

40 Years
aselsan

Sustainability Report 2014



CONTENTS

PREAMBLE	2
SUSTAINABILITY MANAGEMENT	4
1. STRATEGIC MANAGEMENT	4
2. CORPORATE GOVERNANCE	5
3. ETHICAL PRINCIPLES	7
4. INTERNAL AUDIT	8
5. BRIBERY & CORRUPTION	9
6. RISK MANAGEMENT	10
7. DIALOGUE WITH STAKEHOLDERS	11
SUSTAINABLE OPERATIONS.....	16
1. SUPPLY CHAIN	16
2. INFORMATION SYSTEMS	18
3. FACILITY MANAGEMENT	19
EMPLOYEE DEVELOPMENT	22
1. SOCIAL DIVERSITY AND EQUAL OPPORTUNITIES	22
2. RECRUITMENT	23
3. PERFORMANCE EVALUATION SYSTEM	23
4. TRAINING PROVIDED TO EMPLOYEES	24
5. CAREER MANAGEMENT	27
6. COMPENSATION AND FRINGE BENEFITS	28
7. EMPLOYEE PROFILE	29
8. INTERNAL COMMUNICATION	35
9. SOCIAL PERFORMANCE	37
10. WORK-LIFE BALANCE	38
11. HUMAN RIGHTS	38
12. OCCUPATIONAL HEALTH AND SAFETY	39
ENVIRONMENT	42
1. INTEGRATED MANAGEMENT SYSTEM (IMS)	42
2. ENVIRONMENTAL MANAGEMENT	43
3. CLIMATE CHANGE AND CARBON MANAGEMENT	45

PREAMBLE

ASELSAN believes that the key for a healthy future is “Respect” for its stakeholders and the environment.



While providing services in its fields of activity and creating value for its stakeholders, ASELSAN complies with the laws to ensure system continuity by following the steps seen in the above figure. Aiming to be a global company, ASELSAN focuses on:

- Completely fulfilling its commitments to its stakeholders, especially its customers and shareholders, in a balanced manner;
- Generating high value add in the long term;
- Increasing the profit;
- Protecting the health and safety of its employees;
- Providing essential training programs for employee development
- Producing value for the community; and
- Protecting the environment.

As long as it achieves these targets, ASELSAN will remain a sustainable, profitable and responsible company.



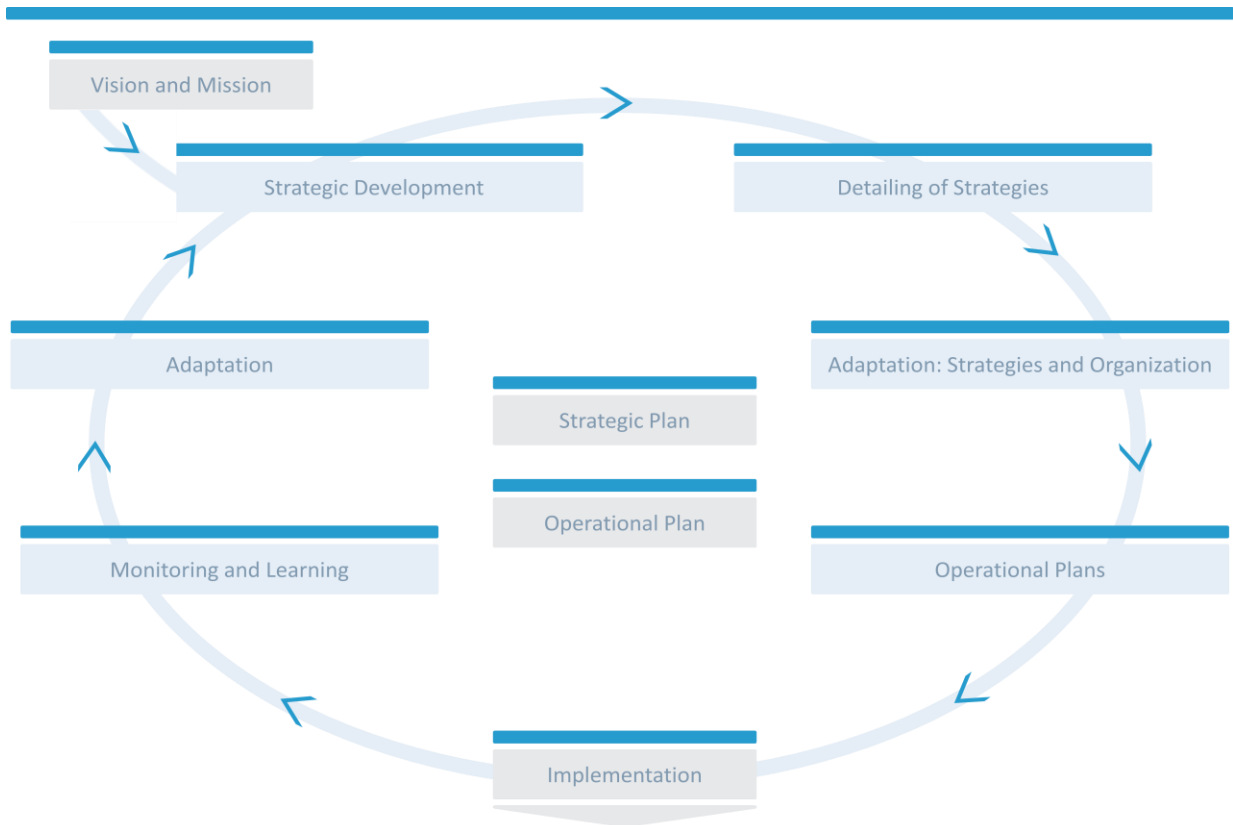
SUSTAINABILITY MANAGEMENT

SUSTAINABILITY MANAGEMENT

1. STRATEGIC MANAGEMENT

Strategic Management process is a part of Corporate Governance and managed by the General Manager in behalf of the Board of Directors following the preparation of the Strategic Plan through the coordination of the Strategy Management Directorate.

ASELSAN targets to rank among the top 50 defense industry companies in the world and aims to strengthen and improve its position. In line with this target, the Company prepares five-year strategic plans that are updated every year, as well as business plans and three-year budgets. Through this method, the Company's short- and mid-term targets are determined by taking long-term targets into account. Business Sectors carry out the necessary activities in line with these targets, while their performance is evaluated through the Balanced Scorecard method, which is extensively used throughout the world.



The Strategic Management Process at ASELSAN

2. CORPORATE GOVERNANCE



Full compliance with the law, regulations and corporate governance principles creates a source of strength in our sustainable performance, a framework of ethical and fair competition and an instrument to balance and protect our stakeholders' benefits.

Corporate governance lies at the heart of all our business operations. ASELSAN adopted Capital Market Board of Turkey's

(CMB) Corporate Governance Principles (CGP) in 2004 and started to publish CGP Compliance Report both in annual reports and on company website. The principles defining ASELSAN's corporate governance understanding are fairness, transparency, responsibility and accountability. We employ these principles to all management operations and decisions.

ASELSAN annually prepares "Corporate Governance Principles Compliance Reports". These reports cover areas such as shareholder rights (including minority rights) and general assembly meetings; policies regarding dividend distribution, public disclosures, human resources and ethics; relations with stakeholders; structure, formation, principles of activity and committees of the Board of Directors; risk management and internal audit in detail. Corporate Governance Principles Compliance Reports are published at ASELSAN's corporate website www.aselsan.com and published in annual reports.

We continuously develop the organization and practices that we form in the light of these principles, and increase our corporate governance performance. In order to show the importance we give to corporate governance, we received our first corporate governance rating in 2012 which was announced as 8.77 out of 10. ASELSAN achieved a great success by being the 22nd out of the 42 companies that has taken corporate governance ratings where its initial rating was the second-best initial rating in Turkey. The most significant indicator of the progress we made in this field is the improvement of our corporate governance rating to 9.09 out of 10 in 2014. ASELSAN share has also been in the ISE Corporate Governance Index since our first corporate governance rating.

ASELSAN's management structure is a single stage system based on a Board of Directors selected by the General Assembly. There are not any executive members in the Board of Directors. Hence, ASELSAN has separate roles for the Chairman of the Board of Directors and

Chief Executive Officer (CEO). 3 out of 9 members of the Board are independent members. As per the regulations included in the Company's Articles of Association and directives, the execution of the Board of Directors' resolution is carried by the CEO.

In order to conduct its duties and responsibilities in a healthy manner, ASELSAN's Board of Directors formed three committees:

Audit Committee: The committee is comprised of three independent Board members. Its main duties are to ensure disclosure of the financial data and to oversee the functioning and effectiveness of the accounting, independent audit, internal audit and internal control systems of ASELSAN. Internal Audit Department reports directly to Audit Committee and Board of Directors. The committee assembles at least four times a year.

Corporate Governance Committee: The committee is comprised of three Board members and the Manager of Investor Relations Department as per the Capital Markets Board legislation. It is chaired by an independent Board member. It presents suggestions to the Board of Directors regarding compliance with and improvements upon Corporate Governance Principles. The committee also oversees the activities of Investor Relations and Affiliates Department. The committee assembles at least four times a year.

Early Detection and Management of Risk Committee: In order to determine the operational, strategic, financial and other risks and manage them in compliance with company's corporate risk taking profile, Risk Management Committee was founded in 2012 with the participation of three Board members. The Committee's activities are carried out by 3 Board members since April 2014. It is chaired by an independent Board member. The committee assembles at least six times a year.

General principles for foundation, working, meeting and reporting of all committees are determined by the Board of Directors. Detailed information regarding ASELSAN's corporate governance structure, members of the Board of Directors, and committees can be found at www.aselsan.com.

