



**WE DEFEND THE WORLD'S
FUTURE TOGETHER**

aselsan

Sustainability Report 2021



Contents

04	Independent Limited Assurance Report
05	About the Report
06	2021 Highlights
07	Our Fields of Activity
08	Our Strong Sustainability Performance

ASELSAN at a Glance

09	ASELSAN in Brief
10	Message from the Chairman, President and CEO
13	Our Key Financial and Operational Indicators
14	Our Organizational Structure
14	Our Shareholding Structure
15	Our Mission and Vision
16	Our Awards and Achievements
18	Milestones of Our Sustainability Journey

Our Sustainability Approach

20	Sustainability Material Topics
21	Our Stakeholder Map and Communication Approach
23	Our Communication Methods with Stakeholders
26	Our Prioritization Analysis with Stakeholder Engagement
27	Memberships and Initiatives Supported

Our Corporate Governance Practices

28	Corporate Governance
29	Our Ethical Principles
30	Internal Control and Audit
31	Our Anti-Bribery and Anti-Corruption Approach
32	Our Committees
33	Our Understanding of Effective Risk and Crisis Management

Our Economic Performance

36	Our Product Safety and Service Quality
38	Our Technology and Innovation Activities
47	Information Systems and Information Security
50	Our Suppliers
52	Supplier Evaluation
63	Nationalization Efforts with Local Companies

Our Social Performance

65	Our Human Resources Approach
67	Our Employee Profile
69	Employee Rights
69	Social Diversity and Equal Opportunities
71	Recruitment
74	Performance Development, Career and Talent Management
75	Remuneration and Benefits
75	Employee Development and On-the-Job Training Opportunities
78	ASELSAN Academy Graduate Program
80	Internal Communication and Employee Motivation
81	Decent Working Conditions
82	Human Rights
83	Occupational Health and Safety
85	Occupational Health and Safety Management System
87	Corporate Social Responsibility

Our Environmental Performance

90	Environmental Management
90	Waste Management
92	Environmental Compliance Management
95	Climate Change Management
95	Greenhouse Gas Emissions and Energy Management
98	Water Management
99	Energy Management
103	Green Solutions in Operations
103	Information Systems
104	Facility Management

Annexes

105	Our Stakeholders
106	Economic Performance Results
108	Social Performance Results
110	Environmental Performance Results

GRI Content Index

We generate solutions that add value to various aspects of life, and continuously expand our impact area as ASELSAN, where we have been working with a great determination to strengthen our country's defense industry for over 45 years.

The more our impact area widens, the more our ecosystem expands and grows. Comprising our customers, employees, investors, suppliers, entrepreneurs, industrial, civil and public institutions and the society in a broader sense, the great ecosystem continuously creates value.

In our journey, where we consider the environment as a trust to be left to the next generations, we continue to work with the vision of becoming a national technology company that cares for the environment and people.

We Defend Production and Effort

As ASELSAN, we continued our activities with the awareness of the responsibility we have assumed for our country, despite the challenging conditions. We accelerated our uptrend with R&D oriented activities. We are a significant factor/enabler for the ever-growing supplier ecosystem with our business volume. In 2021, we continued to financially support our suppliers, that is, the economy of our country, under the roof of the cooperation we established. We opened new tracks for our growth with new expansions in the fields of healthcare and financial technologies.

Over **TRY 1 billion**
payment to our domestic suppliers



We Defend

Natural Resources

We have been continuing our fight against climate change, the effects of which are observed more tangibly. We have been conducting important activities and projects on carbon emission since 2009. As the first defense industry company in Turkey to participate in the CDP survey, we have added new achievements to the gains we have made with our successful climate change management over the years. While we received A- scores in CDP Water and CDP Climate Change Supply Chain Management, we became a Green World Ambassador by adding a new one to our environmental titles. We continue to take important steps towards waste management, energy efficiency, and protecting and defending resources.

*Energy Gain
(kWh/year)*

2,264,383.84



We Defend

Human Life

We are a large organization that is integrated with society within our scope of activity, create employment to help the youth access the opportunities of their dreams, and work to leave a habitable world to next generations. While fulfilling our responsibilities in occupational safety, equal opportunity etc. to a large extent, we continue to support social life in fields such as education and healthcare with the ASELSAN Social Innovation Leaders (ASİL) Solidarity Foundation platform.

Number of
employees ✓

9,460

✓ It has been subjected to limited assurance by the Independent Audit Firm.



Independent Limited Assurance Report



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-8
Levent 34330 İstanbul
Tel: +90 212 316 8000
Fax: +90 212 316 6080
www.kpmg.com.tr

Independent Limited Assurance Report

To the Board of Directors of Aselsan Elektronik Sanayi ve Ticaret A.Ş.

We were engaged by Aselsan Elektronik Sanayi ve Ticaret A.Ş. (hereinafter "Company" or "Aselsan") to provide limited assurance on the "Selected Information" contained in Indicator set of the Sustainability Report of Aselsan (hereinafter "the Report") for the year ended 31 December 2021.

The scope of our assurance is limited to the Selected Information listed below:

- Total number of employees
- Number of employees by staff and gender
- Number of employees by age group
- Diversity of governance bodies and employees
- Average training hours per employee

Management's responsibilities

Management is responsible for the preparation and presentation of the Report for the Selected Information in accordance with the Aselsan's internally developed criteria as described in Indicator set of the Report, and the information and assertions contained within it; for determining the Aselsan's objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that Aselsan complies with laws and regulations applicable to its activities.



Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Selected Information are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

The firm International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Procedures performed

A limited assurance engagement on a Selected Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Information, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of Aselsan's processes for determining the material issues for Aselsan's key stakeholder groups.
- Interviews with relevant staff at the corporate and business unit level responsible for providing the information in the Selected Information.
- Comparing the information presented in the Selected Information to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Selected Information.
- Reading the information presented in the Selected Information to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Aselsan.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.



Inherent limitations

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Selected Information may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Selected Information as defined in Indicator set of the Report of Aselsan for the year ended 31 December 2021 is not presented, in all material respects, in accordance with the Aselsan's internally developed reporting criteria as explained in Indicator set of the Report.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Information has been prepared for Aselsan in connect with reporting to Aselsan and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Aselsan, for any purpose or in any other context. Any party other than Aselsan who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Aselsan for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Şirin Soysal,
Partner
İstanbul, 16 March 2022



About the Report

With its 9th sustainability report, ASELSAN is disclosing its sustainability performance in a wide range of areas from economy, 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 2021. 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 2021, available in Turkish and English, can be submitted to the following address:

aselsan.ir@aselsan.com.tr





2021 Highlights

ASELSAN ranked 48th in the “Defense News Top 100,” the world’s most prestigious defense industry list, and preserved its title as the only Turkish company in the top 50 in the list.



- According to 2021 results, ASELSAN achieved a score above the global average in the Climate Change Program of Carbon Disclosure Project (CDP), one of the prestigious environment projects, and maintained its activities on climate change. By scoring A- in the Water Program of CDP, in which ASELSAN was included in 2021 for the first time, it achieved same success in this field as well.
- As a result of corporate governance rating activities carried out by SAHA Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. in 2021, ASELSAN increased its score from 9.29 out of 10 on 11.12.2020 to 9.35 on 10.12.2021.

- In the ESG (Environment, Social and Governance) Risk Assessment conducted by Sustainalytics, a global independent sustainability rating agency, ASELSAN decreased its score from 24.4 in 2020 to 23.8 in 2021, becoming a less risky company.
- ASELSAN ranked 48th in “Defense News Top 100,” the most prestigious defense industry list in the world, published annually by the US-based military publishing company Defense News magazine based on the sales in the defense industry. ASELSAN, the locomotive of the domestic and national defense industry, remained the only Turkish company ranking in the top 50 of the list.

- Thanks to the efforts conducted under “Next Big Move to Turkey” program, 62 professionals turned back to Turkey and joined the ASELSAN Family in the past 3 years.
- With the contests and events it organized and the products it offered for the children and young ones this year, ASELSAN left its mark on TEKNOFEST, the world’s biggest aviation, aerospace and technology festival that it have been supporting as a stakeholder from the day one.
- ASELSAN was the most striking company of IDEF International Defense Industry Fair in Istanbul, which aims to bring together the major domestic and foreign actors, suppliers and country delegations of defense industry. At IDEF, organized with the theme of “Technology That Touches the Nature and Human” in 2021, ASELSAN used live trees and more than 5 thousand roots of live plants in its stands, more than 90% of which were made from of eco-friendly materials in ASELSAN premises.
- ASELSAN Kindergarten in Malatya, constructed by ASİL Solidarity Foundation for children whose school was damaged in the Malatya-Elazığ earthquake, was brought into service.

- ASELSAN expanded the Strategic Partnership Program with its suppliers, which it initiated to reduce foreign dependency in defense in line with the vision of growth and nationalization. In the Strategic Partnership Meeting organized in Ankara with the participation of suppliers and strategic partners, it signed agreements with 25 new companies, increasing the number of its strategic partners to 75.
- ASELSAN’s Plate Recognition System GEKO+, which proved itself in security, traffic and smart transportation projects, also achieved a success in the process of compliance with Turkish Standards, and received TSE (Turkish Standards Institution) certification.
- Avenue EV, the Turkish automotive industry’s first 100% domestic electric bus developed in cooperation with ASELSAN and TEMSA, is setting off from Samsun.
- The Protocol for Smart City Traffic Safety Project was signed between Samsun Metropolitan Municipality and ASELSAN.
- According to TurkishTime Magazine’s “R&D 250 - Companies with Highest R&D Spending in Turkey” Survey, ASELSAN ranked 1st with its R&D spending of TRY 3 billion 356 million in 2020.
- 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.



