced through remedying practices as of 2021. No supplier has been found to be posing a High Risk in 2021.

Risk assessments for EMM & Card companies, as well as supplier risks are provided in the comparative table below together with risk sub-headings:

		Firm 1	Firm 2	Firm 3	Firm 4	Firm 5	Firm 6	Firm 7	Firm 8	Firm 9	Firm 10	Firm 11	Firm 12	Firm 13	Firm 14	Firm 15	Firm 16
MANAGERIAL RISKS	BUSINESS ADMINISTRATION	2.6	2.6	4.6	3.8	2.9	4.8	5.6	5.6	5.3	5.6	5.2	6.0	6.2	6.1	8.7	8.7
	FINANCIAL	2.8	2.8	2.8	3.5	2.8	2.8	2.8	2.8	2.8	4.3	2.8	2.8	2.8	2.8	2.8	2.8
	COST ORIENTATION	5.3	6.0	2.8	4.5	6.0	4.5	7.5	6.8	8.3	4.5	6.0	5.3	3.8	7.5	12.0	10.5
	RELIANCE	6.0	4.8	3.0	4.8	3.6	3.6	3.6	3.6	3.6	3.6	4.8	3.6	3.6	14.4	4.8	3.6
	COMMUNICATION	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0	2.0	9.0	2.0	4.0	2.0	2.0
	RELATIONAL	1.5	3.0	1.5	2.5	1.5	2.5	1.5	1.5	2.5	1.5	1.5	3.0	3.0	2.0	2.5	2.5
OPERATIONAL RISKS	QUALITY	3.0	3.8	3.0	3.0	4.4	3.1	3.0	5.1	4.4	3.5	6.1	3.8	6.9	5.3	8.3	7.3
	LOGISTICS	3.6	3.2	4.2	3.4	3.4	4.4	4.2	4.2	3.4	4.2	4.2	6.0	4.6	7.6	4.0	6.4
	PRODUCTION	2.4	2.6	2.5	2.7	3.0	2.4	2.2	2.8	3.4	3.5	3.5	3.0	4.5	4.1	4.6	3.7
	AFTER-SALES SUPPORT	2.0	2.0	2.0	2.0	2.0	4.0	2.0	2.0	2.0	2.0	5.0	7.0	6.0	4.0	6.0	5.0
	INFORMATION SYSTEMS	2.3	2.3	2.3	2.3	2.3	2.3	2.3	5.0	7.0	2.3	4.7	2.3	7.0	6.3	7.0	6.0
ENVIRONMENTAL AND SOCIAL RISKS	HUMAN RESOURCES	2.4	4.3	2.8	2.8	2.8	4.0	2.8	3.3	3.8	4.4	2.9	3.5	2.8	3.1	5.4	7.3
	OCCUPATIONAL HEALTH AND SAFETY	1.8	1.2	1.2	1.2	2.2	1.2	1.2	1.2	1.5	1.2	1.2	2.0	1.2	1.2	2.2	1.8
	ENVIRONMENTAL AND CLIMATE CHANGE	3.3	1.3	1.3	2.7	3.0	2.7	2.8	1.3	3.5	2.8	3.3	2.0	1.3	4.3	5.3	6.7
EXTERNAL RISKS	ECONOMIC	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
	POLITICAL	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
	DISASTERS	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
TOTAL RISK		3.1	3.2	3.3	3.3	3.4	3.6	3.6	4.0	4.0	4.0	4.3	4.5	4.7	5.8	5.7	5.9
DESIGN	DESIGN (IF COMPETENT)	2.5	2.5			2.5		2.5		2.5	4.0		2.5	2.5	2.5		4.0
	APPROVAL STATUS	Yes	Yes	No	No	Yes	No	Yes	No	Yes	Yes	No	Yes	Yes	Yes	No	Yes



Supplier Evaluation

As part of these activities, the Company paid visits to medium-risk suppliers and helped them complete suggested corrective actions and eliminate/reduce risks.

In 2021, suppliers will be expected to follow up a series of indicators such as consumption of water, energy, and fuel; monitor energy consumption per employee; and conduct planned works for the purposes of CDP.

Supplier Risk Management Indicators

ASELSAN defines the risk of all approved suppliers, particularly that of critical suppliers; plans monitoring and corrective activities for the risk areas of high-risk suppliers; and supports suppliers in minimizing their risks through practices such as training and mentoring. As part of these activities, the Company paid visits to medium-risk suppliers and helped them complete suggested corrective actions and eliminate/reduce risks. ASELSAN evaluates the working conditions and approval status of suppliers posing persistent high risk separately. Indicators ASELSAN looks into are as follows:

- 1. High-Risk Supplier Ratio = 0% (2021)

ESG Risks

- 1. Ratio of High ESG Risk Suppliers = 0%
- 2. Ratio of Medium ESG Risk Suppliers = 23.6%
- 3. Ratio of Low ESG Risk Suppliers = 76.4%

Although some firms have appropriate/adequate ESG processes in place, shortcomings may be spotted in relation to targets, policies, or certificates, in addition to managerial (monitoring, ownership, etc.) shortcomings and shortcomings in implementation (lack of an Ethics and Code of Conduct document, failure to use safety footwear where necessary, etc.). These firms are then included in the medium-risk group. They are provided with a reasonable time period for corrective action to tackle these shortcomings, after which they are re-added into the low-risk group when improvements are confirmed.

In the coming period, progress in Overall Quality and On-Time Delivery will also be followed as an indicator as part of supplier risks. In 2021, suppliers will be expected to follow up a series of indicators such as consumption of water, energy, and fuel; monitor energy consumption per employee; and conduct planned works for the purposes of CDP. Necessary data will be collected through visits, surveys, and other means to this end.

Feedback on the areas of improvement is provided to suppliers found to be posing risks, while a reasonable time period is granted for improvement and follow-up visits are paid at following intervals.

ASELSAN takes ESG factors into account during the risk analyses it performs in the selection of new suppliers and the activities of existing suppliers.

In the past 12 months, one high-risk supplier took corrective action and improved its quality system, storage conditions, lifted item management system, and OHS processes. These helped the firm to be re-added in the medium-risk group.