3. ETHICAL PRINCIPLES



As the ASELSAN family and the geography the company has its impact on expands, the “Ethical Principles and Rules of Conduct” document is periodically reviewed and updated so that the work environment is encouraging for ethical behaviors and suitable for increasing the awareness to intercept unethical behaviors.

The basis for the ethical principles is honesty, truthfulness and work discipline. This enables ASELSAN employees to create

a work environment that everyone is free to share his/her thoughts and treat one another with courtesy, sincerity, tolerance and respect.

Even the best written principles; may not elicit employees to act responsive to the long term interest of, not only themselves, but also their society, their company and the stakeholders of the company. For that reason, new employees are appraised according to their potential to pursue a career in compliance with the company values and ethical principles.

Every new employee is informed and trained about the “Ethical Principles and Rules of Conduct” during the orientation program. Meanwhile, the process of learning about the ethical principles do not start and end at the orientation. All ASELSAN employees work in an environment that highlight and encourage those principles so that they can internalize and apply them in their everyday life.

To be able to intercept unethical behaviors and increase awareness about them within the organizational framework and the management system of ASELSAN, responsible employees within business sectors and vice presidencies are appointed. All employees can consult these appointed delegates about unethical behaviors within the company and with their guidance they can take these cases to the Ethical Principles Committee.

The EPC immediately starts the assessment procedure about the inquiry, and decides upon the adequate measures to be taken with the knowledge and contribution of senior management.

4. INTERNAL AUDIT



In ASELSAN, internal audit activity which is performed within the framework of International Internal Audit Standards, evaluates and improves the effectiveness of corporate governance, risk management and internal control processes. The key role of the internal audit activity is to provide assurance to the Audit Committee and Board of Directors that risks are managed effectively. Annual audit plans and engagement programs are prepared on a risk-based ground and audit results are periodically reported to the Audit Committee and Board of Directors. Internal audit department assesses compliance with laws and regulations, applying and upholding the code of ethics, and the adequacy of controls intended to eliminate related risks. Internal auditors are expected to comply with the Institute of Internal Auditors' (IIA's) Code of Ethics.

5. BRIBERY & CORRUPTION



Preventing conflict of interests, managing the relationship with all our stakeholders with professionalism and objectivity as well as complying with all legal obligations are in the heart of our values. Bribery and corruption are strong threats to the wellbeing of our community. Therefore, we clearly define and explain the rules of conduct with our customers along with our terms and conditions in our directives and on our website. We emphasize the importance of customer satisfaction, and responsibility to achieve the best possible quality in every single thing we do and we are sensitive towards the wellbeing of society, environment and the human rights.

All internal auditors are trained in the matter of fraud. In addition to the preventive approach of the procedures and regulations created within the scope of the internal control system, internal audit department evaluates the bribery and corruption risks systematically.

Our ethical principles and codes of conduct clearly state our understanding of relations with third parties, giving and receiving gifts, personal use of ASELSAN's assets and confidentiality. All of our employees, including the members of Board of Directors (and all of the employees' first degree blood and affinity relatives), are restrained from claiming or accepting gifts, individual services or support from third parties, which may affect their choices or decisions. Similarly, our suppliers are informed every year with a message that is published on our

website. In this information message, we emphasize that ASELSAN personnel are not allowed to accept any gifts for any purposes.

We have prepared and publicly shared our Donation and Aid Policy. Every year during General Assembly meetings all shareholders are informed about the donations made in the previous fiscal year. The limit regarding the donations that can be made in a specific year is determined during the General Assembly meetings. A Board resolution is required for any kind of donation. According to our Donation and Aid Policy, financial donations and aids may be granted to/for,

- Institutions, entities, foundations and associations that conduct scientific research and development activities
- Institutions and similar organizations with social purposes,
- The constructions of schools, health facilities, etc. which constitute public interest,
- Other activities deemed beneficial by ASELSAN.

6. RISK MANAGEMENT



Enterprise Risk Management (ERM) is one of the building blocks of corporate governance and sustainable achievements. ASELSAN's risk management functions were effectively restructured and strengthened to completely fulfill all the requirements of new arrangements which were recently implemented in Turkey.

Our ERM policy is to develop and apply effective and efficient methods and systems in order to predict and manage any potential risks that the Company may be subject to. Within this scope, the "Early Detection and Management of Risk Committee" was established in 2012 with the participation of Board Members in order to ensure the early identification of potential risks that may impact ASELSAN and to manage such risks in accordance with the Company's risk taking profile.

Risks that may present any obstacle to ASELSAN in reaching its long-term targets are classified under headings such as strategic, operational, financial and external factors, and presented to the Board of Directors through periodic reports prepared by the Corporate Risk Management Committee, where the necessary measures are also discussed. Waste reduction, disposal of

hazardous waste and recycling activities are carried out in a manner that minimizes risks to the environment.

7. DIALOGUE WITH STAKEHOLDERS



ASELSAN considers all individuals, institutions and organizations that directly or indirectly affect operations of ASELSAN or that are affected by ASELSAN as its stakeholders. Hence, our main stakeholders can be categorized as customers, employees, shareholders, suppliers / subcontractors, sector institutions and non-governmental organizations (NGOs), public institutions, universities and community.

Customers

Responding to the expectations of our customers is our priority. Our key responsibility for customers is making a difference by developing extensive technological expertise through Research & Development activities and innovation; offering new value by providing the most appropriate solutions and fulfilling all kinds of contractual commitments completely and in a timely manner.

Employees

Our key responsibilities for our employees are maintaining and improving modern employment and work place conditions, supporting personal development with training programs, promoting personal progress within the scope of carrier planning and maintaining full compliance with all laws and legislations that arrange the business life.

In order to create an indispensable ASELSAN brand for our employees,

- We adopted a human resources management approach based on international standards.
- We recruit highly qualified human resources.
- We invest in the development of our employees.
- We maintain a competitive compensation policy.
- We raise our employees' motivation and loyalty.
- We support sustainable performance policies.

Shareholders

Our key responsibility for our shareholders is to produce added value, to ensure that ASELSAN is amongst the top 50 defense industry companies globally in line with its target, to implement the strategic investment and growth plans and to maintain full compliance with the law.

General Assembly meetings are the main dialog channels with our shareholders and investors. We believe minority shareholders also have a representation channel in the management of ASELSAN as 3 members of our Board are independent members in line with CMB regulations. All our shareholders use their right to express opinions and obtain information within the limits of regulations. Other tools we employ for communicating with our shareholders are annual reports, material disclosures, analyst days, road shows, investor meetings (including conference calls and one-on-one meetings with investors at ASELSAN headquarters) and investor presentations.

Suppliers / Subcontractors

ASELSAN, as the institutional sustainability conception it adopted requires, gives utmost importance to have strong relationships with its suppliers and to increase the cooperation. It is aimed that our suppliers shall believe in the benefits of the system and act in coordination with ASELSAN, with the awareness of common objectives such as economic stability, protecting the environment and social justice. This purpose is supported by the on-the-job activities and supplier trainings by which the requirements of ASELSAN are made comprehensible and the tracking of the system progress is maintained by a transparent structure and continuous communication.

We consider Small and Mid-Sized Enterprises (SMEs) and companies in the subsidiary industry as our business partners. In 2014 alone, ASELSAN paid a total of USD 293 million to 420 domestic subcontractors, 342 of which were SMEs.

Sector Institutions and NGOs

ASELSAN is a member of all the sector institutions and NGOs seen in the below table and ASELSAN's management teams actively participate in the sectorial and social studies, projects and management of the local ones.

Local	International
Ankara Chamber of Commerce	Armed Forces Communication and Electronics Association
Ankara Chamber of Industry	European Telecommunications Standards Institute
Center Anatolian Exporters Union	The Association of Old Crows
Istanbul Minerals and Metals Exporters' Association	Advancing Global Communications
Mobile Battery Producers and Importers' Association	Association of Connecting Electronics Industries
Accumulator Importers and Producers Association	Society of Photo-Optical Instrumentation Engineers
Aegean Region Chamber of Industry	Institute of Electrical and Electronics Engineers
Defense and Aerospace Industry Exporters' Association	Optical Society of America
Defense and Aerospace Industry Manufacturers Association	Peripheral Component Interconnect - Special Interest Group
Turkish Electronics Industry Association	Radio Technical Commission for Aeronautics
Turkish Quality Association	Digital Mobile Radio Association
Informatics Association of Turkey	National Defense Industry Association
Information Security Association	European Emergency Number Association
Telecommunications Industry Association	Wisconsin Electrical Machines and Power Electronics Consortium
	TETRA

Public Institutions

We realize the information and opinion demands by the public institutions regarding our activities and sector, while we support their social and sectoral development projects and initiatives.

Universities

Universities are one of our key stakeholders given the fact that qualified workforce is the primary capital of defense industry organizations. Universities provide educated manpower and training opportunities as well as contributing to industrial technology development activities in an increasing trend. Since 2009, we have collaborated with 24 universities in 262 projects worth a total of USD 133 million.