Our Fields of Activity

Established in 1975 by the Turkish Armed Forces Foundation, ASELSAN is a technology production center that successfully extended its knowledge and experience to the civilian field in addition to defense industry.

ASELSAN, which was founded in 1975 to meet the communication needs of the Turkish Armed Forces by national means, is a company affiliated to the Turkish Armed Forces Foundation (TAFF). ASELSAN is a technology company that develops and manufactures original products in high defense technologies such as communication and information

technologies, radars, electronic warfare, electro-optics, avionics, unmanned systems, weapon systems, air defense and missile systems in addition to the field of civil technologies such as energy, transportation, security, traffic, automation, medical systems and financial systems etc. with its deep-rooted knowledge and experience.



Communications and Information Technologies



Defense System Technologies



Transportation, Security, Energy, Automation and Healthcare Systems



Microelectronics, Guidance, and Electro-Optics



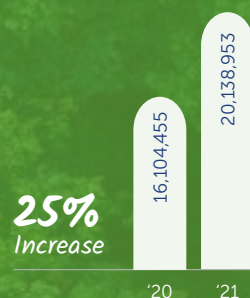
Radar and Electronic Warfare Systems



Our Strong Sustainability Performance

Consistent Growth and Overseas Business Volume

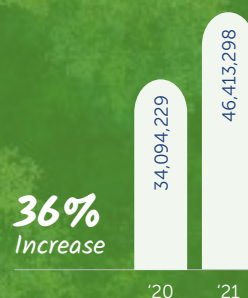
Total Revenue (TRY Thousand)



Total EBITDA (TRY Thousand)



Total Assets (TRY Thousand)



A World-Class Professional Corporate Governance Approach

9.35

Corporate Governance Rating

25.80%

Ratio of Shares Traded in Borsa Istanbul

Competent and Dynamic Human Resources

9,460

Total Number of Employees



It has been subjected to limited assurance by the Independent Audit Firm.

Turkey's Largest R&D Center

5,615

TRY Million R&D Spending

4,666

TRY Million Externally Funded R&D Spending

949

TRY Million Self-Funded R&D Spending

177 Patent Applications and 70 Registration Certifications in 2021

OHS Practices with a Focus on Business Continuity and Efficiency

Award Winner in the Merit Category at the International Safety Awards 2020

A Leading Company with ISO 45001:2018 Certification in Turkey

155,098

hours Total Training Delivered to Employees

A Responsible Management Approach Minimizing Environmental Impacts

A score above the global average in CDP Climate Change Reporting, in which it has been included for years

A- score in the CDP Water Reporting, in which it was included in 2021 for the first time

A- score in CDP Climate Change Supply Chain Management for its successful work on value chain interaction

1,345

Employees Received Fundamental Environmental Awareness Training

1,596,199

kg Total Recycled Waste

Social Investments Bolstered By Employees' Voluntary Participation

A Social Responsibility Movement Led by Employees: ASİL, and the Solidarity Foundation established under the ASİL Structure

Turkey's most preferred Vocational High School: ASELSAN Vocational and Technical Anatolian High School



ASELSAN in Brief

Today, Turkey's technology giant ASELSAN exports its original products to 78 countries.

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

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 2021 despite the COVID-19 pandemic that turned the world upside down. In 2021, ASELSAN's turnover rose by 25% year-on-year totaling over TRY 20 billion.

The Company's net profit also increased by 60% compared to previous year to stand at TRY 7.1 billion.

ASELSAN's Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) rose by 40% to reach a record level of TRY 5.5 billion. Meanwhile, the EBITDA margin went higher than forecasts, up by 27.3% - which is an all-time high in ASELSAN's history.

A strong actor in the global market

ASELSAN has been rapidly increasing its efficiency all over the world in line with its Global Leadership Vision. For the purpose of offering solutions to its foreign customers timely and efficiently where they are located, it established companies in 3 countries, increasing the number of its domestic and foreign affiliates to 28. As a reliable business partner, ASELSAN has exported high-tech product solutions to 78 countries so far, and aims to carry its share in global defense and technology markets higher gradually. Since Turkey is a member of NATO, ASELSAN complies with NATO Quality Assurance Standards



and international military standards while manufacturing the products it ships to domestic and foreign markets.

Turkey's R&D Base

With its vision of becoming a technology base, ASELSAN takes confident steps towards the goal of "becoming a national technology company that maintains its sustainable growth through the values it created in the global market, is preferred for its competitive power, is trusted as a strategic partner, and cares for the environment and people." With over 9,000 employees and highly qualified engineers, which it considers as the most valuable components of its success, ASELSAN allocates an average of 7% of its annual turnover to self-funded R&D activities in order to reduce Turkey's foreign dependency in technology. As Turkey's largest R&D base, ASELSAN is the company with the highest R&D spending.

Leader of Defense Industry Ecosystem

ASELSAN leads a large ecosystem with subcontractors and over 5,000 suppliers, and contributes to the national technology

move. ASELSAN considers the "Gücümüz Bir (Powerful Together)" platform as an efficient tool to strengthen its relations with existing suppliers, to add new suppliers to the ecosystem, and to accelerate nationalization activities. ASELSAN aims to gain strength with its new business partners that will join the family as important pillars of its strategy, and to enrich the national industry ecosystem with national and domestic solutions.

25%
Growth

In 2021, ASELSAN's turnover rose by 25% year-on-year totaling over TRY 20 billion.



Click the button to watch ASELSAN Commercial Film.



Message from the Chairman, President and CEO

Maintaining its sustainable growth through its investments, ASELSAN's total sales increased by 25% compared to the previous year and reached TRY 20.1 billion.



Esteemed Stakeholders,

Despite the vaccination procedures and normalization steps in the world, we have left a year behind during which the COVID-19 pandemic maintained its global impact. In 2021, the pandemic measures varied by country, region, and income level. While the vaccination procedures initiated, normalization steps taken, and the support packages put into practice by governments have supported economic activities in developed countries by reducing the uncertainties caused by the pandemic, the difficulty, and inequality of accessing vaccination in the less developed countries became a compelling factor in the pandemic management.

The differentiation of developed and less developed economies in terms of the course of pandemic and economic activity, as well as the problems in the global supply chain process, the chip crisis, and the inflationary pressure on economies, showed that the global economy still needs time for a permanent recovery. In

2021, when the global economy is estimated to have grown by 5.9%, Turkey's economy displayed a significant growth performance of 11% with the increase in domestic demand and the positive contribution of exports.

We kept on contributing to the country's economy by maintaining our steady growth

As ASELSAN, we continued to take firm steps to achieve the goal of developing independent and national technologies, initiated under the leadership of the Presidency of Defence Industries, and continued to create value for Turkey. In accordance with our export-focused growth target, and with our sense of responsibility for our country, we maintained our contributions to the economy by offering our high-technology products to the service of the world and increasing our sales by 25% over TRY 20 billion.

Our company expanded its sales and production network in 2021 to six new countries it had not sold before, and today, the number of countries that use ASELSAN products has reached 78. In 2021, when the uncertainties and restrictions prevailed due to the pandemic, the total backlog of our company amounted to USD 8.5 billion as of the end of the year, with the contribution of new orders exceeding USD 2 billion.

The contribution of the investments made to the steady growth of ASELSAN also reflects on our profitability indicators. Our earnings before interest, depreciation, and taxes (EBITDA) increased by 40% to TRY 5.5 billion and our net profit increased by 60% to TRY 7.1 billion compared to the previous year.

Nationalization comes first...

At ASELSAN, we strive constantly to improve our products and systems with national means, reduce foreign dependency in the defense industry, invest in the products of the future, and support our country's defense industry ecosystem.

In 2021, we placed purchase orders worth approximately USD 1.5 billion to more than 5.500 suppliers, of which 3.300 are domestic. Despite the negative effects of the pandemic, we have provided financial assistance to our suppliers, transferring USD 1 billion worth of orders to our domestic suppliers.

In 2021, we successfully mobilized all our facilities for a fully independent supply ecosystem and successfully completed the nationalization process of 197 products. As ASELSAN, we are proud to have nationalized more than 500 products in the previous three years, ensuring that nearly USD 200 billion has remained in our country.

We have increased the number of our partners by 50 percent to 75 by signing a cooperation agreement with 25 new strategic partners within the scope of the Strategic Partnership Program we implement for our growth and nationalization vision as well as with local suppliers, and we have strengthened our national presence. The solution partnership we have developed through strategic cooperation agreements has helped develop the defense industry ecosystem in our country under the guidance of ASELSAN while contributing to ASELSAN's sustainability and the development of innovative and high-tech products.



Message from the Chairman, President and CEO

With the new orders worth more than USD 2 billion in 2021, ASELSAN's backlog reached USD 8.5 billion as of the end of the year.

We aim for full independence by developing the technologies of the future

Both the shortages experienced in the global supply chain in 2021 and the war that began between Ukraine and Russia in February 2022 demonstrated once again the vital importance and necessity of reducing foreign dependency in the defense industry. At ASELSAN, with our nationalization motto, we believe that our first priority is to contribute to the strategy of a fully independent defense industry that will minimize all external risks.

We have guided our works with the aim of meeting the needs of our security forces with national resources and becoming a reliable partner at the global level. Through our payload and equipment that we developed in satellite and space, we have significantly removed the foreign dependency on our country in line with the goal of achieving full independence in the defense industry. In this context, with TÜRKSAT-5B that was placed into orbit at the end of 2021, our company has proven its competence and reliability at the global level. Through the systems developed within the scope of TÜRKSAT-6A and TUMSIS X-Bank Payload, ASELSAN proved that it also has a voice in the field of space.

