

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

EXPORT CONTROL COMPLIANCE POLICY

1- INTRODUCTION

A. COMPANY COMMITMENT

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. (“ASELSAN”) develops and implements a well-structured Export Control Compliance Policy (“Policy”) to fulfill our obligations regarding all applicable local and international laws and regulations implemented for controlling the export/re-export of transfer of goods, services, and technology. As a world-class company holding 48th place in Defense News Top 100, ASELSAN is aware of its responsibility that export control compliance commitment is a fundamental necessity in the highly regulated market of defense industries.

ASELSAN’s professional export control compliance program is structured by :

- Continuously improving export control compliance management system based on defined workflows, roles, and responsibilities; intensified due diligence efforts and catch-all controls including ongoing screening at all milestones,
- Well-organized and specified training on export controls for the employees,
- Internal audits and self-assessments,
- Recordkeeping of all transactions with regard to export control compliance,
- Continuous monitoring of local and international regulations and measures,
- Proactive collaboration and organization-wide commitment by all of our employees,
- Integration in ASELSAN Corporate Information Management System.

Without exception, ASELSAN is committed to complying with export controls and regulations and to improving its Policy. ASELSAN takes all necessary measures in order to comply with all export control regulations and attaches great importance to enforcement of this Policy. As a part of the Policy, ASELSAN employees are trained regarding the export control compliance requirements. Therefore, all employees, local subsidiaries and affiliates of ASELSAN with 15 per cent or higher share are expected to comply with the Policy. ASELSAN also supports its suppliers regarding export control compliance program by means of sharing information and

providing training support. ASELSAN informs its business partners in case of any violation of the Policy and takes appropriate measures.

B. SUBSIDIARIES AND AFFILIATES

This Policy is applicable to all local subsidiaries (with 15 per cent or higher share) and affiliates of ASELSAN as of the date of approval by the relevant management bodies (Board of Directors or Board of Managers) . ASELSAN expects all of its local subsidiaries (with 15 per cent or higher share) and affiliates to systematically conduct due diligence audits, covering all relevant export control compliance risk categories. Relevant measures are taken in order to assure that the subsidiaries and affiliates of ASELSAN act in accordance with the Policy and export control compliance trainings are provided.

C. SUPPLIERS

ASELSAN expects its suppliers to provide accurate and complete information about the products, technology and services that they supply. Failing to provide export control regulation related information such as export control codes or end-user certification to ASELSAN may result in legal charges or other necessary measures against the suppliers. ASELSAN also conducts ongoing screening and monitoring procedures regarding the sanctioned real persons, legal entities and countries as well as tracking regulatory updates with its suppliers in order to avoid negative consequences and increase awareness thus complying with the Policy.

D. CUSTOMERS

Regarding ASELSAN's long lasting and successful customer-oriented approach; ASELSAN provides support to its customers about the Policy. ASELSAN shares all relevant information about export control laws and regulations with its customers when needed. ASELSAN also assures all export licenses are obtained in accordance with applicable export control laws and regulations.

In addition to the above, as a vital part of its Policy, in order to sustain full compliance with export control regimes worldwide, ASELSAN implements Know Your Customer controls over each and every party initiating a business with ASELSAN.

2- LEGAL FRAMEWORK

ASELSAN operates in a highly regulated market both locally and internationally. Therefore, ASELSAN's primary objective is to comply with all applicable export control laws and regulations worldwide.

A. NATIONAL REGULATIONS

ASELSAN, as a Turkish legal entity, primarily acts in accordance with Turkish laws. Within this context, some of the applicable local regulations to ASELSAN's operations are as follows:

- Law numbered 5201 on the Inspection of Warfare Equipment and Industrial Organizations Producing Weapons, Ammunition, and Explosives,
- Law Numbered 5202 on the Defense Industrial Security,
- Regulation numbered 2007/11994 on the Inspection of Warfare Equipment and Industrial Organizations Producing Weapons, Ammunition, and Explosives,
- Communiqué on the 2020 list of items subject to control regarding the law numbered 5201
- Communiqué Concerning the Control of the Export of Dual-use and Sensitive Goods (Export: 2003/12)
- Communiqué on Goods Prohibited to Export and subject to Pre-permit (Export: 96/31)
- Communiqué on the Export of Chemical Substances Annexed to the Chemical Weapons Convention (Export: 2017/7)