High-Risk Supplier Ratio (2020) = 0.26%
High-Risk Supplier Ratio (2021) = 0%

ESG (Environmental, Social & Governance) Integration in Supply Chain Strategies

ASELSAN's core strategy in supply chain management is to reach business excellence in supply chain processes, contribute to ASELSAN's sustainable growth and competitive edge, and meet the needs in a timely, complete, and most cost-effective manner.

ASELSAN takes ESG factors into account during the risk analyses it performs in the selection of new suppliers and the activities of existing suppliers.

In April 2021, ASELSAN went

through the ISO 50001:2018 EnYS audit and therefore established the ENERGY EFFICIENT PROCUREMENT PROCEDURE for procurement practices. Efforts were undertaken to introduce new process-related practices such as consideration of energy efficiency at the time of procurement. Integration and minimization of logistics activities, prioritization of environmentally-friendly technologies in machinery/equipment are also among these practices. The plan for the coming period is to set some indicators to monitor and report the gains to be achieved by the Company.

The ratio of suppliers' ESG risks in the overall risks is 12%. Quality, on-time delivery, and managerial risks are regarded as the most critical risks for ASELSAN's business continuity.

Supply Chain Transparency and Reporting

Information including but not limited to the number of domestic suppliers, amount of orders placed and payments made, and the number of pending orders are reported to the public transparently in ASELSAN's Annual Reports.

Conflict Minerals

ASELSAN's policy on conflict minerals is published on the Company's website and Powerful Together (Gücümüz Bir) platform. Currently, no conflict mineral is purchased by ASELSAN, while only supply industry firms in certain categories (such as Paint/Coating, Card, etc.) procure these materials. Relevant companies' dealings with conflict minerals are examined under the Supplier Risk Management System to evaluate their risks and vulnerabilities in terms of conflict minerals. Risks with all existing painting/coating and card firms were examined, and their procurement activities were found to comply with the principles in relation to conflict minerals.

Sub-Industry Capacity Program

The Company established 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. Phase II development efforts commenced moving the system to Power BI in late 2020.

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 are evaluated and capacities are monitored.

RISK SCORE	DEFINITION	REVIEW PERIOD	ACTIONS
12-25	CATASTROPHIC RISK	<1 Month	Risk is in no way acceptable. It must be immediately addressed by all resources to prevent it from occurring or action must be taken to eliminate it if it already occurred.
8-12	HIGH RISK	1-2 Months	Risk is not acceptable. Immediate action must be taken to prevent it or it should be eliminated if it already occurred.
5-8	MEDIUM RISK	3-6 Months	Although the risk is acceptable, it must be continuously monitored, and short- or medium-term plans are made to prevent the risk or eliminate it if it already occurred.
3-5	LOW RISK	6 Months	Although the risk is acceptable, it must be continuously monitored and plans made to prevent it.
1-3	VERY LOW RISK	1 Year	Risk is acceptable and no action is needed.

Supplier Evaluation

Currently, no conflict mineral is purchased by ASELSAN, while only supply industry firms in certain categories (such as Paint/Coating, Card, etc.) procure these materials.

The system is intended to help place orders considering these firms' capacities, utilize the sufficient capacities that are approved but idle firms can offer, and prevent any failure to make forward-looking plans due to uncertain capacities.

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 outstanding performance in this field, and have 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 2020, the Company signed Strategic Cooperation Agreements with 14 additional companies, raising the number of cooperation agreements to 50.



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

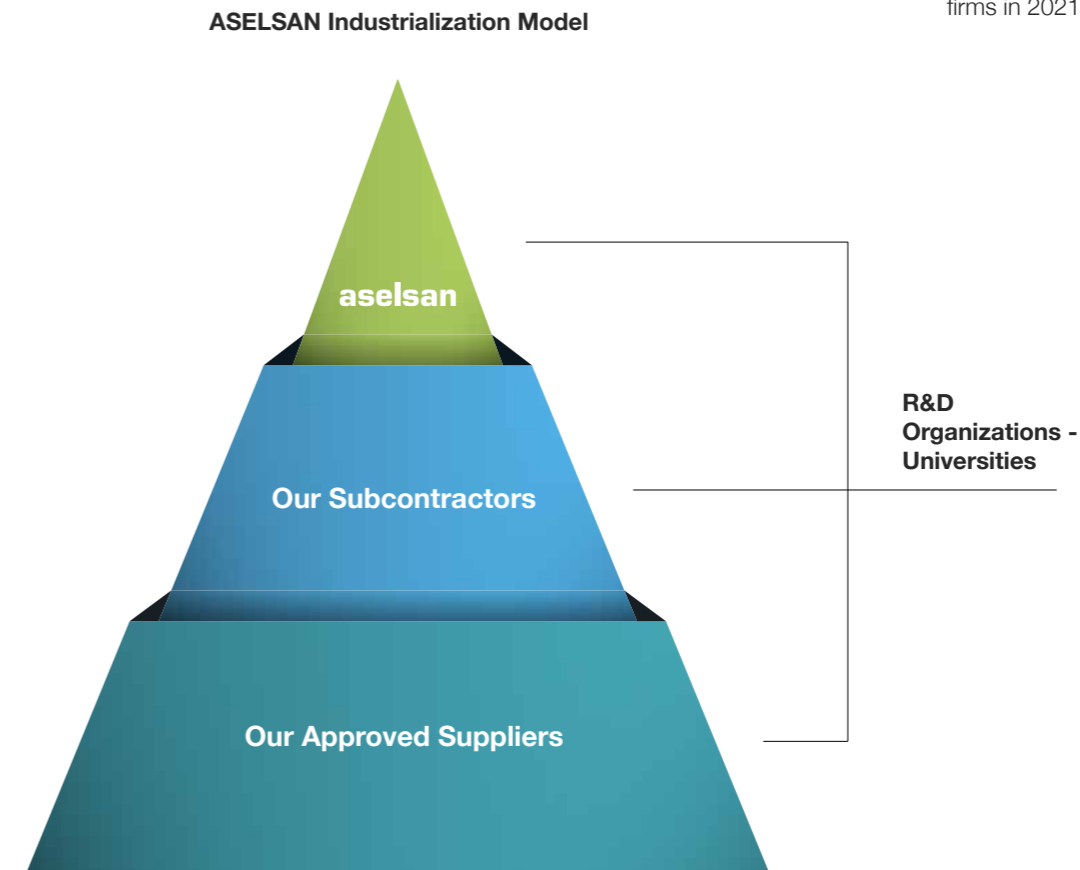
An Exemplary Industrialization Model for the Sub-Industry

Works have been initiated to help carry out sub-industry activities more effectively and allow medium-scale 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 Presidency for Defense Industry.