As ASELSAN, we are not only limited to the defense industry but we also embrace our vision of localization and nationalization, including transportation, security, energy, health, and financial technologies, in our civil activities. We aim to reflect the experience we have gained so far in defense technologies to the areas of civilian operations, increase our contribution in these fields by manufacturing products and technologies supplied from abroad, on the basis of our founding mission, and guide the development of the local supplier ecosystem.



In 2021, we ranked first in the R&D 250 Turkey's Companies with the Highest R&D Spending survey.

A high-caliber innovation hub for civil and defense industries...

As of the end of 2021, ASELSAN spent a total of TRY 5,615 million on R&D, of which TRY 949 million was self-financed. During the year, we made 177 patent applications, 70 of which were registered. With our more than 5,000 R&D employees and our investments in the field, we continued to produce technologies that would prepare our country for the future and increase our global competitiveness. In 2021, we ranked first place in the research of R&D-250 Turkey's Top R&D Companies.

ASELSAN Entrepreneurship Center

In 2021, Incubation Center was established under ASELSAN Entrepreneurship Center with the aim of developing an entrepreneur ecosystem and increasing innovation capacity. Through the Incubation Center, it is planned to provide mentorship to young entrepreneurs and direct start-up companies to the Incubation Center by making use of open innovation tools such as competitions, etc.

It raised the corporate governance rating to the historic peak

As the 48th largest defense industry company in the world, ASELSAN continued to stand out with its profitable growth, which is accelerating each year, as well as its corporate governance and sustainability efforts. We initiated the Corporate Governance Rating procedure in 2012 and maintained by increasing our performance every year. We raised our corporate governance rating score to 9.35 in 2021, up from 9.29 out of 10 in 2020.

We continued to be the address of the employee-oriented contemporary employment

At ASELSAN, a center of attraction for professionals and young talents, we have meticulously followed the human resources practices that will ensure business continuity in 2021, attaching importance to employee satisfaction and loyalty. Including 1,176 new employees who have recently joined the ASELSAN family, we have increased our total number of employees to 9,460.

ASELSAN Academy Postgraduate Training Program, which was initiated to support the personal development of our employees and increase their business performance, graduated 51 employees at the end of the academic year 2020-2021, bringing the number of graduates to 91. Being an exemplary model for university-industry collaboration, this program has a direct impact on our company being preferred by young talents, and the thesis studies carried out by our employees also directly contribute to our R&D studies.

We became the representative of effective combat against the COVID-19 pandemic

Since the first day of the COVID-19 pandemic, we have implemented measures covering all our internal and external stakeholders in order to protect the health of all our employees working at ASELSAN campuses, to reduce the impact of the pandemic in our areas of operation considering its importance for our country and to ensure the continuity and sustainability of ASELSAN's production and design activities. By focusing on the fields urgently needed by our country as a result of the pandemic risk, we achieved mass production of mechanical ventilators.



Message from the Chairman, President and CEO

Our determined efforts for a sustainable future were recognized internationally

Being aware of the fact that the environment we interact with must be protected in order to leave future generations a more livable planet, we make maximum efforts to minimize the environmental impacts of our activities and operations. In accordance with responsible and effective management of our resources, we continued to implement the ISO 50001:2018 Energy Management System, a management approach considering conscious and productive use of energy, in our activities in 2021 without making any compromises.

We integrate our sustainability focus into all of our areas of operation

As ASELSAN, just as we defend our country with our technology, it is among the top priorities for us to defend our climate, natural resources, and water with a national consciousness.

We manage the risk of climate change with our high technology, human assets, and powerful knowledge base

The net-zero emission target, which is our country's commitment for 2053, means that companies like us that work devotedly for the benefit of the country will make comprehensive changes in a variety of areas ranging from investment to production, and export to employment. We, as ASELSAN, support our country's goals with our achievements, practices, systems, and solutions for climate change. In this context, as ASELSAN, we made the decision of net-zero emission for 2050 in June 2021.

With our holistic sustainability approach, which is at the forefront of ASELSAN's operations and strategy, we continued our work on climate change by outperforming the global average in the climate program of the Carbon Disclosure Project (CDP), one of the most respected environmental projects in the world. In the CDP Water Program, which we participated in for the first time in 2021, our company received an A- grade, demonstrating its determination in this issue.

In 2021, ASELSAN became a Green Earth Ambassador by adding a new one to its achievements in climate change management for years. The "Zero Waste Project", which we put into practice for the waste management within ASELSAN, is successfully carried out by our company as an effective and extensive waste management system in accordance with the relevant legislation. The waste management practices implemented at ASELSAN campuses received a silver award at the International Green Apple Environment Awards.

We give priority to green solutions in the technological infrastructures and building designs of our facilities. Besides using eco-friendly products, we also develop projects and practices in order to reduce the consumption of conventional energy sources and contribute to productivity.

We encourage the use of public transportation thanks to the shuttle service between the metro station and the ASELSAN Campus. We have installed the charging infrastructure in our parking lot to encourage the use of electric vehicles by the staff and are planning to extend the charging network.

With the emphasis on being a technology company caring for the environment and people, we started using 3 electric and 7 hybrid vehicles to collect data and experience it within the scope of constituting a passenger car fleet with electric and hybrid vehicles in 2023.

We contribute to the future of our planet and the economy of our country

ASELSAN contributes both to the future of our planet and the economy of our country by adding intelligence and efficiency to our cities thanks to its domestic and national projects such as "intersection controller", "electric car system development" and "wind turbine development".

Through our solar inverter development activities, we carry out high-efficiency studies in the field of renewable energy in order to use the energy obtained from the Sun. We support scientific projects that concern the future of our planet.

Within the scope of the Sixth National Antarctic Science Expedition carried out by TÜBİTAK MAM Polar Research Institute, ASELSAN's domestic and national systems ensured the communication of our scientists in Antarctica. We became a part of this scientific research with our radio systems used in this voyage of discovery, where biodiversity is explored and new discoveries are expected.

We keep on sharing with the society through social responsibility projects...

ASİL Association, the social responsibility platform of our company, has been giving support to society since the day it has been established, by reaching out to the people in need in a reliable way. In 2021, ASİL Association stood by the society by providing financial support to 3,500 families in need, donating books and technological material to 20 schools, and offering surgery and device support to our citizens with limited financial means. It provided great support for the reconstruction of the kindergarten in the Kurucaova village of Malatya, which was damaged in the earthquake. Throughout 2021, ASİL Association continued to stand by the society and add "Hope for the Future, Value for Life" with the projects it carried out.

I would like to extend my thanks to all of our stakeholders, especially our capable human resources and suppliers, who have contributed to ASELSAN's outstanding performance by believing in us and always being there for us.

Kind regards,

Prof. Dr. Haluk GÖRGÜN

Chairman, President and CEO of ASELSAN



Our Key Financial and Operational Indicators

ASELSAN increased its total sales by 25% compared to the previous year and reached TRY 20.1 billion.

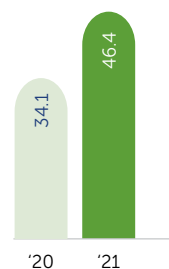
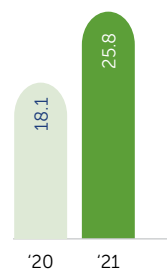
Income Statement (TRY Thousand)	2021	2020
Revenue	20,138,953	16,104,455
Gross Profit	6,648,911	4,605,015
Operating Profit (EBIT)	5,069,970	3,641,978
EBITDA	5,502,161	3,927,476
Profit for the Period	7,127,341	4,461,266

Balance Sheet (TRY Thousand)	2021	2020
Total Assets	46,413,298	34,094,229
Current Assets	23,175,142	19,594,261
Total Foreign Assets	20,578,088	15,996,126
Received Order Advances	1,558,337	3,102,114
Shareholders' Equity	25,835,210	18,098,103
Operational Cash Flow	2,432,551	1,718,600

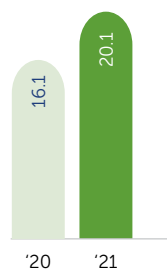
Financial Ratios (%)	2021	2020
Current Ratio	1.38	1.59
Asset Turnover Rate	0.50	0.54
Equity/Assets	0.56	0.53
Fixed Assets	0.50	0.43
Return on Equity	0.32	0.28
Return on Assets	0.18	0.15

Profit Margins (%)	2021	2020
Gross Profit	33	29
Operating Profit	25	23
EBITDA Margin	27	24
Profit for the Period	35	28
Revenue per Capita (TRY Million)	2.03	1.85

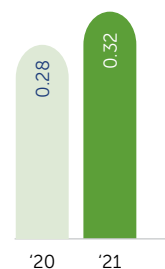
Total Assets (TRY Billion)

Shareholders' Equity
(TRY Billion)

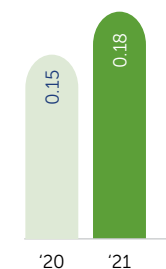
Revenue (TRY Billion)



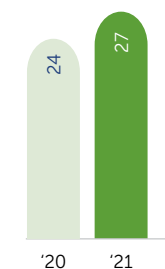
Return on Equity (%)



Return on Assets (%)