B. INTERNATIONAL REGULATIONS

i. Other Countries' Export Control Regulations

Some business transactions of ASELSAN are subject to foreign export control regulations. Within this context, ASELSAN complies with the export control regulations as part of its undertakings covered by the contracts that ASELSAN is a party to with the end user statements and export licenses/permits. If needed, regarding its orders, ASELSAN provides end-use and end-user information to its suppliers in order to be submitted to relevant foreign authorities. ASELSAN also provides necessary controls to secure the deliveries to its customers that are made in accordance with the export licenses obtained under foreign regulations.

ii. Multinational Agreements

As a legal entity established according to Turkish laws, ASELSAN is also bound by the multinational agreements that Turkey has been a party to. Turkey signed several international disarmament and non-proliferation treaties and regimes including:

- **Treaty on Non-Proliferation of Nuclear Weapons (NPT)**: the treaty entered into force in 1970 and Turkey became a party in 1979.
- **Comprehensive Test Ban Treaty (CTBT)**: CTBT was opened to signature in 1996. Turkey became a party in 2000.
- **Chemical Weapons Convention (CWC)**: This Convention was opened to signature in 1993 and entered into force in 1997. Turkey became a party the same year.
- **Biological and Toxin Weapons Convention (BWC)**: This Convention was opened to signature in 1972 and entered into force in 1975. Turkey became a party in 1974. Under this agreement, the production and use of biological and toxin weapons are prohibited.
- **The Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (Ottawa Convention)**: Turkey became a party to the Ottawa Convention in 2004.
- **Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons (CCW)**: The convention was opened to signature in 1981 and Turkey became a party in 2005.
- **Hague Code of Conduct against Ballistic Missile Proliferation (HCOC)**: HCOC was established in 2002, Turkey joined HCOC in 2002.

Turkey has welcomed the **UN Security Council Resolution 1540** on the non-proliferation of weapons of mass destruction. Turkey submitted several national reports to the Committee within this context.

Conference on Disarmament (CD)

Turkey is an active member of the Conference on Disarmament (CD) since 1996. CD is the sole multilateral negotiation forum in the field of disarmament.

Export Control Regimes

Turkey is also party to all export control regimes for conventional weapons and dual-use equipment and technologies. These are:

- **Wassenaar Arrangement (WA)** aims to control exports of conventional weapons and dual-use equipment and technologies. Turkey became a founding member in 1996.
- **Missile Technology Control Regime (MTCR)** was established in 1987, with the aim of limiting the spread of ballistic missiles, cruise missiles, and other unmanned delivery systems whose range and delivery capability are above a certain threshold. Turkey became a member in 1997.
- **Zangger Committee (ZC)** was established in 1971 to control the export of nuclear-related materials, equipment, and technology. Turkey became a member in 1999.
- **Nuclear Suppliers Group (NSG)** was established to control the export of nuclear-related and dual-use materials. Turkey became a member in 2000.
- **Australia Group (AG)** was established in 1985 to control the exports of dual-use materials and technologies to prevent the proliferation of chemical and biological weapons. Turkey became a member in 2000.

Turkey also supports the following complementary initiatives:

- **The Proliferation Security Initiative**
- **The Global Initiative to Combat Nuclear Terrorism**
- **The Non-Proliferation and Disarmament Initiative**
- **International Partnership for Nuclear Disarmament Verification**

Turkey has also joined/signed:

- **International Partnership Against Impunity for the Use of Chemical Weapons**, was launched in 2018.
- **The Arms Trade Treaty (ATT)** in July 2013. (National ratification procedure is ongoing.)

ii. **ASELSAN EXPORT CONTROL COMPLIANCE MANAGEMENT**

A. KEY PRINCIPLES

Policy is based on the following key principles:

- Compliance Department playing an active role in ASELSAN's activities,
- Compliance with applicable laws and regulations without exception and commitment by the management,
- Risk assessment and periodic audits,

- Providing necessary export control compliance trainings to all employees,
- Recordkeeping of all information related to export control compliance,
- Third-Party Screenings and Know Your Customer applications,
- Embracing transparency and objectivity in export control compliance procedures,
- Avoiding any risk of conflict,
- Conducting necessary controls on the Export Control Compliance Program,
- Creating a confidential whistle-blowing mechanism.