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 supply ecosystems and provide full support to the industrialization model. In 2020, seven headings were determined during preparations for the list of questions in inspections. An inspector pool of 85 people, as well as general principles, were established, with plans to initiate inspections of pilot firms in 2021.



Supplier Evaluation

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. Set to measure the performance in 2020, it will be deployed in 2021. The introduction of scorecard practices into purchase and sale processes is intended to prioritize successful firms in requests for proposals 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.

ERP No	Supplier	Production Place	Lot Number	Approved Field of Activity	Quality Score	Delivery Score	Audit Score	MGM Score	TGB Score	Total Score	Total Status
XXX	YYYYY		12066	Test Infrastructure Design; Mechanical Design; Hardware Design; PRODUCTION OF CARD SETS; EMM; CABLING	95.94	60.65	78.62	48.74		74.34	B
XXX		1100	5378		94.91	54.02	78.62	48.74		72.04	B
XXX		2100	3038		99.10	39.85	78.62	48.74		70.15	B
XXX		3100	537		92.33	70.68	78.62	48.74		75.37	B
XXX		4100	1881		99.43	78.22	78.62	48.74		80.79	B
XXX		5100	1232		60.92	84.69	78.62	48.74		64.33	C

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



94 firms have utilized the Supplier Financing System at ASELSAN and were extended loans totaling USD 134 million to date.

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 one additional bank in 2020, raising the number of partner banks to 12. So far, 94 firms have used the system, and loans worth USD 134 million were extended, USD 37 million of which was provided in 2020. The system has contributed to the financial sustainability of the firms within ASELSAN's ecosystem.

"Gücümüz Bir (Powerful Together)" Platform
www.gucumuzbir.com

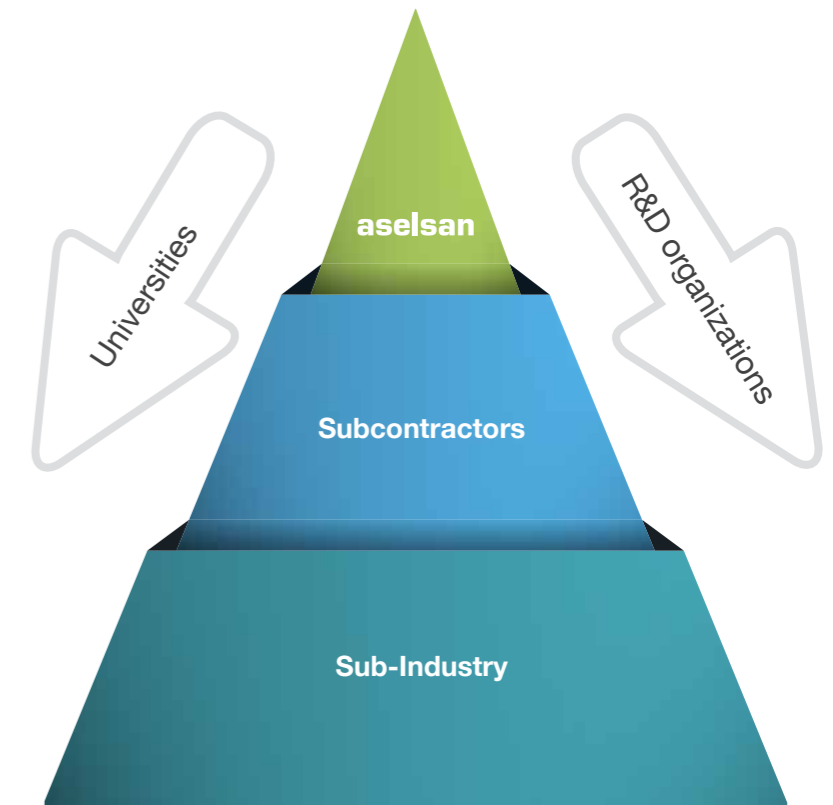
ASELSAN established a pioneering and innovative platform for the purposes of fostering the bond with suppliers, boosting the effectiveness of localization efforts, reducing Turkey's reliance on foreign resources, and run partnerships with suppliers under an integrated structure. Named "Gücümüz Bir (Powerful 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 via training, and assist them in reaching the human resources they need.



Supplier Evaluation

At ASELSAN, Supplier Scorecard development activities continued in 2020 for the purposes of measuring the performance of approved sub-industry firms with a scorecard.



As per ASELSAN's procurement projections for the next three years, the amount that remained in the country thanks to the now local products is USD 126 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, 450 products (which equaled 140 brochures) in the first phase. With the most recent launch, the number has risen to 300, which equals 450 brochures covering 750 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:

- Some 300 firms have filed around 900 applications for the brochures covering 750 products.
- Negotiations, production or validation processes for over 300 products are ongoing.
- The validation and approval process for 23 products with a completed prototype is ongoing.
- The Company finalized efforts

to localize 350 different product ranges, 56 of which are featured in brochures; local orders in the amount of USD 47 million have been given for 131 products.

- As per the procurement projections for the next three years, and regarding 350 products that are now local:
 - The amount remaining in Turkey equals USD 126 million;
 - Earnings correspond to USD 44 million;
 - And the share of local products at more affordable prices than that of overseas prices has reached 88%.

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 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 a 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 the Ministry of Industry and Technology and issues a memorandum of understanding for the companies as and when needed.

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.

Environmental Management

As part of the efforts toward minimizing environmental impacts, ASELSAN launched the Zero Waste Initiative at its facilities. The development works for the initiative continued in the 2020 operating period.

In 2020, ASELSAN delivered online environmental protection training to 5,038 employees.

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 the 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.

We add value to the future through the Zero Waste Initiative

ASELSAN's works aimed at mitigating environmental impacts are performed at Macunköy, Akyurt I, Akyurt II and Gölbaşı facilities in line with the ISO 14001:2015 Environmental Management System. The scope of the Zero Waste Initiative introduced in the last quarter of 2019 to this end was expanded and awareness-raising practices performed in 2020. Waste Coordinators have been assigned to the facilities for the inspection and improvement of the implementation of the Zero Waste Principles.

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.