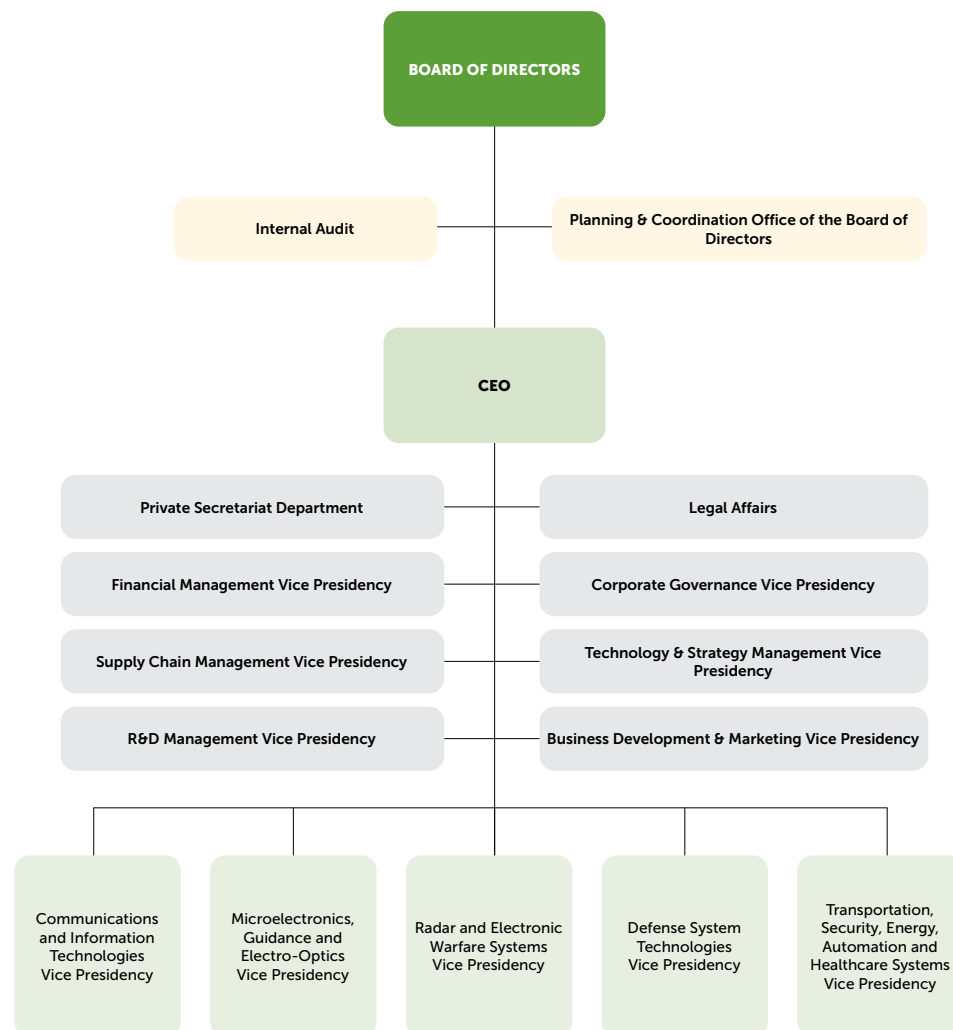


EBITDA Margin (%)





Our Organizational Structure



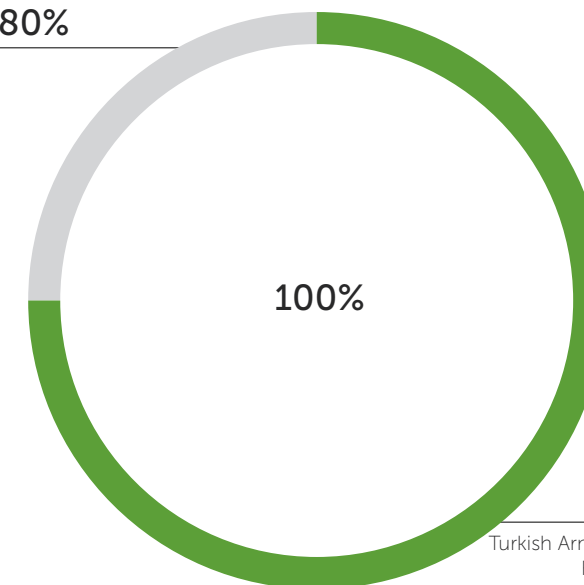
Our Shareholding Structure

ASELSAN shareholding structure consists of shares of Turkish Armed Forces Foundation and shares offered to public.

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

Free Float (BIST)

25.80%



Turkish Armed Forces Foundation

74.20%



Our 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.





Our Awards and Achievements

ASELSAN's sustainable growth performance, R&D investments, contributions to the youth, and successful projects have been affirmed by prestigious organizations.



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

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

ASELSAN on the top of R&D 250 survey

According to TurkishTime's "R&D 250 - Companies with Highest R&D Spending in Turkey" Survey conducted on the basis of data for 2020, ASELSAN was the company with the highest R&D spending with its investments of TRY 3 billion 356 million in 2020.

ASELSAN, the rising value

According to "Turkey's Most Valuable 100 Brands" list prepared by Brand Finance, ASELSAN went up to from 30th rank in 2020 to 19th rank in 2021 as the company that increased its brand value the most. Having the highest brand value among companies operating in the defense industry, ASELSAN became the leader of Turkey's most valuable brands by increasing its brand value by 65.7%. In the brand rating, the Company increased its score from AA in 2020 to AA+ in 2021.

ASELSAN received 4 awards at Brandon Hall HCM Excellence Awards

ASELSAN won 4 awards in "Excellence in Talent Acquisition" and "Excellence in Learning" categories at Brandon Hall Human Capital Management (HCM) Excellence Awards with its human resources projects and "a Yetenek (Talent a)" Program for contributing to its employees and young talents by focusing on its values.

ASELSAN was deemed worthy of "Golden" award in "Best Learning Technology" branch with its studies on the "a BİL-GE" platform, the Learning Management System, "Bronze" award in "Best Social Learning Usage" branch with the "Information Sharing Program," which aims to promote corporate information sharing and the culture of learning from each other, and "Silver" award in "Best Training Team" branch with learning and development projects to promote the co-learning of employees, interns and stakeholders in line with development values. "ASELSAN Talent a" program, one of Turkey's longest-standing talent programs, received "Silver" award in "Best Evaluation and Resourcing Strategy" branch of "Talent Acquisition" category, and ASELSAN became the first Turkish brand that won an award in this branch.

Having the highest brand value among companies operating in the defense industry, ASELSAN became the leader of Turkey's most valuable brands by increasing its brand value by 65.7%.



Our Awards and Achievements

ASELSAN was entitled to receive awards in two categories at “The Stevie Awards for Great Employers” with the social responsibility and human resources projects it realized with ASiL.

ASELSAN received awards in two different categories at “The Stevie Awards for Great Employers,” one of the most prestigious awards

ASELSAN received awards in two branches at “The Stevie Awards for Great Employers” with the social responsibility projects as well as the human resources learning and development projects it implemented through ASiL Solidarity Foundation.

ASELSAN stood by its employees with trainings specially designed for the pandemic period in the light of its “development” value. It aimed to promote corporate information sharing and the culture of learning from each other through the “Information Sharing Program,” one of the leading learning and development projects. Therefore, ASELSAN employees contributed to the personal and professional development of their colleagues with the trainings they prepared. In consequence of the jury assessment, ASELSAN received “Bronze” award in “Best Learning/Training Team” category for learning together with

its employees, interns and stakeholders through its “a BiL-GE” platform, the Learning Management System, and the learning and development projects conducted in 2020. Setting out with the motto “Hope for the future, value for the life,” the ASiL platform was deemed worthy of “Bronze” award for its humanitarian aids in natural disasters, education support to students within the scope of equal opportunity in education, healthcare support for patients in need, family support for families having financial difficulties, and projects it implemented since its establishment in 2019.

ASELSAN won “Big Star” and “Fast 50” awards

ASELSAN succeeded to rank among the “Fast 50” in the Technology Fast 50 Turkey Program, where Turkey’s fastest growing companies are determined by Deloitte based on their growth rate of new sales revenues for the last 4 years. It also won the “Special” award in “Big Stars” category that lists technology companies with revenues of EUR 50 million and above.

ASELSAN, a Green World Ambassador

In 2021, ASELSAN became a Green World Ambassador by adding a new one to its achievements in climate change management for years. With its waste management activities, ASELSAN received “Silver” award at the International Green Apple Environment Awards held in the UK and recognized as one of the most prestigious contests by environment authorities across the world.

ASELSAN received “Silver” award at Social Media Awards Turkey 2021

ASELSAN received the “Silver” award in “Defense Industry” category at Social Media Awards Turkey 2021 Data Analytics Awards where social media performances of brands and agencies are evaluated in the cooperation with Marketing Turkey and BoomSonar.

ASELSAN, Star of the Year

ASELSAN was selected as the “Most Admired Company in 2020” by Yıldız Technical University Business Club.



Going up to 19th rank in “Turkey’s Most Valuable 100 Brands” list prepared by Brand Finance, where it ranked 30th previous year, ASELSAN has the highest brand value among companies operating in the defense industry.



Milestones of Our Sustainability Journey

In 2021, ASELSAN organized the first Sustainability Workshop with the participation of the Senior Management and Sustainability Ambassadors.

1980s

- ASELSAN launched a young talents program, which currently runs under the name Talent-A. Indeed, employees who joined the Company in the 80s currently serve at the Senior Management of ASELSAN.

2004

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

2005

- ASELSAN's first Corporate Governance Committee was established.

2007

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

2008

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

2009

- In line with ASELSAN's goal of reaching excellence in business processes, OHSAS 18001:2007 Occupational Health and

Safety and ISO 14001:2004 Environmental Management System certificates were obtained.

2012

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

2013

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

2014

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

2015

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

2016

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

2017

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

2018

- ASELSAN kicked off Employees' Voice Workshops and "Our Future is With You" Events.
- ASİL Platform was established.
- Self-Funded R&D Evaluation Board was set up.