Community

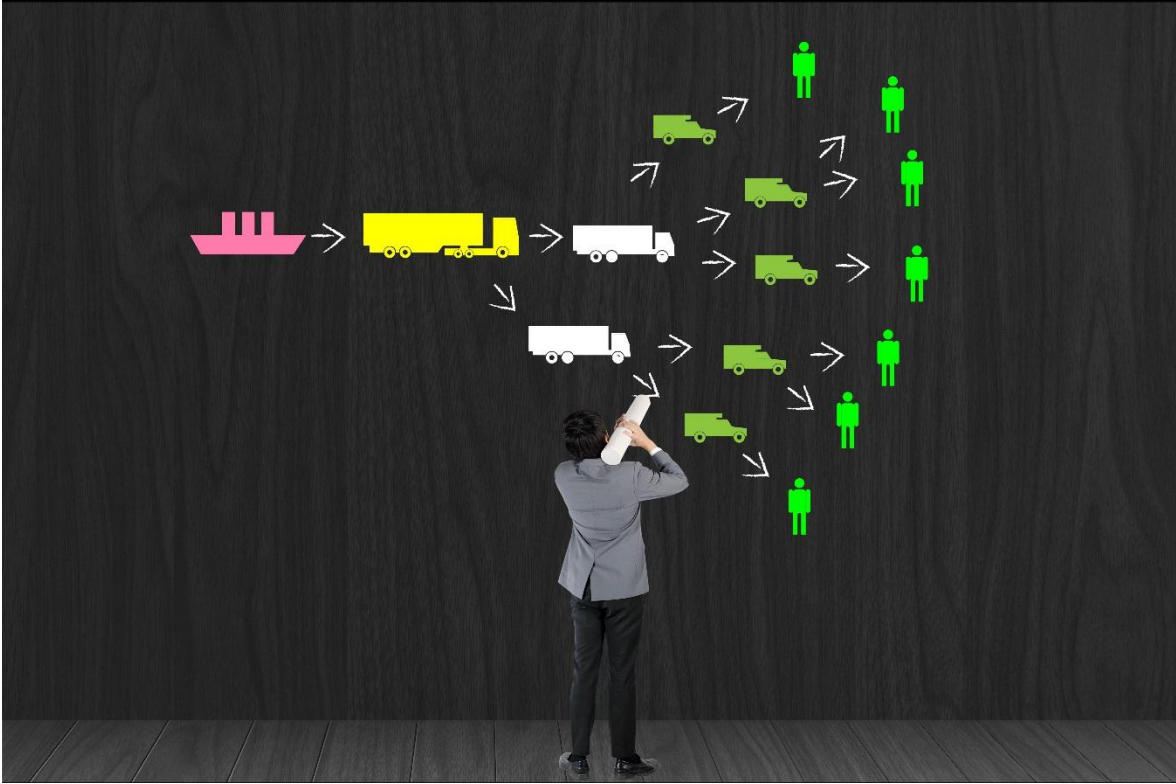
Our key responsibility for the community is considering the community's social, environmental and economic concerns as part of our own activities. We believe social responsibility projects provide our employees with a high degree of loyalty and a feeling of understanding of ASELSAN. The contribution to social development of our employees is beneficial not only to ASELSAN but also to overall community as well. The elementary school we built in 2012 in the earthquake region of Van is one of the many examples showing ASELSAN's sense of responsibility for community.



SUSTAINABLE OPERATIONS

SUSTAINABLE OPERATIONS

1. SUPPLY CHAIN



ASELSAN, currently, carries on the business with about 16.000 registered suppliers and global supply chain distributed to 80 different countries and in this regard, it is conscious of being an institution that may make it possible for objected economic, environmental and social acquisitions to extend to a wide platform with sustainability understanding. Sustainability understanding of ASELSAN, through extensive supply chain, gives opportunity for each stakeholder included in the chain to meet this understanding and related practices in their own levels and to adopt the common sustainability understanding. Therefore, ASELSAN provides a raise of consciousness for the environment where all resources are used respectfully and moderately while actualizing its economic objectives such as efficiency, growth and stability together with its stakeholders, and also has the opportunity to transfer the important social objectives of sustainability mission such as employment, equality, safety, education and health to the community with the help of its stakeholders.

ASELSAN, aiming to be at the top in the civilian and military activity areas with its advanced technology product line, improves its key production abilities and transfers all the operations apart from these to external sources in order to increase its competitive power. In 2014, about

29.000 order had been given to over 3.700 suppliers. This brings out the fact that a significant portion of the value the product has, is created by the suppliers. Nevertheless, "supply chain" concept being defined as the whole process from raw material supply all the way to delivery to the final customer, makes it compulsory for the sustainability studies to be covered broadly, when the information, material or capital generated or shared through this process is taken into account.

ASELSAN, aiming to be among the top 50 defense industry companies in the world, plays a substantial role for Turkey to reach its economic and social improvement objectives. "Effective use of national resources" and "continuous increase in assets and resources" statements in the mission of ASELSAN, whose main customer is Turkish Armed Forces and Small and Medium Sized Enterprises (SMEs) number constitutes an important part in supplier portfolio, also summarize the national principles of the sustainability understanding. Effective use of national resources is possible by aiming the improvement of national suppliers. This is essential to be taken into consideration together with sustainability understanding. As long as the share of the national suppliers increase, the support to national economy increases and a multilateral contribution to the environmental consciousness in the country is maintained. With the trainings given to the suppliers which are classified as SMEs, understanding of the high production standards of ASELSAN, learning of the requirements of defense industry and thus unity of the objectives for qualified production are maintained. Besides these trainings, our suppliers also benefit from a variety of on-the-job activities and financial and hardware supports.

With a sustainable supply chain method, it is aimed to create a safe and healthy work environment in a supplier network including all suppliers and we act with the zero industrial accident ideal. These ideals are taken into consideration while firm selecting and evaluating scenarios of ASELSAN are being created and firm assessment criteria are determined by questioning not only quality and environment standards but also occupational health and safety conditions. The expectation of ASELSAN is to work with suppliers acting with the conscious of responsibility and aiming not only financial gains but also social and environmental contribution, therefore, the process of supplier selection and evaluation is shaped and developed according to this. Main aspects used in this process with the aim of assessment and evaluation and created in accordance with the supply chain policies of ASELSAN and/or international standards are as below:

- Technologic capabilities,
- Qualified personnel,
- An operative extensive quality system,
- Strong financial structure,

- Compliance to ASELSAN objectives and policies, Environment Management, Occupational Health and Safety Management Standards and labor law.

Selected and approved suppliers' performances are assessed separately for each shipment in the basis of on time delivery and quality. Performance scores are used for the determination of investigation frequency of approved suppliers and for the selection of successful firms determined annually. While low scored suppliers are investigated more often than the high scored suppliers, successful suppliers are given a certificate and it is announced via ASELSAN corporate website. In the interim investigations applied to approved firms, the compliance of the suppliers to above mentioned issues are evaluated again and the suppliers determined as not sustaining the compliance to ASELSAN evaluation criteria are removed from the supply chain. Performance evaluation and investigation results are considered as one of the most important indicators enabling the track of supply chain sustainability.

A supply chain in a scale that ASELSAN has, raises the level a little more and carries the objectives to a global level. Adopting international standards such as ISO, AS 9100 Quality System Standard, AQAP and CMMI along with national standards in company activities, makes it possible to use a common language in supplier selection and investigation stages. In all these relations in supply chain; compliance with the law, human rights and defined corporate ethical rules of ASELSAN are based on. In this way, supplier relationships beginning with an all-purpose and objective evaluation process are kept sustainable with transparent and continuous communication.

2. INFORMATION SYSTEMS



Information systems management is carried out in accordance with the objectives of information security, business continuity and efficiency in business operations.

Technology-oriented measures are also supported by policies towards the acceptable use of information systems. ITIL and ISO 27000 series requirements are taken as a base upon Information systems management process and information

security management respectively.

In order to ensure the security of information: data input and output points are controlled by FireWall, Intrusion Prevention System, e-mail filter and web proxy systems; the use of portable devices are limited; cryptographic and anti-virus checks are applied.

In order to prevent loss of information, all corporate information is being backed up and the backups are stored in different secure locations. In addition to backups, the ERP system and projects' information which are critical to business continuity, are replicated in the disaster recovery center.

In order to protect line of business applications, Enterprise Resource Planning system and reporting system is used via integrated corporate portal.

Lower energy consumption and carbon disclosure levels are obtained by following Green IT requirements in purchase of IT hardware and design of data centers. Moreover, by use of the virtualization technology efficiency and high-availability opportunities, effective utilization of IT sources are achieved. Energy consumption is reduced by server upgrades, storage consolidations and sleeping of unused user computers. With the completion of the ongoing electronic document management project, amount of paper used is going to be at the minimum level.

In the ongoing process for the information systems risk management, risks are constantly being revised and measures are provided in the emerging areas.

3. FACILITY MANAGEMENT



Under Facility Management, it is ensured that infrastructure and support services required / to be required by any departments are provided in a sustainable manner; securing continuity, on a timely basis, non-stop, and meeting the standards ISO 14001 Environment Management System and OHSAS 18001 Occupational Health and Safety Management System.

Ensuring efficient use of energy is one of the basic targets of Facility Management. Efforts conducted are followed and controlled by the Energy Manager. In this framework, electrical values on transformers, generators and UPS's are remotely monitored and chronological reports viewed via the Control and Surveillance System

with the Comprehensive and Integrated Database. Thus, energy is used in a more efficient manner.

Proper conditions are provided at the facility by using building automation in control of central air-conditioning systems and also, immediate response is provided to any potential problems. By selecting the devices used in central heating, cooling and ventilation as a mixed air system, two advantages are obtained accordingly: the volumes of air which is required to be available in work settings are adjusted as per standards and more efficient use of devices is ensured. Thus, recycling is achieved in cooling and heating by mixing cold air absorbed from the cooled volumes in summer and hot air absorbed from the heated volumes in winter with outer air.