Alternative awareness-raising means are utilized to raise Zero Waste awareness and establish a culture for sustainable integrated management systems. Contests are organized at certain intervals to achieve this goal.

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 facilitating 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.

Online environmental training for 5,038 employees

As an environmentally sensitive company, ASELSAN organizes regular online environmental training for employees every year. In 2020, ASELSAN delivered online environmental protection training to 5,038 employees. Furthermore, in line with the ISO 14001 Environmental Management System and applicable laws, drills are organized 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

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

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 to raise the environmental awareness of children. The theme for 2020 was environmental protection. Accordingly, the painting contest was intended to raise the awareness of employees' children and enable them to address a series of topics such as waste reduction, limited consumption of natural resources, environmental protection, global warming, efficient use of energy, renewables, zero waste. The effectiveness of these activities is evaluated by the Senior Management at Management Review meetings held during the year. No environmental accident occurred in 2020 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.



Climate Change Management

ASELSAN collaborates with the Turkish Ministry of Environment and Urbanization and the Turkish Ministry of Agriculture and Forestry as part of its social responsibility towards climate change.

ASELSAN's GHG emissions are managed in line with the ISO 14001 and ISO 14064 standards.

EMISSIONS AND ENERGY

Striving to ensure responsible and effective management of the resources it uses, ASELSAN has received the firm support of the Senior Management in the implementation of the ISO 50001:2018 Energy Management System, which is a management approach promoting responsible and efficient energy consumption. Accordingly, Energy Management System preparatory works were completed at all facilities in April 2021 to obtain the ISO 50001:2018 Energy Management System Certificate. Energy management activities pertain to processes/production, procurement 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. Studies were carried out and enhancements introduced following which areas were determined for Efficiency Enhancement Projects (VAPs). Planning and investment projects were initiated accordingly. In addition, these goals also include reduction of emissions, which is a direct result of the activities performed to achieve efficiency and reduce energy density.

Firm steps to combat 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. In this respect, internal and external inspections were performed on the 2020 data in line with the ISO 14064 standard.

ASELSAN is committed to "identifying climate change risks and managing them in line with applicable laws; monitoring and tracking, and transparently reporting its greenhouse gas emissions to mitigate the impact of climate change; closely following the sustainable programs developed in and outside Turkey to tackle environmental issues, and maximizing the added value generated for sustainability."

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 Climate Change Unit and CDP 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 Sources

Scope 1
"Direct greenhouse gas emissions" are calculated as greenhouse gas emissions from ASELSAN's sources.

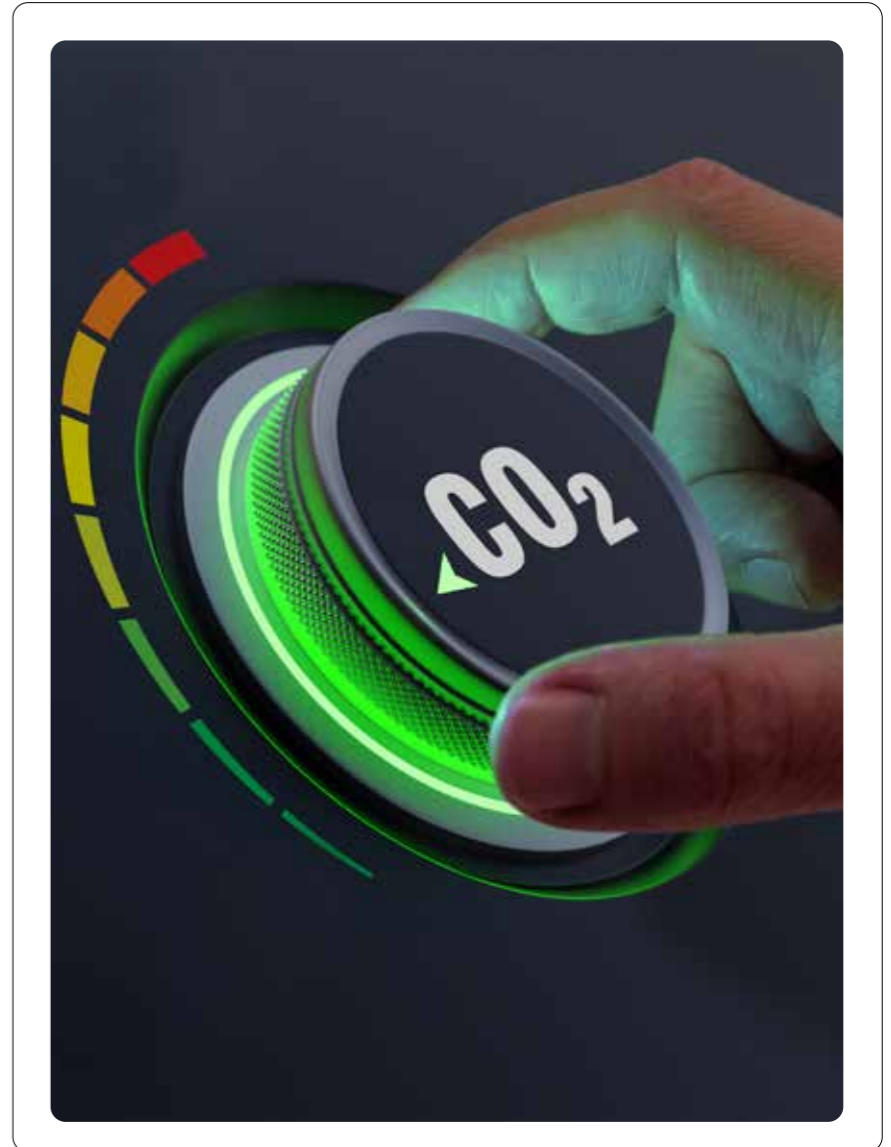
Scope 2
"Electricity indirect GHG emissions" are calculated as GHG emissions from consumption of purchased electricity.

Scope 3
"Other indirect GHG emissions" are calculated as other indirect emissions such as personnel shuttles, wastewater, waste disposal, water supply, use of materials (food, glass, or paper from cafeterias), travel (flights), raw material procurement, and highway transport.