2019

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

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



Milestones of Our Sustainability Journey

The Industrialization and Supply Department was transformed into Vice Presidency of Supply Chain Management to increase the efficiency of all supply chain functions in end-to-end management.

2020

- The Back to Turkey project 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."
- Design process of the Leadership Development School aiming to improve ASELSAN managers' leadership capabilities was complete and the School was put into service.
- "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 respond under the Climate Change heading of CDP Turkey Reporting for 2019, ASELSAN was among five companies that were entitled to become a "Climate Leader" thanks to the 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."

2021

- ASELSAN participated in CDP Water Reporting for the first time and received an A- score, while ASELSAN received an A- score in CDP Climate Change Supply Chain Management with its value chain studies.
- A decision was made 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 establishment.



- ASELSAN transformed its Industrialization and Supply Chain Department into Vice Presidency of Supply Chain Management to increase the efficiency of all supply chain functions in end-to-end management.
- ASELSAN achieved a score above the global average according to 2021 results in CDP, and maintained its activities on climate change.
- With the participation of the Senior Management and 50 Sustainability Ambassadors, ASELSAN organized the first Sustainability Workshop, where the importance of sustainability was highlighted, and activities to accelerate long-term works were discussed. Within the scope of the Workshop, sessions of working groups were held on environment, society and corporate governance with the participation of Sustainability Ambassadors.



Sustainability Material Topics

In addition to the themes addressed within the scope of "corporate transformation," ASELSAN established its priorities for the 2021 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 Impacts

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 Opportunity
Non-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 continues to carry out its communication activities to increase awareness on sustainability among all individuals, institutions and organizations included in its stakeholder map, and to promote their efforts in this regard.

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, future generations and entrepreneurs into its stakeholder map.

CUSTOMERS

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.

EMPLOYEES

Experienced and qualified employees are indispensable components of the Company's sustainable and successful performance. In 2021, the Company continued to work on motivating employees and to ensure sustainability of their labor productivity. The global pandemic period has highlighted issues such as work welfare and employees' health. Within the scope of these issues, companies focused on projects ensuring the sustainability of employees' development and wellbeing. It realized projects to create a development culture based on learning from each other, and focused on conducting internal communication activities, ensuring its employees to take active roles in projects, and digitalizing its human resources systems and practices.

The internal communication team established under ASELSAN's Human Resources Directorate in 2020 pivoted around the corporate values in all written and printed communications, and conducted transparent and understandable communication activities in compliance with the culture. ASELSAN completed recognition activities for its Value Projects in 2021, and started to carry out promotion activities with its value ambassadors and with the inclusion of employees.

The Company's social media channels are an important tool of communication with the stakeholders and public. For this purpose, the ASELSAN Yaşam page on Instagram, which reflects the corporate culture and ASELSAN from the employer brand's perspective, allows potential candidates to observe the experiences of ASELSAN employees and get familiar with the corporate culture.

INVESTORS

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 2021, the Investor Relations Department accepted the meeting requests from domestic/foreign corporate and retail investors to the maximum extent possible. The majority of investor meetings were held online during the COVID-19 pandemic in 2021. As a result, total 121 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, inquiries of 800 individual shareholders were replied to in writing or verbally in 2021.





Our Stakeholder Map and Communication Approach

Deep/high-tech entrepreneurs are encouraged to apply to ASELSAN Entrepreneurship Center and be included in incubator and accelerator programs.

It is useful to reply to individual investors' phone calls via the Interactive Voice System to ensure more efficient time management in phone calls with investors and to measure and report the efficiency of these calls. This system enables the Company to receive feedback from investors, respond to some queries of investors via the interactive voice system menu without having to directly 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 2021, 6,360 calls were received through the system; individual investors dialed 602 times on the system; 1,473 individual investors talked directly with the Investor Relations specialists, and individual investors browsed the system 4,286 times.

SUPPLIERS/SUBCONTRACTORS

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. In 2021, activities for dissemination of the Supplier Portal were accelerated, and technical developments and improvements were made on the Supplier Portal. With these developments and improvements, suppliers are paid visit on site and portal trainings are provided.

Launched by ASELSAN in April 2020 to foster the bond with suppliers, increase the effectiveness of nationalization efforts, reduce Turkey's reliance on foreign resources, and manage partnerships under an integrated structure, "Gücümüz Bir (Powerful Together)" platform underwent user-friendly interface developments, infrastructural improvements and content updates in 2021 to achieve more effective services through the Platform. Additionally, ASELSAN meets current and

potential suppliers during its visits to industry and commerce chambers in different cities. In 2021, ASELSAN organized and/or participated in various industrialization events, such as fairs, workshops, bilateral negotiations (B2B) and industrialist meetings etc. and thus interacted with its suppliers.

UNIVERSITIES

Focusing on continuous development, ASELSAN continued to develop close cooperation with universities through its self-funded R&D projects, the Co-Op Work Program and the ASELSAN Academy Program, and sustained to create close bonds with students in 2021. ASELSAN has been actively participating in career fairs of universities for many years, as well as the regional career fairs organized by the Presidency Human Resources Office every year in order to increase the opportunities of meeting the potential ASELSAN members of the future. In 2021, ASELSAN attracted heavy attention in TEKNOFEST and people from all ages visited the exhibition area and received information on ASELSAN products and career paths.

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 local and international sectoral platforms by the Senior Management as well as its executives and employees.

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. Maintaining close relations with public institutions, ASELSAN supports the public sector's projects and initiatives in social areas and the defense industry. ASELSAN also responds to the public institutions and organizations' requests for information and view exchanges on the industry and ASELSAN activities.

SOCIETY

With the Turkish Nation's trust and ambition to work, ASELSAN determined its primary goal as contributing to the Turkish society's development in social, environmental, economic and cultural aspects.

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 puts its all effort in passing its solid corporate reputation onto future generations, and strengthens communication with the youth via various channels including Techno Adventure and Alimhane.

ENTREPRENEURS

Deep/high-tech entrepreneurs that carry out their activities under the themes determined and announced by ASELSAN are encouraged to apply to ASELSAN Entrepreneurship Center and be included in incubator and accelerator programs. In addition to these incubator and accelerator programs, ASELSAN also aims to provide these entrepreneurs with mentorship by experienced ASELSAN personnel as well as with the access to ASELSAN infrastructures.



Our Communication Methods with Stakeholders

ASELSAN's multi-directional communication and interaction strategy lies at the root of its consistent relations with internal and external 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:

Customers

- Customer Satisfaction Surveys (Every Project)
- Website (Constant)
- Call Center (Constant)
- Exhibitions in and outside of Turkey (Several Times In A Year)

Employees

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

Investors

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

Suppliers/Subcontractors

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

Universities

- Conferences/Panels/Workshops (A Few Times A Year)
- Self-Funded R&D Projects (Constant)
- ASELSAN Academy (Constant)



Public Institutions, Sectoral and

- Non-Governmental Organizations
- Seminars/Workshops/Conferences (Several times a year)
- Cooperation within the scope of legal regulations (When needed)
- Launch/Summit/Project Signing and Handover Ceremonies (Several times a year)

Society

- Website (Constant)
- Social Media and Press (Constant)
- Social Responsibility Project (Several times a year)
- ASİL Solidarity Foundation (Constant)

Future Generations

- Career Fairs (Several times a year)
- Cooperation with the Ministry of National Education (When needed)
- ASELSAN Vocational and Technical High School (Constant)
- Techno-Adventure (Constant)
- Alimhane (Constant)
- Science Festivals (Several times a year)

Entrepreneurs

- Deep/High-Tech Entrepreneurs (Constant)
- ASELSAN Incubator and Accelerator Programs (Planned)
- ASELSAN Mentoring Program (Planned)
- Access to ASELSAN Infrastructures (Planned)

TEKNOFEST 2021 pioneered the dissemination of technologies for unmanned underwater vehicles to a wide base through the Unmanned Underwater Competition organized by ASELSAN.



Our Communication Methods with Stakeholders

Avenue EV, the Turkish automotive industry's first 100% domestic electric bus developed in cooperation with ASELSAN and TEMSA, set off from Samsun.

Contract Signing Ceremony for Smart City Traffic Safety Project

The Contract for Smart City Traffic Safety Project, which constitutes an important step in smart city applications, was signed between Samsun Metropolitan Municipality and ASELSAN on June 01, 2021.

Signing Ceremony for 100% Domestic Electric Bus

Avenue EV, the Turkish automotive industry's first 100% domestic electric bus developed in cooperation with ASELSAN and TEMSA, set off from Samsun. On July 16, 2021, the contract for the Ultra Fast Charging Bus and Charging Infrastructure System Project was signed by the Metropolitan Municipality and ASELSAN at the ceremony attended by the Minister of Industry and Technology Mustafa Varank who reached the area via the bus.

Handover Ceremony for Dragoneye Thermal Camera Supply Project

With the Ministry of Interior and the Land Forces Command as beneficiaries of it, the Thermal Camera Supply Project for the Enhancement of Surveillance Capacity at the Southeastern Border contract was signed between ASELSAN

and Ministry of Treasury and Central Finance and Contracts Unit in 2020. The handover ceremony for the first 100 systems produced within the scope of the contract was held on November 25, 2021 at ASELSAN Akyurt Facilities.

ASELSAN Strategic Partnership Meeting

The Strategic Partnership Meeting was held on November 2, 2021 with ASELSAN's Future Vision Panel, the Stars of Nationalization Award Ceremony, and the presentation of the Strategic Partnership Certificates dedicated to the meaning of the day. ASELSAN aims to take its strategic partnership efforts, which it started in 2009, to a much higher level with 25 new partnerships established in 2021. The Company increased the total number of banks to 15 by adding 1 more bank to its Supplier Financing System in 2021.