Many efforts such as use of motion sensor in lighting of most spaces, use of timers at appropriate places, achievement of central compensation at the electricity substations, use of sensor faucets, building isolation works and use of fixtures with LED's are solely carried out for prevention of unnecessary energy use.

For new investments, selection of devices and system installations are meticulously done. Technological and automatically controlled devices having low energy consumption are selected and used so that human error factor is minimized.

Lighting control in wider areas is done by dividing such areas into zones to the largest extent possible. Thus, the lighting units of the zone where there is work under way can be independently controlled in the respective area.

Ownership values of all equipment for a total period of 5 years have been analyzed under "Project for Migration to New Equipment" of the Corporate Source Planning System (CSPS). Accordingly, costs of initial procurement, 5-year maintenance and migration as well as electricity consumption costs for 5 years have been entirely met by electricity costs which would be incurred if CSPS would retain old equipment and in addition to this, ASELSAN made savings amounting to the costs of maintenance of new equipment for 2 years. 5-year electricity consumption costs which would be incurred if CSPS would retain old equipment are 13 times the costs of 5-year electricity consumption of new equipment.



| EMPLOYEE DEVELOPMENT

EMPLOYEE DEVELOPMENT

ASELSAN has adopted an employee-focused management philosophy being aware that the value created since its foundation is owed to steadily increasing intellectual know-how. As a consequence of mentioned philosophy, ASELSAN regards its investment in employees and partnerships with stakeholders for the development of human resources as indispensable factors for achieving the company's strategic goals.

Human Resources systems being utilized at ASELSAN have been designed to foster high performance. Performance Management System is based on the individual work results and competencies. Outputs of the performance management system form the basis for career and talent management processes. Competitive compensation system and comprehensive package of fringe-benefits, which is best-in-class in its sector, are updated regularly with salary surveys.

Human Resources team members have a busy agenda for updating HR practices in accordance with recent requirements and improvements.

1. SOCIAL DIVERSITY AND EQUAL OPPORTUNITIES

Regarding equal opportunity, ASELSAN values all employees and the contributions they make. We have a long-standing commitment to equal opportunity and intolerance to discrimination. Our workplaces are free from discrimination, physical and verbal harassment on the basis of race, sex, color, national or social origin, religion, age, disability, sexual orientation, political opinion or any other status protected by applicable law. ASELSAN has no lawsuits on discrimination or any other issues mentioned above.



ASELSAN adheres to minimum age provisions of applicable laws and regulations. We prohibit the hiring of individuals that are under 18 years of age for all positions. Our prohibition of child labor is consistent with International Labor Organization standards.

2. RECRUITMENT



ASELSAN Talent Acquisition Department is responsible for the recruitment and selection of new employees. The tools used during the selection process are chosen carefully to make sure that the most appropriate candidate is chosen fairly.

The shortlisted candidates are evaluated with a combination of tools: a personality test (16 PF, to be precise), competency based interviews, presentations (if needed), technical skill and knowledge tests as well as on-the-job assessments.

The value of ASELSAN brand in the eyes of the new generation is increasing every day. To be able to fulfill the responsibility of this value and to ensure that our talent pipeline is made up of up and coming young potentials, we pay special attention to collaborating with high schools, universities and student organizations. High school students are invited to ASELSAN where they are informed about our fields of activity and the educational path that lies ahead of them to pursue a career in one of those fields. We attend to the career fairs at the universities, we take part in seminars and we offer career advice to academically successful students. Field trips can be arranged to our campuses so that students can see on the firsthand how critical technology and innovations come out to life. Our Internship and Part-Time Engineering programs, which are offered to senior engineering students, give them the chance to work with the top professionals in their fields. Limited number of organizations in Turkey can offer working on the size and scope of some of the projects ASELSAN does, so it is a great opportunity.

An applicant, any person who fills out the application form on our website, is a candidate and all application forms are evaluated and appropriate response is provided to the applicants as soon as possible. The applicants can always contact the Human Resources Department and receive further information about the procedures anytime they need to.

3. PERFORMANCE EVALUATION SYSTEM

We have a flexible and transparent Performance Management System (PMS) which responds to changing needs and is receptive to developments related to our business areas and markets. The objective of PMS model is the adoption of high performance culture by all of our

employees. The main inputs of PMS model are the competency evaluation sets defined in accordance with titles and job definition and the individual work results arising from ASELSAN Corporate Scorecard. 360 degrees performance evaluation method is used for our managers and the performance feedback process is supported with psychometric personality test.

Outputs of the performance management system form the basis for career management, compensation, recognition and rewarding systems. Additionally, employees with high potential are identified; candidates for managerial and technical leadership positions are assigned to corresponding talent pools and career development activities are planned. On the other hand, training and development programs are offered to employees with lower-than-average performance for improving their work results and competency levels.

4. TRAINING PROVIDED TO EMPLOYEES



A corporate university is defined as “an educational entity that is a strategic tool designed to assist its parent organization in achieving its mission by conducting activities that cultivate both individual and organizational learning, knowledge and wisdom¹”. ASELSAN Academy, the corporate university of ASELSAN, was established in 2014. ASELSAN Academy aims to support

¹ Source: Allen, The Corporate University Handbook (2002), p. 9.

ASELSAN's organizational goals and strategies by providing individual and corporate learning, increasing the knowledge level, expanding the corporate culture, creating and keeping the organizational memory. ASELSAN Academy will align learning and development activities with the organizational strategies by relating the learning objectives and strategic goals. It is aimed to gain knowledge and experience at individual and team level that are related to new strategic goals and technological requirements. ASELSAN Academy will enrich the classical in-class training by new training methods including distance learning or e-learning. The effects of training activities to business practices will be measured and effectively reported to contribute the corporate performance in a measurable way. ASELSAN Academy is expected to lead the corporate university studies in Turkey, and to be certified by international institutions.

ASELSAN emphasizes the significance and necessity of training and development of all employees at all levels. Trainings are planned by the Training Department with the collaboration of all departments. All training needs are determined by departments and reported to Training Department. Training needs are determined due to the strategic training needs of the organization by strategic plan, quality standards, legal commitments and the career training procedure which describes the compulsory training for all the employees. Career training is determined according to present and future role of the employees. The aim of training provided to employees differs according to role of the employees. Our employees attend to different courses according to their needs, starting with orientation; they continuously take trainings about personal and occupational skill development, technical and operational knowledge and management.

Training Department publishes plans of the trainings every year and revises them every two months, periodically. ASELSAN has its own computer classrooms and workstations to provide all the technical and information system educations to our employees. Trainings are provided in three main categories; training which is conducted by ASELSAN internal trainers, training which is coordinated by Training Department using consultant firms and instructors of the well-known universities and training taken by Individual Project and Support Groups in different universities and consulting firms.

All the realized training mentioned above is recorded in a database by using Enterprise Resource Planning (ERP) System.

For the year 2014, the average training hour/employee is 21 hours and in total our employees have received 97.325 hours of training.

ASELSAN also has a very developed library that mainly contains defense industry, engineering and information system books, journals and electronic online research database. There are 13.000 published books, 900 CD/DVD collection, 70 periodical journal subscriptions, 100.000

electronic books, 2.500 electronic journals, 300.000 electronic reports & documents and 170.000 electronic standards. Our employees can access training materials by using library database.

UNIVERSITY- INDUSTRY COLLABORATION

Doctorate Scholarship

ASELSAN has a scholarship program for doctorate students who have academic roles in universities. The aim of the scholarship is, to encourage and support the students who are interested in the fields that are strategic for ASELSAN and by this way lead the students to these fields and increase the number of academicians in related fields. The program started in 2008 and 13 students have benefited from the program since then. 6 of these students have graduated from this program, 7 of them are still continuing. The scholarship is given for 4 years utmost.

Doctorate & Master Studies

Our employees are capable of performing their assignments and pursue development opportunities that support their development objectives. ASELSAN has a procedure about Post Graduate and Doctorate Studies. Employees can attend the post graduate and doctorate programs in universities about their jobs or future career options. There are currently 690 employees who are continuing doctorate & master studies in universities.

Internship

Internship is an important process in ASELSAN and every year 800-900 students do their summer practices in ASELSAN between June and September. During internship period departments observe the students and evaluate their performance as potential employees in the future. Following their internship, Human Resources Department make interviews with the students and can recruit them as part time engineers. “Part time engineer program” is a special program developed by ASELSAN. In this program, students work with salary in ASELSAN for three half days in their last year of education. When they graduate, they can be recruited as engineers. A second internship type is provided to high school students in their last year of education during school time between September and June. Every year 250-300 students do their occupational education in ASELSAN. This program is conducted in compliance with the related law.

5. CAREER MANAGEMENT

Our career management system is designed to support employee development. Promotion process rewards employees with high potential and performance. Meanwhile, career management system and utilizing job rotations, enables employees to develop their competency levels

Every employee can reach career maps, open positions in the company and information about career opportunities in our subsidiaries on the Intranet Portal. Managers use custom-designed management reports to view subordinates' information working in their teams. Human Resources staff is assigned to support both employees and managers to inform them about career implementation principles of ASELSAN. Additionally, at any time, employees can communicate with HR staff using HR Help Desk.

In accordance with ASELSAN's vision of becoming a global technology company, growing operations abroad and international project partnerships allow us for offering international career opportunities to our employees. When our talents, whose career development are closely monitored, are ready to try new challenges, they are assessed for the new positions in our subsidiaries in different countries. Employees that are assigned to the positions at the subsidiaries work at least three years and at the end of their assignments they carry back their experience and are placed to a new post in ASELSAN. On the other hand, talents, who are assigned to posts in international project partnerships, get the opportunity to contribute to the development of high-tech products, participating in groups of researchers from different countries.