Sustainable Carbon Emissions Management

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 2020

Data on emissions from ASELSAN's activities are provided in the table. The thresholds and scope of reporting are expanded every year for sustainable development. New functional areas formed at ASELSAN are included in the scope of reporting and Scope 3 data is diversified thanks to the provision of reliable data. In 2020, works were carried for transition to the ISO 14064:2018 version set to change the content of the report. The goal is to finalize the transition by 2022.



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 for 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
2020	14,690	42,320	14,170

ASELSAN's emission value per unit between January 1 and December 31, 2020, was 0.0035 tCO₂e/TRY 1,000.

- Considering that the emission density calculated for the year 2019 was 0.0040 tCO₂ e/TRY 1,000, an 11.3% year-on-year improvement was attained in 2020.
- 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 74.02% between 2016 and 2020.

Climate Change Management

ASELSAN organizes training on Climate Change Management for its employees and carries out awareness raising activities.

Suppliers are also updated on carbon management during the supplier visits paid throughout the year to raise their awareness on this issue.

The Company's energy consumption between the years 2017 and 2020 is provided in the table below.

Energy Consumption	Unit	2017	2018	2019	2020
A) Nonrenewable Fuel Purchased and Consumed (Natural Gas + Diesel)	MWh	52,295	45,285	47,213	56,507
B) Nonrenewable Electricity Purchased	MWh	80,110	82,430	81,730	88,169
Total Nonrenewable Energy Consumption	MWh	132,405	127,715	128,943	144,676
Total Cost of Energy Consumed	TRY	19,782,707	28,240,039	37,589,014	46,121,137

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 2020 reporting results, ASELSAN maintained its successful position by scoring A- for consecutive years.

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 climate change management for employees. Activities performed and reports drawn within this scope provide input to the Management Review meetings, while the climate change 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 to raise their awareness on this issue. ASELSAN's emission values are validated by independent organizations.

Emission reduction efforts are supported through a range of projects such as "intersection controller" and "electric car system development" and "wind turbine development."

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 climate change 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. Projects to this end are performed by various units with different functions in coordination with the Support Services Directorate. 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 rolled out in the reporting period include replacement of fluorescent bulbs with LEDs; installation of a free-cooling system in the cooling group line; air-conditioning works for air handling units; modifications to humidifiers; and transition to sensor-enabled faucets from manual faucets. These all contributed to energy and water savings significantly. Acting with the awareness of a responsible producer, ASELSAN also produces products that add value to the environment. Emission reduction efforts are supported through a range of projects such as "intersection controller" and "electric car system development" and "wind turbine development." Studies are undertaken to evaluate alignment with environmental and climate change before, during, and after production

at ASELSAN. Use of environmentally-friendly materials, emission reduction through continuous development efforts in operational processes, management of environmentally-friendly post-production operations, regular inspections on maintenance processes, and efficient energy management systems are key principles for the Company.

Adopting a responsible production and consumption approach, ASELSAN runs emission-based works to tackle climate change and strives to add value for the environment through sensitive ASELSAN products manufactured.

While carrying out emission-based studies within the scope of climate change, ASELSAN aims to add value to the environment with ASELSAN products.



Climate Change Management

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.

ASELSAN conducts rigorous water management activities at the Macunköy, Akyurt I, Akyurt II and Gölbaşı facilities.

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 I, Akyurt II 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 and social services in a suitable manner.

Awareness-raising activities to save more water

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 are presented to the Senior Management at the Management Review

ASELSAN's water consumption between the years 2017 and 2020 is provided in the table below.

Water Consumption	Unit	2017	2018	2019	2020
Total Municipal Water Used (Or Water from other Providers)	Million cubic meters	0.327	0.378	0.34	0.38

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.

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 2020, the Macunköy chemical wastewater treatment plant and Gölbaşı biological treatment plant discharged 48,705 m³ and 38,418 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 sewers at the Akyurt facility. Furthermore, chemical wastewater is collected in tanks at the Gölbaşı and Akyurt facilities and disposed of by authorized companies.

As part of the Zero Waste Project, awareness-raising efforts were conducted through information bulletins and various events including contests.

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 reporting as per environmental regulations.

Reduced natural resource consumption is the main goal

ASELSAN's main environmental goal is to minimize waste generation and reduce the 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 put occupational health and safety practices at risk. 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 licensed organizations authorized by the Turkish Ministry of Environment and Urbanization and accredited by TÜRKAK.

As with non-hazardous waste, reduction of hazardous waste is among the principles of integrated management systems. The Company

conducts efforts in line with the ISO 14001 Environmental Management System Standard and seeks solutions to minimize hazardous waste through training and awareness-raising activities. Goals were set in 2020 for hazardous waste to add value to the environment by reducing all types of waste. In 2021, ASELSAN will work determinedly to reduce the amount of hazardous waste by 1% year-on-year in proportion to the turnover.

Climate Change Management

Prior to the final disposal of those radioactive materials not planned for use, they are transferred to the radioactive material storage area, which is located far from the working spaces and equipped with checkpoints in entries and exits.

In 2020, a total of 1,862,000 kg of waste was sorted at the Macunköy, Akyurt, and Gölbaşı facilities.

ASELSAN Radiation Emergency Plan

Particular processes are followed in working with radiation and waste management. Personal dosimeters are provided to the staff members working with radioactive devices if deemed necessary by the Turkish Energy, Nuclear and Mineral Research Agency (TENMAK). All associated activities are governed by the ASELSAN Radiation Emergency Plan. Prior to the final disposal of those radioactive materials not planned for use, they are transferred to the radioactive material storage area which is located far from the working spaces and equipped with checkpoints in entries and exits. Relevant procedures are implemented by respective Environmental Officers for the disposal of radioactive materials separated as scrap.

The tables below provide the total amount of waste produced in 2020. Recyclable metals and packaging waste are monitored regularly under the non-hazardous waste class.

In 2020, a total of 1,862,000 kg of waste was sorted at the Macunköy, Akyurt, and Gölbaşı facilities.

Facility	Hazardous Waste (kg)	Non-hazardous Waste (kg)	Total
Gölbaşı	27,137	317,593	344,730
Akyurt I	180,817	242,210	423,027
Akyurt II	29	20,963	20,992
Macunköy	218,448	854,802	1,073,250
Total	426,431	1,435,568	1,862,000

In 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. The scope of this project was expanded through awareness-raising activities in 2020.

The following activities were carried out under the Project:

- Face-to-face training was 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 in working spaces was eliminated to minimize the consumption of natural resources. Paper cups were replaced with glass tumblers and porcelain mugs 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.