Ceremony for Promotion of ASELSAN Nationalization Studies, Signing of Cooperation Protocols, and Presentation of Certifications and Certificates of Appreciation

The Ceremony for Promotion of ASELSAN Nationalization Studies, Signing of Cooperation Protocols, and Presentation of Certifications

and Certificates of Appreciation was held within the scope of the 3rd Productivity and Technology Fair. Organizations, associations and clusters that represent ASELSAN's supply ecosystem, companies that have successfully completed their nationalization efforts, and sub-industry companies approved by ASELSAN within the scope of Industrial Competency Assessment and Support Program (EYDEP) of the Turkish Presidency of Defense Industries were presented their certificates of approval, while banks cooperated through the Supplier Financing System were presented their certificates of appreciation.

Sustainability Workshop

Adopting sustainability approaches as an indispensable element of its corporate culture, ASELSAN took an important step to get prepared for the future with the first Sustainability Workshop it organized. ASELSAN's Chairman and CEO Prof. Dr. Haluk Görgün and ASELSAN's Sustainability Ambassadors attended the Workshop consisting of working group sessions under the main topics of environment, society and corporate governance.

AVITEK 2021 Workshop

Within the scope of the studies carried out in Turkey in the field of avionics, the AVITEK 2021 Workshop, dedicated to Sabiha Gökçen, Turkey's First Female Pilot, was held with the participation of the relevant procurement authorities, end users, leading organizations in the sector and company representatives operating in this field.

Land and Weapon Systems Workshop

Aiming to offer innovative and reliable products and solutions with high added value in line with the needs of its domestic and international customers, especially the Turkish Armed Forces,

ASELSAN came together with its stakeholders at the Land and Weapon Systems Workshop in order to share their work, and to evaluate the new talents that need to be acquired based on the new needs emerging in the field.

5G Business and Operating Models Workshop

5G Business and Operating Models Workshop was organized under the Communication and Information Technologies Industry Presidency in order to share information about the studies on the 5G standard and sectoral developments, and to determine the joint activity and operating models with the Sectoral Presidencies and affiliates related to the creation of the ASELSAN 5G product portfolio.

Satellite Navigation Technologies Workshop

Due diligence on satellite navigation systems in Turkey, problems experienced and technology dominance, space-based regional solutions for Turkey, ASELSAN inertial navigation solutions, and integrated navigation systems topics were discussed at the Satellite Navigation Technologies Workshop held by ASELSAN.

TAYAS and Secure Campus Networks Workshop

The workshop was organized within the scope of business development activities that aimed to disseminate TAYAS Project to the Land Forces units and to use the encrypted wi-fi technology in different areas within the Turkish Armed Forces. At this workshop, ASELSAN gave presentations about the TAYAS Project, Security and Data Integrity in Wireless Networks, Zero Trust Security Framework, KAVIS Project, National Network Devices Vision and Current Roadmap topics, while TOBB ETU Faculty of Engineering made presentations on Campus Networks Existing Technology and Architectures, Development and Future of Wi-Fi Standards, Security in Campus Networks.



Our Communication Methods with Stakeholders

ASELSAN Academy Graduation Ceremony for 2020-2021 Academic Year

ASELSAN Academy graduated 51 students at the end of the 2020-2021 academic year, increasing the number of its graduates to 91. The graduation ceremony was held on November 08, 2021, bringing together 51 academy graduates, who made significant contributions to ASELSAN with their thesis studies, and thesis advisors and ASELSAN Managers. A jury of seven members in the ASELSAN Academy program, consisting of representatives from four universities evaluated the added value and academic benefits of graduates' theses to ASELSAN to determine a final list based on their outputs such as articles and patents; the top three thesis owners were deemed worthy of awards.

ASELSAN SAHA-Istanbul Industrialization Event

ASELSAN SAHA-Istanbul Industrialization Event was held with the aim of consolidating the industrial cooperation between ASELSAN and SAHA-Istanbul, the cluster with the highest number of members in Turkey. In the event, around 700 interviews were made with approximately 200 company representatives to evaluate potential opportunities to increase bilateral cooperation.

IDEF'21

ASELSAN participated in IDEF'21, the 15th International Defense Industry Fair, with its wide range of high-tech systems and solutions. ASELSAN took part with its 172 nationalized products in the Nationalized Products exhibition area, which was held for the first time in 2021. In line with its vision of "becoming a technology

company that maintains its sustainable growth, is preferred with its competitive power, is trusted, and cares for the environment and people," ASELSAN highlighted its sustainability efforts in IDEF'21. Under the theme of "Technology That Touches the Nature and Human," ASELSAN used live trees and more than 5 thousand roots of live plants in its stand area, more than 90% of which were made from eco-friendly materials.

Participation in the Eco Climate Summit held in Ankara on 30-31 March 2022

The world's first economic and economic conference was held at the ATO Congressium between 30-31 March 2022 in order to prepare for global regulations in the most accurate and rapid manner on "Climate Change" and "Green Transformation," to combat climate change and to create a common mind for minimizing its impact on the economy. ASELSAN took its place as a sponsor and participant in the climate change fair.

ASELSAN Press Meeting

Hosted by the Chairman and Chief Executive Officer Prof. Dr. Haluk GÖRGÜN, ASELSAN Press Meeting was held at ASELSAN Pond with the participation of 34 press members from 17 media organizations. At the meeting, representatives of the defense media had the opportunity to chat with our managers about current projects and future plans.

TEKNOFEST 2021

ASELSAN participated as a stakeholder in the TEKNOFEST Aviation and Space Festival, the 4th of which was held at Istanbul Atatürk Airport

between September 21-26, 2021. A total of 35 competitions were organized within the scope of TEKNOFEST 2021. It pioneered the dissemination of technologies for unmanned underwater vehicles to a wide base through the Unmanned Underwater Competition organized by ASELSAN. Artificial Intelligence in Transportation Competition was held by ASELSAN in cooperation with TÜBİTAK and Cezeri. The competition was organized in order to find solutions to the problems that may be encountered in the field of transportation, and to increase the knowledge and trained manpower.

Ecological Touch on Smart Cities from ASELSAN

With the joint work of ASELSAN and Ankara Provincial Directorate of National Education, a painting competition with the theme of "Ecological Smart Cities" was held within the scope of World Environment Day. In the competition held on the ASELSAN Techno Adventure platform and attended by the 5th, 6th, 7th and 8th grade students of primary and secondary schools in Ankara, children had the opportunity to draw the future of smart cities by depicting their dream flying cars, moving roads and hospitals managed by robots.

ASELSAN Kindergarten Opening Ceremony

ASELSAN Kindergarten in Doğanşehir, Malatya, which was damaged in the Malatya-Elazığ earthquake and repaired by ASİL Solidarity Foundation, was brought into service in the inauguration ceremony with the participation of Malatya provincial protocol and ASELSAN executives.

ASELSAN Technology Talks with ASELSAN Vocational and Technical Anatolian High School (MTAL) Students

ASELSAN Technology Talks were held twice in 2021, the first at ASELSAN Pond in July and the second one at Macunköy Facilities in September, with the participation of engineers and technicians from five sector presidencies. After the presentations and Q&A session, student interviews were made to seek answers to questions such as why ASELSAN MTAL should be preferred, why ASELSAN MTAL is different, in which field they would like to study at university in the future, in which industry they would like to work, and how they imagine the technologies of the future will be.

ASELSAN Technology Seminars

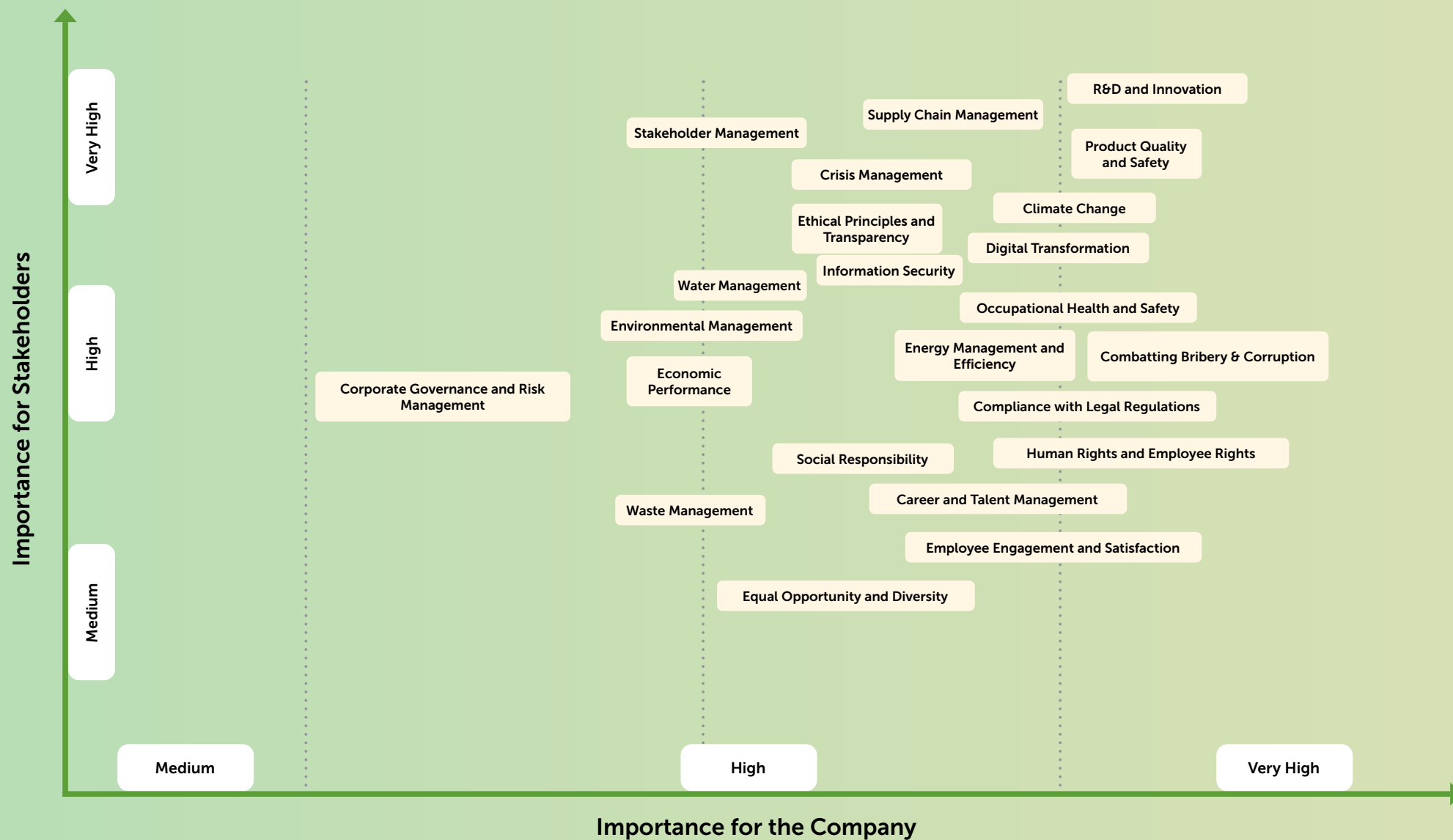
Technology enthusiasts showed great interest in ASELSAN Technology Seminars held in 14 sessions as part of the 3rd Productivity and Technology Fair. Participation certificates were sent via e-mail to approximately 900 participants who followed the sessions physically and online.