B. COMPLIANCE DEPARTMENT

ASELSAN is dedicated to implementing its Policy with highest accuracy. In this scope, the Compliance Department consists of field experts operates within ASELSAN. The department coordinates ASELSAN's export control compliance program and provides periodical reports to the top management. With the coordination of the Legal Department, the Compliance Department also conducts random checks and provides feedback to employees on controversial issues to avoid potential violations. Furthermore, ASELSAN's Compliance Department ensures the operation of a confidential whistleblowing mechanism as well as delivering export control compliance trainings.

C. WORKFLOWS

ASELSAN's Compliance Department is managing the following workflows to prevent any risk of non-compliance to export control laws and regulations

- End-User Statement / Export License: End to end control mechanism integrated into the ASELSAN's Corporate Information Management System covering including but not limited to following steps
 - o Classification Code Checks,
 - o End-use and end-user controls
 - o Regulation controls
 - o License requirement crosschecks
- Screening and Know Your Customer
- Recordkeeping
- Training

These workflows ensure that the Compliance Department is involved in each transaction where there is an item/technology or service subject to export control laws or regulations. This involvement strengthens the Compliance Department's monitoring abilities and enables the team to harmonize different procedures within the organization in terms of export control compliance management. It is also notable that these workflows are fundamental elements of the end-to-end export control compliance management system.

D. RECORDKEEPING

The abovementioned workflows also enable ASELSAN's Compliance Department to accurately keep records of all transactions subject to export controls and regulations. The department is also authorized to request all relevant information to the other departments regarding an export control compliance case. Consequently, the Policy is implemented strictly and without any risk of modifications to the original documents coming out of the transactions with regard to export control and regulations.

E. TRAINING

ASELSAN underlines that proper trainings to the employees are mandatory for the full implementation of the Policy. The internal trainings are a fundamental part of ASELSAN's commitment to its Policy. The Compliance Department is therefore responsible to provide trainings on a regular basis. Apart from the regular trainings, ad hoc trainings are also delivered upon request to address specific issues. E-learning modules are provided under the ASELSAN corporate training system as a mandatory module to all employees. The training material is revised at least every two years.

F. SELF-ASSESSMENT AND REPORTING

ASELSAN attaches great importance to self-assessment as it supports the improvement of the Policy. Therefore, self-assessment is one of the fundamentals of ASELSAN's export control compliance commitment. The Compliance Department delivers self-assessment reports on a regular basis and provides feedback on strengths, weaknesses, opportunities, and threats to implement the necessary improvements in accordance with the rapidly changing export control compliance requirements. Self-assessment and reporting functions are the vital parts of the supply chain, production, engineering, marketing processes.

G. MEASURES IN CASE OF NONCOMPLIANCE

Within the context of the Policy, ASELSAN does not tolerate any harm to its reputation due to impermissible activities or misconduct. For this reason, any violation of the Policy shall be responded to with appropriate and proportionate legal actions. These cover termination of contracts, disciplinary measures, or notifications to relevant authorities.

No employee can be exposed to maltreatment (disciplinary action, dismissal, threat, mobbing, etc.) because of reporting a violation of the Policy. Nevertheless, in case of malevolently wrong or misleading reports by its employees, ASELSAN reserves its right to trigger relevant ethics and disciplinary procedures.

iii. INQUIRIES & CONTACT

ASELSAN employees who are aware of, or suspect that any export control laws and regulations are violated, must immediately report this to, Compliance Department or to the electronic whistleblowing mechanism. To secure an effective whistleblowing mechanism, ASELSAN complies with this Policy and runs all its procedures accordingly.

Excluding malevolently wrong or misleading reports by the employees, ASELSAN declares that reporting violations or suspected violations shall not result in negative consequences against the reporting party under any circumstances. Confidentiality is assured to protect the whistleblower.

Apart from violations, the Compliance Department also provides feedback and supports other ASELSAN departments in terms of complex export control compliance issues before any risk occurs. All employees, subsidiaries, affiliates, suppliers, or customers can contact to Compliance Department in case of export control compliance-related inquiries.

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