ASELSAN achieved the goal set for 2020, by attaining a 15% year-on-year reduction in overall waste thanks to all the efforts undertaken. In 2020, added value of the Zero Waste initiative generated for the environment was analyzed. As a result of awareness-raising activities and the responsiveness of the ASELSAN staff: 1,315 trees were introduced to nature; energy savings amounted to 870,756 kWh, and oil savings amounted to 1,503 barrels in line with the Zero Waste Principles.

Furthermore, 9,299 clothing items, 596 pairs of shoes, and 1,768 toys collected in clothing and toy bins were donated.

Climate Change Management

The Environmental Officer is in charge of obtaining, updating, and renewing necessary environmental permits, licenses, and documents for facilities and activities.

Thanks to ASELSAN's sensitivity for environmental compliance, the Company did not face any infringement penalty or punitive sanction under the Environmental Law in 2020.

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 2020 and encouraged all stakeholders to reach environmental compliance.

Management of hazardous substances is critical to guarantee environmental compliance. This is why the Company receives consulting services 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 2020.



Green Solutions in Operations

Motion sensor-enabled faucets are preferred and existing faucets are equipped with these sensors to save water.

Efficiency enhancement activities are conducted for lighting fixtures to maximize the benefits of daylight. Efficiency is also attained through sunshades to reduce the power needed for air-conditioning units in façades that receive sunlight.

ASELSAN prioritizes green solutions in its facilities' technology infrastructures and building designs. Projects and practices are developed to promote the use of ecological products, reduce the consumption of conventional energy resources and contribute to efficiency. In this respect, comprehensive surveys are conducted, while efficiency enhancement activities are planned and carried out.

The biological treatment facility at Gölbaşı facility is optimized to ensure recovery of wastewater. Projects aimed at solar power are designed. Efficiency enhancement activities are conducted for lighting fixtures to maximize the benefits of daylight. Efficiency is also attained through sunshades to reduce the power needed for air-conditioning units in façades that receive sunlight. Projects are devised for designs that will help recover waste heat in existing and new buildings. Motion sensor-enabled faucets are preferred and existing faucets are equipped with these sensors to save water. Attention is paid to energy efficiency features in buying or selecting systems and devices. Based on the principle of Energy Efficient Designs, ASELSAN prioritizes green building designs in new buildings.

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 prevent unnecessary inessential printing of documents. Activities intended to reduce carbon emissions in printers were performed separately.

Green Solutions in Operations

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 the use of paper significantly.

Efficiency with information systems

Virtualization of ASELSAN's IT infrastructure contributed to the 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. As for hardware units purchased, ASELSAN chooses products/providers that place importance on recycled materials with minimum impact on the environment in terms of carbon footprint and chemical effects.

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 the use of

paper significantly. The 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.

The establishment of an Energy Management Team was the initial step for efforts towards an ISO 50001 certification. Representatives of all business sectors and other relevant functions are involved in this process led by the Infrastructure and Facilities Directorate to manage energy consumption, ensuring more efficient use of resources, and fulfilling legal and social responsibilities in the field of energy. Accordingly, energy-dense areas and consumption points were identified; regression tests were performed, and annual efficiency measurements were carried out through the reference lines created.

Efforts for the ISO 50001:2018 certification continued for ASELSAN as led and coordinated by the Infrastructure and Facilities Directorate for the purposes of managing energy consumption, ensuring more efficient use of resources, and fulfilling legal and social responsibilities in the field of energy.

Energy Officers are appointed at facilities' Technological Infrastructure Directorates to constantly monitor energy efficiency, which is among the core objectives of facility management.

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 Energy Management Team brings in a systemic and inclusive approach to energy management activities, which are run in line with pre-defined goals and targets based on the principle of continuous development.

Efforts for the ISO 50001:2018 certification continued for ASELSAN as led and coordinated by the Infrastructure and Facilities Directorate for the purposes of managing energy consumption, ensuring more efficient use of resources, and fulfilling legal and social responsibilities in the field of energy. An inspection was completed and certification was obtained in April 2021. In addition to the infrastructure and documentation for the energy management system, training and awareness-raising activities were also completed at all facilities. A suggestion system was established to ensure active participation in the contributions to energy efficiency from employees and subcontractors. Active participation of all Business Sectors, as well as the energy efficiency in ASELSAN's infrastructure, repair-maintenance, construction, production, and testing processes, will be handled pursuant to the Energy Management System.

Reference practices in relation to infrastructure are now being rolled out at all facilities.

Maintenance, repair, and revision work on heating&cooling devices, ventilation devices, pressure air, vacuum, 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 the operation, maintenance, and repair of facilities' technology infrastructure. 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 managed proactively to monitor consumption values and take prompt action to prevent any loss of energy and water. The purpose here is to help establish traceable and measurable smart systems. 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 (energy-efficient procurement) and minimize human error.

Green Solutions in Operations

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 an optimal level.

Construction plans are developed by taking environmental responsiveness into account, efforts are made to protect and even expand green areas.

LED-equipped fixtures, motion sensors, local lighting techniques, as well as central compensation at transformers and building insulation works all contribute to energy optimization. Regular monitoring, inspection, control, and awareness-raising activities are conducted to minimize energy faults and losses in the systems. In addition, steps are taken for energy-efficient system design and practices as well as for renewable energies in heating, cooling, and pressure air systems.

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 an optimal level.

Administrative services of outstanding quality standards 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 in certain areas.

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

- Facility and industrial safety
- Fire and rescue services
- Cleaning and environmental planning
- Kindergarten facilities
- General documents and cargos
- Shipment services
- Personnel food service from kitchen to table
- Healthcare services
- Hygiene activities
- Sports activities
- Transportation and shuttle services
- Hosting delegations-guests
- Creation of new social spaces for the staff



Our Contribution to Social Development

As for healthcare, ASELSAN covers the cost of medicine, surgical operations, treatment, prosthetic implants, and healthcare equipment for those families in need.

Anyone including ASELSAN staff and suppliers within ASELSAN's ecosystem can make donations to the ASiL Foundation via the Foundation's website (www.asilderneji.com.org) if they wish so.