6. COMPENSATION AND FRINGE BENEFITS



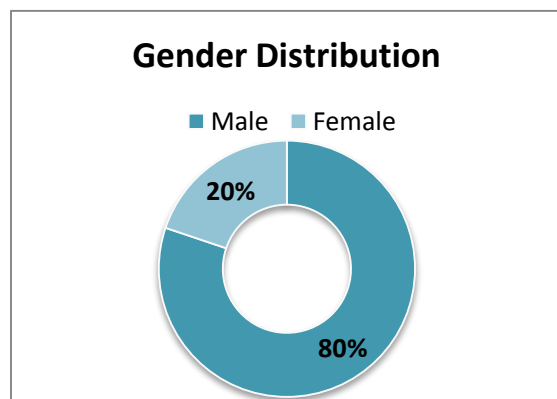
We are employing a fair, objective and comprehensible compensation system which supports high performance at ASELSAN. In addition to competitive compensation structure, some of the many fringe benefits we offer our employees are:

- **Private Health Insurance** for every employee (and their spouses and children if they choose to add them to their insurance policy with a discount) with different plan alternatives and wide-coverage.
- **Lunch**, prepared and served at our campuses (free of charge). Employees in remote offices where lunch cannot be served are provided with lunch tickets. Snacks are also provided to employees who report in advance that they will be working extra-time.
- **Transportation** to and from campuses with mini buses (free of charge), not only for central spots but also for many districts. This decreases the number of our employees using their own cars, thus also creates a contribution to environmental wellbeing by preventing pollution.
- **A Welfare Fund** for every employee to be used within their units with their colleagues (e.g. a dinner, picnic, etc). Employees working together get the chance to know each other better in a relaxed environment.

- **Graduate Education Opportunities** for employees, allowing them to continue their graduate studies as long as their job description requires further academic work. To attend to their classes and to complete their coursework, our employees do not have to use excused leave. Mini buses are arranged to and from our campuses to university campuses.
- **Library** with electronic publications, journals, books serving all our campuses.
- **Sports Center** where our employees can enjoy several sports facilities. Weight control programs are offered to employees in coordination with our dietitians.
- **Infirmary** where employees with medical concerns can be examined unless further examination in a health care facility is needed.
- **Child Daycare Facility** for children of our employees between ages 0-6. This facility also offers special breastfeeding rooms for all mothers in ASELSAN.
- **Maternity Leave:** Pregnant employees are allowed sixteen weeks of paid leave. They can also take unpaid parental leave for up to six months and 1.5 hours per day for breast feeding until the baby reaches the age of 1. From the first month of pregnancy, our female employees use 1 hour maternity leave every working day. After pregnant employees inform the HR staff about their situation, they are given a special file consisting of detailed information about the procedures related to maternity leave.

7. EMPLOYEE PROFILE

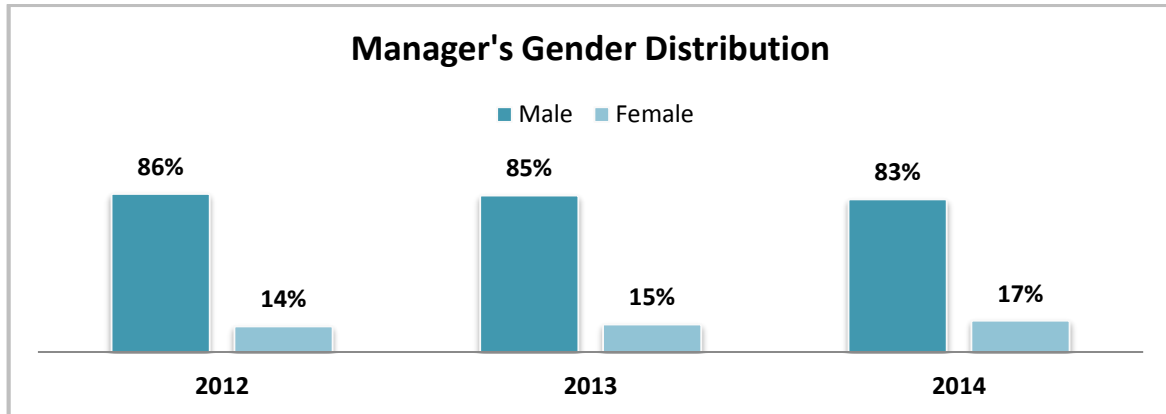
ASELSAN has significantly grown in terms of manpower; being %3,5 in 2013, %1 in 2014; with a total of %4,5. Throughout the last three years, an average of 287 new employees per year became members of ASELSAN.



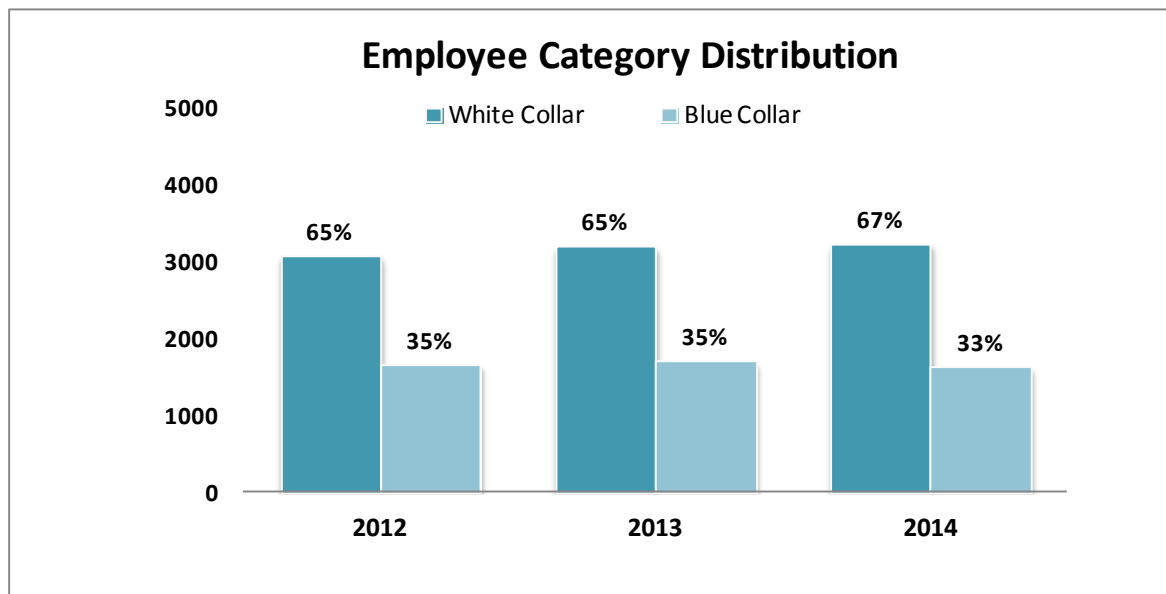
Within these years, ratio of female and male employees has remained approximately the same. Our female employees comprise approximately %20 of all our employees. This is due to the industry in which ASELSAN is providing service. This figure is above the ratio of female employees working at the industrial sector².

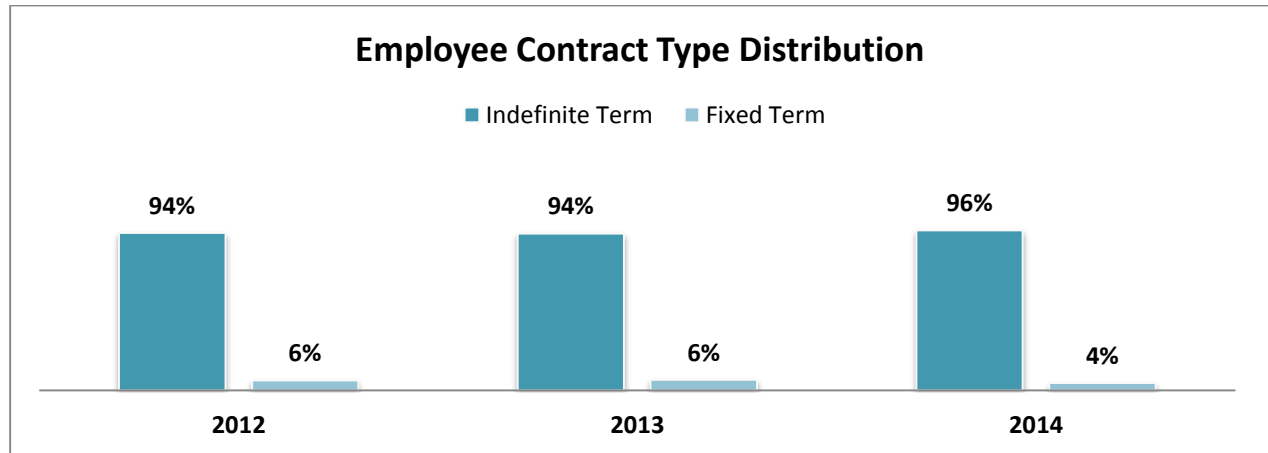
² TÜİK 2014-Household workforce statistics

In addition to this, percentage of women managers is continuously increasing every year.