"Suyun Yarını (Water's Future)" Project Competition Final

Organized with the cooperation of ASELSAN under the leadership of the Presidential Human Resources Office, the competition was launched with the main theme of mobilizing technology for a livable world. Total 125 teams participated in the competition and uploaded their projects to the system through the talent gate. Award Ceremony of "Water's Future" Project Competition was held at ASELSAN Akyurt Facilities and broadcast live on ASELSAN's official YouTube account, the Presidential Human Resources Office's official Twitter account and digital platform YTNK.TV. The 6 teams that made it to the finals were provided with a technical tour at ASELSAN Akyurt Facilities on the day of the ceremony. The top 3 teams were given a monetary award and also allowed to participate in the half-day sustainability training organized by ASELSAN.



Our Prioritization Analysis with Stakeholder Engagement





Memberships and Initiatives Supported

*ASELSAN is a member of and supports
17 domestic and 22 international organizations.*

DOMESTIC

- ✓ ARUS (Anatolian Rail Transportation Systems Cluster)
- ✓ Ankara Chamber of Commerce (ATO)
- ✓ ASO (Ankara Chamber of Industry)
- ✓ AUSDER (Smart Transportation Systems Association)
- ✓ BGD (Information Security Association)
- ✓ İMMİB (Istanbul Minerals and Metals Exporters Association)
- ✓ KALDER (Turkish Quality Association)
- ✓ OAİB (Central Anatolian Exporters' Association)
- ✓ RAYDER (Rail Transportation Systems and Industrialists Association)
- ✓ SAHA Istanbul (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)
- ✓ Turkey Open Source Platform

INTERNATIONAL

- ✓ AOC (The Association of Old Crows - The Name for People Engaged in the Profession of Electronic Warfare)
- ✓ Armed Forces Communication and Electronics Association (AFCEA)
- ✓ DMR (Digital Mobile Radio Association)
- ✓ DVB (Digital Video Broadcast Consortium)
- ✓ EAQG (European Aerospace Quality Group) Membership EENA (European Emergency Number Association)
- ✓ ETSI (European Telecommunications Standards Institute)
- ✓ IEEE (Institute of Electrical and Electronics Engineers)
- ✓ FOSA (Fiber Optic Sensing Association)
- ✓ IPC (Association of Connecting Electronics Industries)
- ✓ IRIS (International Railway Standard)
- ✓ ONVIF (Open Network Video Interface Forum)
- ✓ OSA (Optical Society of America)
- ✓ PCI-SIG (Peripheral Component Interconnect - Special Interest Group)
- ✓ RTCA (Radio Technical Commission for Aeronautics)
- ✓ SPIE (Society of Photo-Optical Instrumentation Engineers)
- ✓ TETRA Base Station (Critical Communication Association)
- ✓ TIA Advancing Global Communications
- ✓ UCAlug (UCA International Users Group)
- ✓ UIIN (University Industry Innovation Network)
- ✓ UITP (International Association of Public Transport)
- ✓ VITA (VMEBus International Trade Association)
- ✓ WEMPEC (Wisconsin Electrical Machines and Power Electronics Consortium)





Corporate Governance

Publishing Corporate Governance Compliance Reports on annual basis since 2004, ASELSAN scored 9.35, the highest score so far, in corporate governance rating in 2021.

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.

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. As a result of these improvements made by the

Company, ASELSAN's corporate governance rating went from 8.77 out of 10 in 2012 to 9.35 out of 10 in 2021 according to 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.

ASELSAN's rating scores by subcategories are as follows (out of 100):

Subcategory	Rating	Weight
Shareholders	89.59	25%
Public Disclosure and Transparency	98.72	25%
Stakeholders	99.17	15%
Board of Directors	90.16	35%
Governance Principles Compliance Rating	93.51	100%

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 regulation, 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.

In an attempt to bring its lead on domestic platforms to the international arena, ASELSAN works without respite towards full compliance with corporate governance principles and legal regulations, and implements its corporate governance approach as an ongoing dynamic process.





Corporate Governance

ASELSAN employees have working environments where they can comply with Ethical Principles, Values and Codes of Conduct.

Our 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, Values and Codes of Conduct consist of the following titles: basic principles, codes of conduct, prevention of conflicts of interest, ASELSAN's relations with third parties, gifts and discounts, use of information and assets belong to ASELSAN, opportunities regarding to ASELSAN, confidentiality, occupational health and safety, behavior towards official institutions and authorities, investor relations, intellectual and industrial property rights, protection of applicant's rights, prevention of discrimination and harassment, prevention of mobbing, protection of the environment, political activities, social responsibility, use of social media, use of information technology resources, compliance with laws and company regulations, personal and private activities.

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 Supply Chain Management the Committee consists of the representatives from Internal Audit, Support Services Legal Affairs, and Human Resources Department, and two additional 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 participates in 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 tasked with mandatory trainings on Ethical Principles, Values, and Code of Conduct; are provided a booklet on ethical principles, values, and code of conduct, and are expected to commit to acting in accordance with the 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 2021, 142 applications were submitted to the Ethical Principles Committee, and all applications were evaluated and applicants were informed. All applications and personal information of applicants are kept confidential and not shared. Applications included reports on rule violations such as mandatory facial masks (due to the COVID-19 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 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, received applications and conducted evaluations.

The number of cases investigated and concluded on harassment has been 7 in total for the last 4 years. It is observed that this number comprises only 0.09% when the average number of employees in the last 4 years is taken into consideration. Employees who had complaints in the aforementioned cases applied to the Ethical Principles Board, or the relevant procedures were carried out and concluded within the scope of disciplinary processes as a result of notifying the issue to the top managers/Human Resources Directorate by taking it to the agenda of the Disciplinary Committee and giving it urgent priority.

The Committee issues certificates of appreciation for employees to encourage employee behavior that help promote ethical principles and values. In addition, 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 were also actively used in 2021.





Corporate Governance

ASELSAN internal auditors are committed to complying with the Code of Ethics established by the Global Institute of Internal Auditors.



Internal Control and 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 attempts to increase its competitiveness and strengthen its global company position have further increased the importance of the internal audit function and raised expectations. In 2021, investigation and research activities were carried out as well as planned audits in the fields of human resources management, marketing and business development processes, financial management

information systems, design information systems, information technology infrastructure management, strategy and technology management. 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.

Additionally, "For Information Technology audits, COBIT (Control Objectives for Information and related Technology) framework, which is developed by ISACA, is used to assess IT (Information technology) related risks and controls. 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. Based on these principles, reports were prepared by the relevant departments in accordance with the risk-oriented approach; these reports are presented to the managers to conduct relevant control activities. In 2021, the Company started to work on digitalization and the development of data analytics applications in internal audit processes.

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.

The audits related to information technologies (IT) carried out in 2021 have contributed to the improvement of the following aspects: collaborating the application and IT infrastructures used by Industry Presidencies, managing the design data created in the processes of the Industry Presidencies with common applications, transferring the paperwork operations into the digital media, improving the exchange of ASELSAN financial data with other institutions and transferring them into digital media, and developing or purchasing software in accordance with the demand, starting with the requests submitted by the Industry Presidency and other process owners during the Software Development Lifecycle process.

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

ASELSAN considers bribery and corruption as one of the most significant moral threat on the society's way.

Our Anti-Bribery and Anti-Corruption Approach

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 of ASELSAN receive training on anti-corruption and business ethics. 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. In addition to the work carried out by the Disciplinary Board, the Internal Audit

Unit also carries out inspection activities to have a thorough investigation of these risks, if assigned by the Board of Directors. The Disciplinary Committee or Internal Audit Unit prepares a report on the inspection and investigation results within the scope of the assigned task, and submits it to the Board of Directors or the CEO.

ASELSAN's Anti-Bribery and Anti-Corruption Policy is available in English and Turkish and can be found on the corporate website. Within the scope of the policy, the Company acts in accordance with a "zero tolerance" approach against bribery and corruption, and aims to carry out its activities in a fair, honest, legal and ethical manner.