The ASELSAN Social Innovation Leaders (ASiL) Solidarity Foundation

The ASELSAN Social Innovation Leaders (ASiL) Solidarity Foundation was established in November 2019 as a platform that acts with a social responsibility awareness to reach 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 ASiL Foundation's focus areas are education, healthcare, family, and humanitarian aid in natural disasters, 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.

Education projects include construction of schools in the regions in need to provide students with space where they can get an education; construction of computer classes and libraries to meet students' needs; provision of design skills workshops to schools; and distribution of robotic coding sets, stationery supplies, and exam

preparation sets to support students' development. Meanwhile, the Alimhane Project, launched for the first time in the Ankara Scientific High School, is intended to help 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.

As for healthcare, ASELSAN covers the cost of medicine, surgical operations, treatment, prosthetic implants, and healthcare equipment for those families in need. Families in need are identified by relevant teams. Their needs are clarified during one on one meetings with the hospital and physicians. Assistance is provided in line with priorities.

As for activities aimed at families, rations made of essential food items are provided to those families in need; food cards are issued to meet their grocery needs during Eids; alms are given during Eid-Al-Fitr; children's clothes are sent for Eids; boots and coats are distributed for winters, and essential household items are delivered to help the families lead a life at home. Distributions are directly made to those families by professional teams.

Teams made up of volunteering ASELSAN staff are involved in the process to carry out these activities. Anyone including ASELSAN staff and suppliers within ASELSAN's ecosystem can make donations to the ASiL Foundation via the Foundation's website (www.asilderneji.com.org) if they wish so.

Our Contribution to Social Development

The collapsed kindergarten in the village of Kurucaova in Malatya's Doğanşehir district was rebuilt by ASİL Foundation.

TRY 200,000 were donated to the National Solidarity Campaign, "We're Self Sufficient Turkey."

Activities of the ASİL Foundation

The ASİL Solidarity Foundation was established as a result of the joint work of ASİL Foundations and Social Responsibility Working Groups. After the application at the Ankara Governorship's Provincial Directorate for Relations with Civil Society was approved, it was officially established on November 21, 2019. The Foundation has activities in the fields of Family Assistance, Scholarships, School Assistance, Healthcare Assistance, and Support for Stray Animals.

The year 2020 gave rise to a responsibility that ASELSAN eagerly assumed as a socially responsible corporate citizen to tackle emerging pandemics and the heavier impact of earthquakes and disasters. Steps taken towards unity and togetherness in the face of trying times turned into socially beneficial projects thanks to the ASİL Foundation. In this respect, the ASİL Foundation initiated a series of important projects in 2020.

- TRY 271,150 were raised with the Elazığ-Malatya Earthquake Aid Campaign.
- The collapsed kindergarten in the village of Kurucaova in Malatya's Doğanşehir district was rebuilt.
- Medical equipment was delivered to 21 hospitals in Turkey during the COVID-19 pandemic.
- TRY 200,000 were donated to the National Solidarity Campaign, "We're Self Sufficient Turkey."
- Rations were delivered to 2,000 families in need during Ramadan.
- Prior to Eid Al-Adha, some 2,000 children were provided with clothes for Eid.

- 250 rations were distributed to civilians who suffered the flood that hit the Black Sea region.
- Three EBA (Educational IT Network) Support Points were placed in three villages.
- Sleeping bags, camping stools, lighting equipment, and wood heaters were donated after the earthquake in İzmir.
- As for healthcare, wheelchairs, battery-powered chairs, upright bikes, as well as medicine and medical equipment were provided to support those families in need.
- "Charity on the Hanger Request and Donor Portal" was developed for the needs outside those categories. Individuals who wanted to provide aids were matched with those in need on this system.
- To raise funds for all these activities, three cafés, five cafeterias, and one corner café at ASELSAN's Macunköy, Akyurt and Gölbaşı facilities have begun to be operated by the ASİL Foundation.

"Charity on the Hanger Request and Donor Portal" Project

"Charity on the Hanger Request and Donor Portal" was developed to help meet essential needs identified by the teams that are outside the scope of the Foundation's activities. Under this project, specific needs are published on the network with details. Individuals who would like to help meet these needs can choose them on the portal, reach out to those in need and directly meet them. In addition, families in need are identified and matched with donors who would like to provide in-kind aid as part of this project.



ALIMHANE Project

ALIMHANE was launched as a project at the Ankara Scientific High School as part of the activities of the ASİL Foundation. ALIMHANE 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 ALIMHANE 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 in the 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.

From the opening ceremony held on April 24, 2019, to March 2020, Techno-Adventure attended events such as Teknofest and Konya Science Festival, reaching thousands of children. It also paid visits to schools and shopping malls and organized events in various provinces of Turkey.

In March 2020, physical events were suspended as part of the fight against the COVID-19 pandemic.



Events and contests were instead organized on digital platforms. Techno-Adventure continued to meet with children through two monthly blog posts, three contests, five posts, 15 interactive story-telling sessions, and one video named "Talking in the Language of Children."

ASELSAN 1975

In 1975, four engineers made a dream come true thanks to the donations of our nation. ASELSAN has since then been striving to utilize domestic and national resources to pioneer R&D and technology in Turkey. The Company has added value to Turkey and provided trust to the nation through unique products and qualified human resources for the past 45 years. Aware of the nation's great expectations from it, ASELSAN continues to work with all its might to deliver more benefits. The flagship of Turkey on international platforms, ASELSAN desires our nation to carry this inspiring and bright name on its chest. Therefore, ASELSAN 1975 online and physical stores were launched on November 17, 2020, for Turkish people.

With ASELSAN 1975 store, the goal is to deliver on the requirements of its founding purpose and maintain sustainable growth through the values generated and provided for consumers on the global market. ASELSAN 1975 is set to serve as a preferred, trusted, and environmentally and socially responsive store that offers innovative designs and delivers

messages to demonstrate national and local development. ASELSAN-branded products will help create an ecosystem led by ASELSAN that boasts high brand visibility. The store will also strive to heighten the brand perception and thus shorten the distance to target groups in line with the corporate mission, while supporting local production, integrating brands with national values and science, and providing aid to those in need through the funds raised via the ASİL Foundation.

Social Responsibility

ASELSAN conducts projects to extend social opportunities for social welfare and scientific activities for social development. It also supports institutions to contribute to society. To this end, the Company established a Donation and Aid Policy, which is 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.

Our Contribution to Social Development

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.