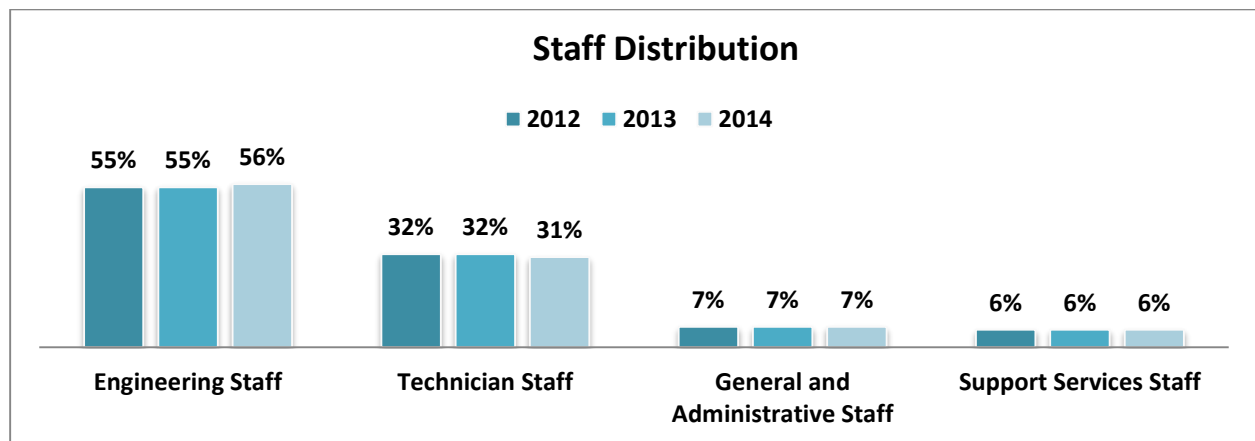


Similar with the constant rates of gender, the ratio of white collar and blue collar employees remains stable until 2014. Last year, ratio of white collar employees increased %2 adding up to %67.



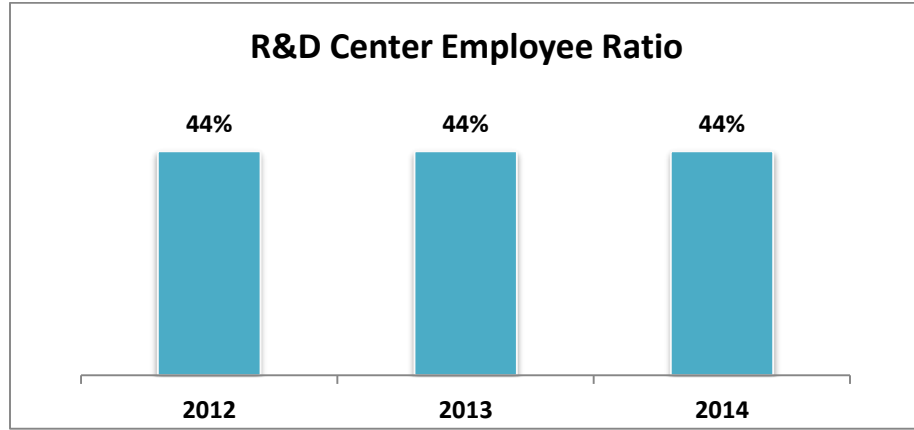


A different distribution can be categorized by employee contract type. As can be seen in the chart above, 96% of our employees have indefinite type of contract.

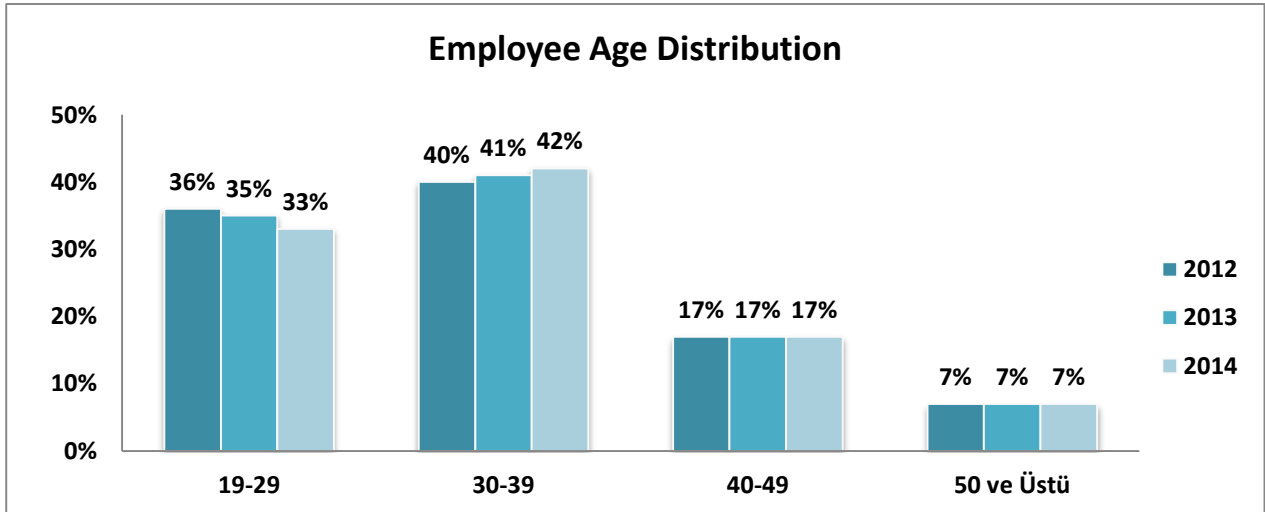


As can be seen in the table above, ASELSAN's main focus is on its engineering staff, which shows an increase of %1 in 2014 and remains stable in other years. In addition to this, technical staff is also the backbone of ASELSAN comprising, however it can be seen that its percentage decreased to %32 from %31 last year.

Another important data is the percentage of R&D employees in ASELSAN. R&D employees constitute nearly half of our total employee number.



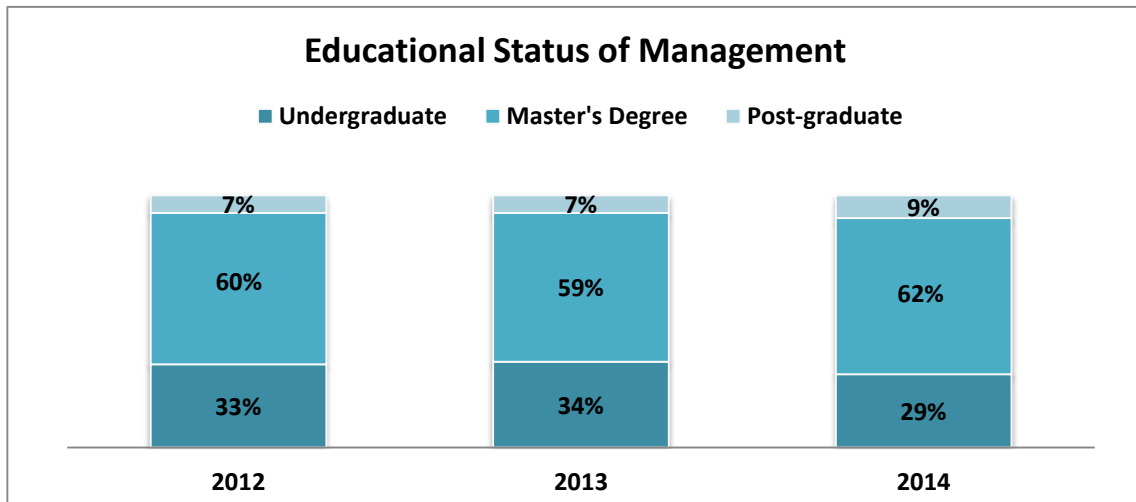
The average age of our employees is 34 as of 2014 year-end. The highest ratios belong to the age range 30-39 and 18-29 in each reporting year.



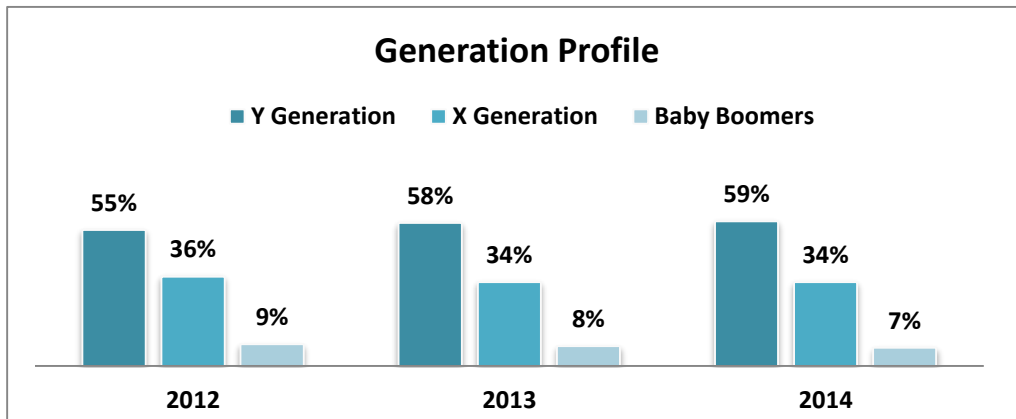
The team members of ASELSAN have a strong educational background; preserving the ratio of undergraduates and post-graduates and with an increase of %4 in graduate education rates in 2014; thus summing up to a total of %67 of the workforce.