In 2020, employees and their families were offered exclusive discounts and benefits thanks to partnerships with 55 companies.

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. The ASELSAN Mosque located in the plot neighboring ASELSAN's Akyurt Facility in Ankara was opened on November 12, 2020, in a New Systems and Facility Inauguration Ceremony with the participation of President Recep Tayyip ERDOĞAN.

ASELSAN Social Innovation Leaders (ASİL)

On March 20, 2019 ASİL (ASELSAN Social Innovation Leaders) was established as a platform chaired by the Corporate Governance Vice Presidency to help the Company adapt to the changing and evolving world, contribute to its perception and brand value, identify the areas needed by stakeholders in and outside ASELSAN to develop projects and to involve employees in all project-related processes to elevate this sense of achieving together across the Company.

Working groups have been formed as per their impact area and each of them performed the following activities under the umbrella of ASİL:

"ASİL Advantages"

- In 2020, employees and their families were offered exclusive discounts and benefits thanks to partnerships with 55 companies.
- Ailem ASELSAN (My Family ASELSAN) was developed as a website and mobile app for employees and their families. It was launched on January 27, 2020, to have stronger communication with employees and their families. Ailem ASELSAN is a platform where employees can reach a host of contents including benefits, employee suggestions and articles, "Family Conversations" held with Senior Managers, and the latest news from ASELSAN, and much more. It spurred great interest among employees and strengthened the sense of unity that one feels in the "family" of ASELSAN.

Business Excellence Group

- "Gelişim Atölyesi" (Development Workshop) Suggestion System was introduced in 2019 involving the active participation of "Industry Analysis" and "Business Excellence" working groups. The Development Workshop is operational as a platform whereby employees can share suggestions and take part in the implementation of their suggestions regarding enhanced efficiency, improved working conditions, higher quality and lower costs, developed business processes, higher safety, and a more distinctive ASELSAN image.

- 1,424 suggestions were received by September 17, 2020, in this system. 1,089 of them were found to be feasible and put into practice. Suggestions were mostly aimed at improving processes/enhancing efficiency and boosting employee motivation.
- After the outbreak of the COVID-19 pandemic in March 2020, 433 (43%) of the suggestions shared were aimed to address the COVID-19 pandemic. 253 of the suggestions (59%) related to COVID-19 were handled at the Development Workshop and all COVID-19 suggestions were communicated to relevant departments promptly. Certificates of appreciation were presented to the owners of the 500th and 1000th suggestions for their contributions to the system. Certificates of appreciation were also presented to the Business Sector / Vice Presidency with the broadest participation involving the highest number of suggestions from various employees.

Arts Group

- In 2019, the ASİL Orchestra, ASİL Theater Group, ASİL Turkish Classical Music Choir, ASİL Turkish Folk Music, and ASİL Folk Dances Groups performed in numerous concerts and shows. These groups had to end practicing due to the COVID-19 pandemic.
- In 2020, the ASİL Book Club was formed to help employees get to know one another and spend quality time together.
- Although there was no chance to organize collective events during the COVID-19 pandemic, activities of various groups such as that of the book club continued on online platforms.

Sports Group

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 represented ecological ASELSAN during the 14-hour winter climb on Mount Erciyes including a night's stay on the mountain

accompanied by a group of mountaineers. The climb took place in extraordinary conditions involving weather at -29°C, in addition to heavy snow, wind, and thick fog. Employees adhered to the principle of leaving only their personal footprint on nature while climbing Turkey's fifth highest mountain with 3,917 meters.

- 12 hours of rock climbing on Demirkazık Peak, coupled with 6 hours of descending including five ropes, were completed by ASELSAN employees successfully (a total of 18 hours). The research found that the route for this climbing activity was the first climbing and reports were made to relevant authorities.
- ASİL Football club was crowned champion in the Business Cup Tournament. The team represented Turkey and ASELSAN successfully in the Euro Cup Tournament held in Antalya on October 15-19.

Foundation Group

- Together with the Social Responsibility Group, fundraising, and charity work commenced on ASİL Foundation's website at www.asildernegi.com.org on January 6, 2021.

Children of the Future Group

- www.teknomacera.com was rolled out as a free-of-charge digital education platform and launched on April 24, 2019. In addition to this website featuring educational games, videos, and blog posts, social media accounts were also created for the platform with new posts being released there.

- ASELSAN Children attended the Winter School Program organized by the University of Turkish Aeronautical Association on January 27 - 31, 2020. Children took a small step into the world of robotic coding learning about applications such as scratch and tinkercard and found the chance to develop different skills in model aircraft workshops during the program designed to enable children to spend their mid-term break with productive and entertaining activities. ASELSAN employees will continue attending these kinds of programs as they are organized with the understanding that employees and their families are part of the broader ASELSAN family.

- On February 11-14, 2020, the ASELSAN Techno-Adventure team met with children in the Ahlat district of Bitlis and Erciş district of Van. Children played the "Code Name: Asel" and "Make your Own Story" games, understanding the importance of algorithmic thinking. The plan is to continue this outreach event in the regions that need development and meet with more children.

- 62 children joined the qualifiers for the Techno-Adventure Choir aimed at the children of ASELSAN's employees on February 16, 2020. 31 children were selected as per the evaluations of trainers from the General Directorate of State Opera and Ballet in Ankara. Although the Techno-Adventure Choir was established with these children, activities had to be suspended due to the COVID-19 pandemic. However, the members of the Choir went before the cameras to celebrate April 23 National Sovereignty and Children's Day. The resulting video was shared on all the social media platforms of ASELSAN.

Gücümüz Bir (Powerful Together) Group

The platform is an interactive development platform with a target group composed of ASELSAN's existing and potential suppliers. The platform serves via a corporate website and mobile applications. It went live on April 13, 2020.

Gücümüz Bir in Numbers: a 70% increase in the applications for localization brochures

- 2,320 CVs filed by applicants who prefer to work at ASELSAN's approved supply industry firms
- 107 candidates outreached by the firms via the Human Resources (HR) module
- 200 daily visitors on average
- Total 50 training sessions in six categories (viable sessions from among a BİL-GE courses are regularly transferred to the platform).

In addition, developments are underway to help sell idle materials to suppliers and increase the efficiency of localization and HR modules.

Those viable sessions from among a BİL-GE courses are broadcast on the Gücümüz Bir Training Platform.

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