Employees by Education Category	2012	2013	2014
Primary/Secondary School	2%	2%	2%
High School	5%	5%	3%
Industrial High School	19%	18%	16%
Two-year degree	12%	12%	12%
Undergraduate	30%	31%	31%
Master's Degree	29%	29%	33%
Post-graduate	3%	3%	3%

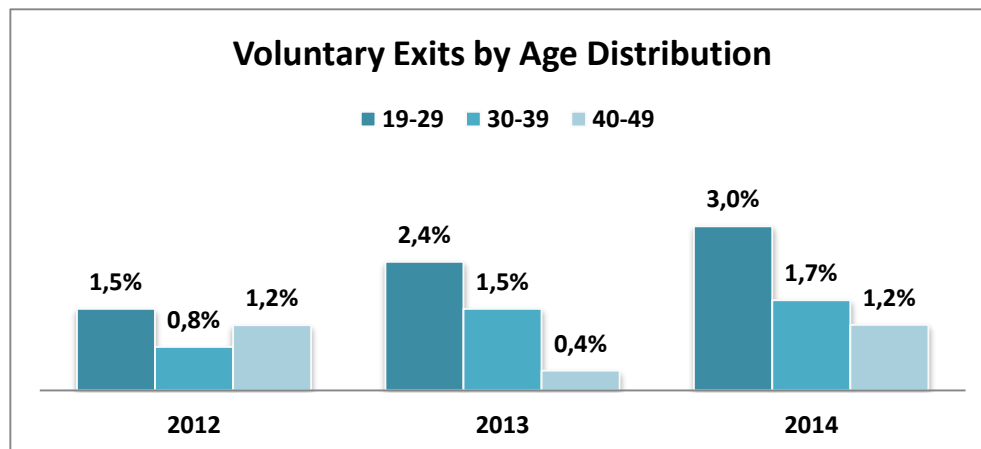
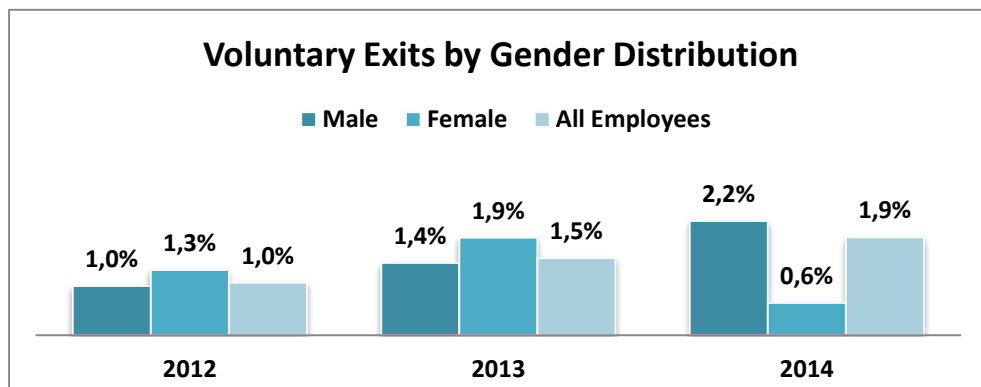
The strength of educational background is an aspect which finds its origin from the management staff. This can be observed from the following table which shows that in 2012 and 2013 more than %65 our management staff has a graduate degree, and, this ratio reached %71 in 2014.



Our company is also aware of the fact that our employee generation profile is rapidly moving in the direction towards Y Generation and there is a continuous decrease in Baby Boomers and X Generations. Thus we try to adopt practices which fit best to each generation such as implementing more appreciation and award based practices for the increasing Y generation.



The average voluntary exit rate in the previous three years is 1,4%. In addition to this, employee turnover rates of voluntary exits depending on the gender and age group are given in the tables below.



An overall summary of general breakdown of employees in terms of gender, average age, average tenure and employee category is given the table below.

	Gender	Average Age	Average Tenure Years	Blue Collar Employee Ratio	White Collar Employee Ratio
2012	Male	34	9	88%	76%
	Fenale	34	8	12%	24%
	All Employees	34	8	35%	65%
2013	Male	34	10	88%	76%
	Fenale	34	8	12%	24%
	All Employees	34	9	35%	65%
2014	Male	34	9	88%	76%
	Fenale	34	10	12%	24%
	All Employees	34	9	33%	67%

8. INTERNAL COMMUNICATION

Communication is one of the most important core competencies of ASELSAN employees. Therefore, platforms to enhance this communication between employees within and between units are provided. The most frequently used internal communication media are intranet and e-mailing. This way, less use of paper is encouraged. Administrative notices, regulations, activities of business units and company news are shared daily with employees to keep them informed about any issue.

To strengthen the communication with and between employees:

- ASELSAN managers' "open door" policy enables employees to speak directly with all levels of management including CEO and Board of Directors about their ideas, concerns, or problems, and to collaborate with managers to address workplace issues.
- Employees are supported to take part in the decision making system through monthly meetings, which are held by the senior management. Another way to present their suggestions is using "Individual Suggestion System" through which all the suggestions are evaluated by senior managers. Besides these, employees can share their

expectations, opinions and suggestions to the senior management with the help of e-mail platform named “Employee Wishes”, which is open to all employees.

- The ASELFOT Photography Club held photography seminars and organized tours for shooting purposes for beginners, in parallel with its growing membership.
 - The ASELHOT Turkish Folk Dances Club members perform traditional dance shows.
- The ASELDOST Nature Sports Club brings employees together for tracking and hiking anywhere in Turkey.



- ASELSAN Turkish Folk Music Choir gives yearly concerts for the ASELSAN employees and their families for free.
- Football, volleyball, table tennis, tennis and bowling tournaments are organized.
- Financial allowance is provided to each personnel for the yearly gathering organizations held in order to strengthen the friendliness among the personnel.
- With the support of management, ASELSAN employees can easily find tickets for activities like theatres and concerts.
- In every two weeks, ASELSAN employees’ families are welcome to visit our facilities.
- We organize service awards ceremony every year for the employees who complete 15-20-25-30 and 35 years of service in ASELSAN.
- ASELSAN supports the postgraduate education of the personnel in order to help its employees to be experienced specifically in the company field of activities.

- Special arrangements with various shops and stores are made in order for ASELSAN employees and retired personnel's benefit in shopping.
- Private health insurance is provided for ASELSAN employees.
- In case of demise of an ASELSAN employee, support for funeral services and to the family is provided.
- In case of an ASELSAN employee marriage or at birth of their children support is provided.

9. SOCIAL PERFORMANCE



- ASELSAN was named as the best company that students want to work in IT and engineering field.
- ASELSAN employees participate in blood donation campaigns every year to help the Red Crescent Association to mitigate its blood need.
- Besides conveying their experience to the students at universities our employees take role in Governmental organizations as referee.
- We support Turkey's first and largest technology-based entrepreneurship competition, "New Ideas New Businesses" and present "Defense Industry Category Special Award" to the award winner.

- Employees are informed about the current health issues like work stress, how to quit smoking, heart diseases, breastfeeding for mothers.

10. WORK-LIFE BALANCE



Finding a suitable balance between work and daily living is a challenge that all employees face. Friends and, especially families are particularly affected. In countries like ours, because of their cultural role, women also spend a lot of time doing the household chores like cooking and cleaning, therefore it is an extra pressure on them to work in and out

of home. In ASELSAN, we are well aware that an important aspect of work-life balance is the amount of time our employees spend at work. Long working hours may impair their personal health, jeopardize their safety and increase the amount of stress they have to endure. Our employees work 42,5 hours a week. We start the day early at ASELSAN at 7:30 am and end the day at 4:30 pm and so rush hour traffic stress does not affect our lives. After 4:30 pm, our employees have the chance to spend time for themselves and/or their families. Our employees can also work flexible hours which allow them to organize their work schedule according to their daily routines.

11. HUMAN RIGHTS



Respect for and observance of human rights and fundamental freedoms is the ultimate challenge to and the goal of all human kind. And in our company, the understanding of these rights and freedoms is of great importance. Under ASELSAN roof, every individual; regardless of race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status, is equal. Every individual has the right and the means to communicate his/her needs and opinions as long as he/she is respectable to others' rights. Everyone has the right to life, liberty and security of person and we ensure that no one is subject to

torture (physically and psychologically) or to cruel, inhuman or degrading treatment or

punishment. Every employee has the right to an effective remedy for acts violating the fundamental rights granted to him/her by the constitution or by law.

12. OCCUPATIONAL HEALTH AND SAFETY



Human health and environment as primary elements of sustainability are always prioritized and all activities are maintained in accordance with this principle in ASELSAN. Responsibility about this topic is shared among all personnel from top level to low level. All activities are carried out within the frame of the policy that is determined by top management.

Our policy of Occupational Health and Safety Management System for Macunköy Facility is defined as follows:

“ASELSAN, during its service in defense industry, obtains having a performance beyond standards for continuous improvement by possessing the requirements of legal and other conditions; adopting, following and revising occupational health and safety improvement activities by its personnel; implementing educational programs and other activities so as to constitute an occupational health and safety culture; pulling the occupational health and safety to the top level for its trainees, visitors and subcontractors in addition to its personnel as principles.”

The objective of the determined policy is to minimize risks in order to deal effectively with any kind of hazard that might occur in the workplace for various reasons and therefore, to ensure that workplace setting remains as safe areas in addition to safety of employees and work environment.

Coordination of Occupational Health and Safety practices at ASELSAN is ensured by the Occupational Health and Safety Board (OHSB).

The Board oversees performance of annual fire/earthquake and evacuation drills with the aim of increasing preparedness for emergencies that might occur, reviewing emergency measures, ensuring that the employees learn emergency response methods and develop the skills of emergency teams in responding to emergencies.

OHSB provides necessary occupational health and safety educations to all personnel in accordance with their job descriptions twice in a year. In 2014, occupational health and safety education was given to personnel under 14 titles (ergonomics, working at height, physical and chemical risk factors, legal regulations education etc.) 43.904 hours in sum. In addition, all interns, suppliers and subcontractors were given the necessary occupational health and safety educations as well.

OHSB performs local measurements (dust, gas, noise, thermal comfort, lighting, etc.) in areas they see fit, and the conditions of unsuitable workspaces are improved to comply with standards. Tap water is analyzed regularly every month.

Local controls are done in production areas, repair/renovation/construction areas, testing areas (both inside and outside ASELSAN) in order to prevent any potential occupational accidents. Root causes of occupational accidents that occur are identified by the Board and necessary measures are taken in this respect. The accidents that have occurred are monitored monthly through the calculation of Accident Frequency Rates and Accident Severity Ratios. Accident Frequency Rates and Accident Severity Ratios of 2014 have a decay rate of approximately %17 upon comparison with 2013. Moreover, incidents that do not cause an/a injury/harm or damage on goods/machinery (near miss) are also recorded so as to hinder occupational accidents that can happen in the future.

Risk Analysis studies in all areas of operation are conducted at ASELSAN, with the participation of OHSB members. As a result of risk analysis, OHSB ensures the appropriate measures are taken according to the characteristics of the work done and the facility, in compliance with the principle of eliminating hazards at source, by collaborating with relevant units. Moreover; ergonomics risk analysis are conducted in departments that has dense labor force.

A “Motto Competition” is organized annually in order to attract employee interest in and raise their awareness over the issue of Occupational Health and Safety. Various rewards are awarded to the first three. Moreover, these mottos are demonstrated in various areas of the facility.

So as to inform the employees about Occupational Health and Safety topics, hand brochures are prepared and distributed.

At the end of each year, OHSB prepares an annual report assessing operations, identifying issues to be included in the operating plan for the following year, which is submitted to top management.

A man in a dark suit and white shirt is seen from the back, looking up at a large, leafy tree. He is holding a black briefcase. The scene is set in a lush green forest with sunlight filtering through the leaves, creating a bright, airy atmosphere. The word "ENVIRONMENT" is written in a bold, sans-serif font, preceded by a vertical line, in the lower-middle part of the image.

ENVIRONMENT

ENVIRONMENT

1. INTEGRATED MANAGEMENT SYSTEM (IMS)



ASELSAN holds (since 2009) the two most important internationally recognized standards in the Integrated Management System; OHSAS 18001:2007 Occupational Health and Safety Management System and ISO 14001:2004 Environmental Management System Certificates certificated by BSI (British Standards Institute). Both management systems are implemented integrally.

Compliance with both standards and statutory legislation is strictly ensured in any work carried out within the facility. Audit of the system is conducted by BSI Group Eurasia.

Under IMS; interim control of the system is ensured by internal inspections conducted by the Management Representatives authorized by the CEO annually in order to observe whether activities such as tests, periodical inspections, etc., comply with the pre-determined criteria (statutory legislation, corporate policies and targets and standards).

In addition, an annual Management Review Meeting (MRM) is held with the participation of top management to discuss the objectives, targets and management plans set for each year as well as internal and external inspection results, status of corrective and preventive actions, Environmental & Occupational Health and Safety complaints and recommendations, environmental and occupational accidents, assessment of compliance with legal and other conditions, monitoring–measurement results, improvement activities and follow-up on the decisions taken at previous meetings, reviewing OHSAS 18001 Occupational Health and Safety Management and ISO 14001 Environmental Management Systems (EMS).

The reports prepared as a result of the inspections and meetings in connection with regular improvement of the system are submitted to the facility officer and their retention in the facility/activity is properly ensured.

2. ENVIRONMENTAL MANAGEMENT



ASELSAN, with the consciousness of sustainable life responsibility, considers protecting environment and natural resources as its primary duty and carries out its activities within the frame of the policy that is determined by top management. This policy is shared with internal and external stakeholders via internet.

Our policy of Environmental Management System for Macunköy Facility is defined as follows:

“So as to hand down a cleaner and sustainable environment to future generations, we promise to accord legal and other conditions on specifying and managing environmental risks; to minimize the wastes in their origin; to use natural resources in the most effective way in order to reduce the effects of climate change to a minimum level; to have continuous improvement, optimization and revision with the participation of employees from all degrees; by taking the environmental aspects and effects of our activities into account.”

An Environmental Safety Board (ESB) currently maintains efforts for the purpose of determining measures to be taken in connection with environmental safety at ASELSAN / Macunköy Facility and problem assessment caused by their implementation. In addition, all work done regarding

environmental issues are monitored and inspected by the Environmental Officer. Environmental Safety Board ensures increase in efficiency and quality of the practices, sustainability and finding facilitative offers, by controlling the practices of environmental safety precautions. Board, aims to ease the endeavors of the personnel of the firm that is authorized of environmental safety inspection. All offers and precautions that aim to dissolve the environmental hazard away are evaluated according to the risk reduction hierarchy.

Environmental management activities are carried out in accordance with legislation in ASELSAN. Environmental Safety Board controls the legislation status of all ongoing activities by examining them periodically. Environmental Safety Board meetings are held every year at least one time. Moreover, an internal audit is made annually. A handbook is prepared and presented to personnel in order to inform them about environmental issues on-site.

Both standards and statutory legislation require sorting of each waste material by type and delivery of it to licensed waste collection entities authorized by the Ministry of Environmental and Urban Affairs, and retention of their records to prevent escalation of environmental dimensions leading to environmental problems. Therefore, solid wastes are classified by type and their temporary storage is carried out in such a manner ensuring that they would not pose any hazards in terms of Occupational Health and Safety as well as Environment. In accordance with statutory legislation, their periodical measurements are carried out by accredited entities.

- Waste waters, which are processed by all kinds of chemical agents and that may be disposed of under proper conditions are classified as acid, alkali, complex and wash waster and transmitted into the semi-automatically operating chemical treatment plant via discrete contained system from the areas of operation and finally discharged into the sewerage system in compliance with statutory legislation after treatment operation.
- Requirements of statutory legislation are duly met by conducting necessary measurements of emissions caused by processes and heating, in certain periods.
- Domestic wastes are divided into several sub-categories – packaging wastes, non-hazardous scrap, hazardous wastes, electronic wastes and particular wastes (depleted tires, medical waste). Relevant disposal method is followed for each type of waste under the relevant Regulations.
- Waste batteries and accumulators, waste chemicals, chemical packages, any types of materials contaminated by chemicals, waste oils/lubricants, oily chips, electronic wastes, waste fluorescents and waste filters are treated as part of hazardous wastes. Hazardous wastes are stored at the Temporary Storage Site. Hazardous wastes are delivered to the companies having Environmental Authorizations issued by the Ministry

of Environmental and Urban Affairs, as well as to the licensed transport vehicles in compliance with legislation.

- Mineral waste oils and vegetal waste oils are individually stored and delivered by the Environmental Officer to the licensed collectors.
- Medical wastes generated by the infirmary are collected in sealed leak proof containers bearing the sign of “medical waste” and “biological hazard” upon it as defined by the relevant Regulation and delivered to the relevant authorities.

At ASELSAN, the employees receive environmental trainings annually. Also, in accordance with statutory legislation and ISO 14001 Environmental Management Standard, employees receive drills and environmental trainings to demonstrate necessary action to be taken in case of potential chemical leakage–spill and ensure preparedness of the employees for all kinds of environmental accidents. As a result of these efforts; no environmental accident happened during 2014.

The Environmental Officer is responsible for acquiring, updating and/or renewing the environmental authorizations, licenses and certificates required for the facility/activity. Environmental Effect Evaluation is made for all operations regularly. Environmental performance is also a criterion while selecting suppliers.

In addition, it is ensured by the Environmental Officer that Minutes of Monthly Assessment are prepared and that environmental status of the facility is reported and submitted to the facility and/or activity owner/responsible officer on a monthly basis. At the same time, an Environmental Performance Report is prepared and retained in connection with the previous year’s efforts by the end of each year. Environmental Performance Report for 2014 was prepared and approved by an impartial firm.

3. CLIMATE CHANGE AND CARBON MANAGEMENT



The Environmental Safety Board (ESB) ensures the calculation of carbon footprint value of the facility annually in compliance with ISO 14064 International Standard for Greenhouse Gases Emissions Inventories and Verification, making notifications to national/international initiatives in connection therewith. Within this framework, ASELSAN took part in the Carbon Disclosure Project (CDP) in 2012, which is regarded as the world’s most comprehensive environmental initiative and consolidated its pioneering position in Turkish

Defense Industry sector by becoming the first and only company that took part in the Carbon Disclosure Project (CDP).

The objective “use of natural resources in an optimal way so as to minimize the effects of climate change” was included in the Environmental Management System Policy by the top management of ASELSAN, showing our determination regarding this issue.

ASELSAN’s targets regarding carbon are determined by top management subject to strategic goals. Greenhouse Gases Management Plan is prepared and put into practice in order to achieve targets. Periodic reviews of the applications are made by the Environmental Safety Board. Decrease in carbon release is set as target for 2015.

ASELSAN pays particular attention to carbon emission in any operations undertaken. The employees are given trainings regarding this issue to increase their awareness. The Environmental Officer is in charge of the issue of climate change and emission monitoring.

Natural gas, which does not pollute environment and generates less CO₂, as far as fossil fuels are concerned, is being used within boilers which have efficiencies achieved at approximately 93-94%. It is effectively endeavored further to reduce carbon release by installing filters on the chimneys. In addition, efforts are underway to recycle boiler flue heat and find methods of energy conversion and its possible uses.

Also energy consumptions are monitored regularly at ASELSAN on a monthly basis. Reasons for any decrease or increase taking place in connection therewith are analyzed, with measures being taken for increases.