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.



Combating Bribery and Corruption Policy



Our Committees

The Audit, Corporate Governance and Early Detection of Risk Committees were established to enable the Board of Directors to fulfill its duties and responsibilities in a sound manner.

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.

Early Detection and Management of Risk Committee:

Consisting of three 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 four 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.





Our Understanding of Effective Risk and Crisis Management

The fact that ASELSAN considers Risk Management processes as an integral part of the corporate culture, and that they are fully rolled out company-wide contributes to ASELSAN's sustainability.

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. 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. Results of research carried out on risks pertaining to the Company, the environment, and society, are consolidated and presented to all employees in Risk Bulletins.

Additionally, Risk Management Courses have been included as the mandatory trainings in the professional and on-the-job training programs of the entire ASELSAN staff. 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.

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 financial/non-financial uncertainties that may threaten the corporate existence of the Company. Within this scope, the Early Detection and Management of Risk Committee, established to identify and define ASELSAN's risk exposure proactively and manage those risks in line with the Company's risk-taking approach, carries out these duties in full compliance with all relevant legislative requirements, mainly the Article 378 of Turkish Commercial Code no. 6102. Risks that may prevent the Company from reaching its medium and long-term goals are

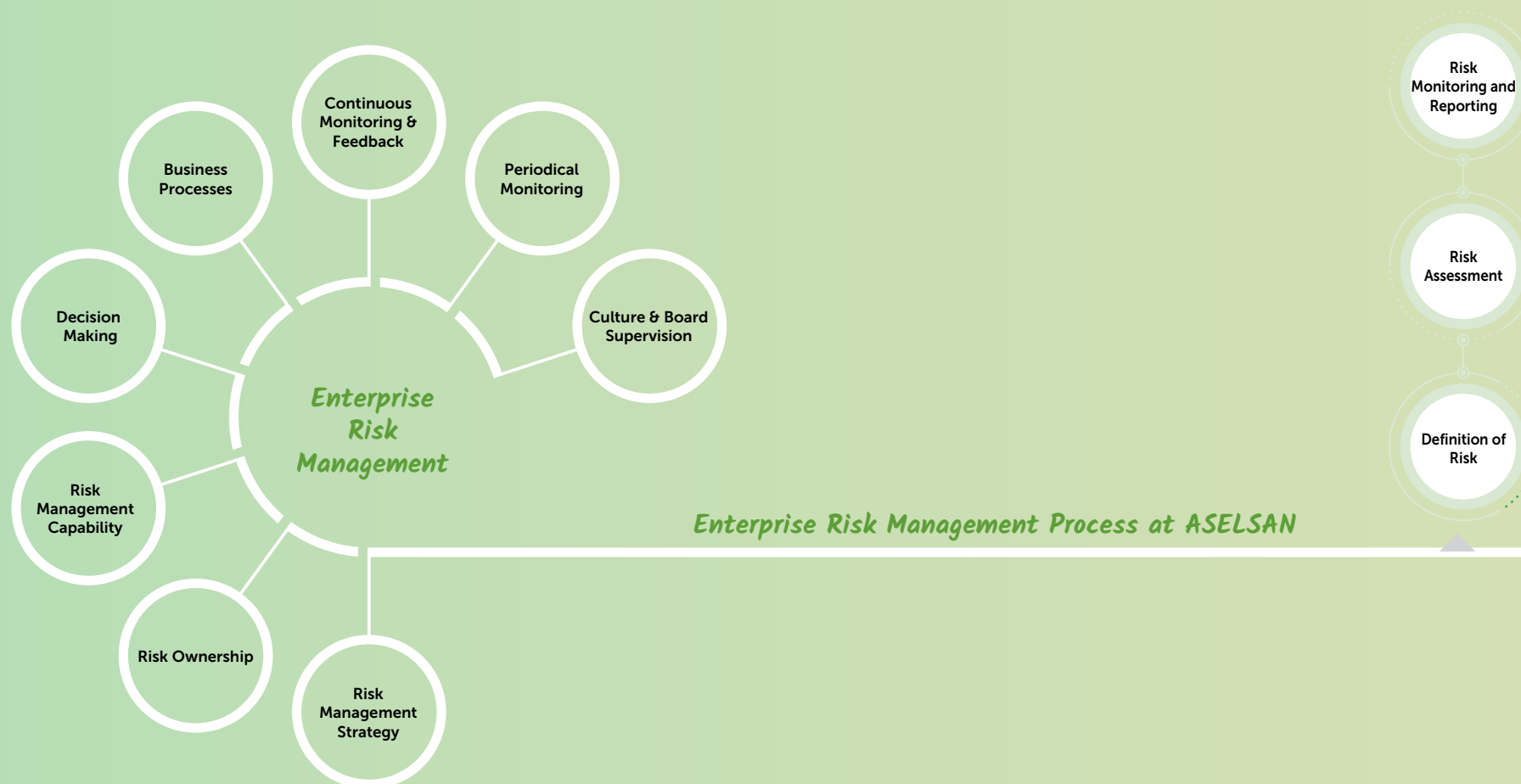
defined and evaluated by involving the Board Members, Members of the Early Detection and Management of Risk Committee, and employees in the process. At ASELSAN, policies and action plans are formulated and implemented for every risk category. Risks have been divided to the broadest extent possible into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

ASELSAN Enterprise Risk Management activities are carried out via risk management mechanisms as well as structures such as boards and working groups that encompass the entire Company in compliance with international standards.



Our Understanding of Effective Risk and Crisis Management

Adopting a holistic risk management approach, ASELSAN manages strategic, financial, operational and compliance risks, and assures business continuity by integrating these risks into decision-making mechanisms as part of its business processes and corporate governance.





Our Understanding of Effective Risk and Crisis Management

ASELSAN crisis communication covers the entire communication strategy and methods to be followed in crisis periods.

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 at "medium level"; however, the Risk Management System assesses and manages those risks that are perceived as threats to the Company's sustainability, strategies, 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 of Directors is periodically informed through the report prepared by the Early Detection and Management of Risk Committee, covering information on the performance of mitigating/preventive activities aimed at the risks included in the Company's risk inventory. The Committee prepares the annual assessment report, including the activities performed within the year, and submits them to the Board of Directors to constitute the basis of the Board's assessment. The risks in ASELSAN's risk inventory are reviewed by the Committee

at least once a year for the purposes of evaluating the level of impact and likelihood of such risks. At ASELSAN, Enterprise Risk Management Coordination Board and Risk Working Groups have been formed to carry out activities aimed at defining and managing risks at different levels.

The impact of Climate Change and COVID-19 pandemic was observed inside and outside ASELSAN, and the World Economic Forum's Global Risks Report 2021 was taken as a basis under the Enterprise Risk Management efforts.

Rigorous measures to fight the COVID-19 pandemic

Infectious diseases and epidemics rank first in the list for impact in the next 10 years, according to the World Economic Forum's 2022 Global Risks Report, as stated in the previous year.

Since the first day of the COVID-19 pandemic, ASELSAN determinedly continues to implement the rigorous measures that were shared with the public through the Sustainability Report and corporate website

to minimize the impacts on individuals and operations. As part of the fight against the pandemic, activities have been carried out uninterruptedly by taking into account employees' health and continuity of supply chain. ASELSAN fulfilled all standards determined by TSI, and became the first defense industry company to qualify for TSI COVID-19 Safe Production/Safe Service Certification.

Firm stance in the fight against climate change

According to the 2022 Global Risk Report published by the World Economic Forum, the most significant risks according to the level of probability and impact are climate action failure, extreme weather caused by the climate change, and biodiversity loss. The damage caused by the climate change induced risks, which have recently become more prominent, is anticipated to increase in the next decade.

Having been involved in CDP Climate Change program successfully since 2012, ASELSAN incorporated the climate change and environmental risks, today's one of the major risks, into its enterprise risk system. ASELSAN continues to take necessary actions for managing climate change risks and contributing to the sustainability of the planet, and to hold its position among the world's major defense industry leaders.

Proactive crisis strategies for sustainable communication

ASELSAN clearly defined the business processes to implement the crisis communication in case of crises originating from ASELSAN-related emergencies, possible

crisis conditions that may affect the Company, and possible service problems that directly affect the Company's stakeholders. Crises are defined as any national or international extraordinary cases that may adversely affect the corporate goals and require quick response.

ASELSAN crisis communication covers the entire communication strategy and methods to be followed in crisis periods. Crisis communication is mainly focused on taking preventive measures to avoid crises, eliminating the factors that may cause crisis, generating solutions, and sharing crisis management, solutions and relevant developments with the public.

ASELSAN's communication plan for crisis period is based on formulating and maintaining conventional, digital and social media communication strategy as well as the communication chain and distribution of tasks.

Within the scope of crisis communication, which poses urgency and require flexibility, ASELSAN takes the most effective actions in the fastest manner by taking into account its interests and positive public perception, and brings proactive, measurable and variable message contents that support sustainable communication to the forefront.

Within the scope of crisis communication strategies developed in 2021, all possibilities that may adversely affect the ASELSAN perception or brand were identified, and action plans were created for each possibility. For crises encountered in 2021, solution plans with alternatives were studied and relevant messages were created, and the Company's positive public perception was strengthened in printed, visual and digital media.



Our Product Safety and Service Quality

The principle of “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” has been adopted.

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.”

Having defined their Product Safety processes, ASELSAN Vice Presidency implement them during design, verification, validation and production, and raise awareness among the personnel. The relevant activities are carried out in test areas outside living spaces in order to avoid affecting the society and human health. The safety targets were set in consequence of Functional Hazard Assessments (FHA). Safety assessments (FHA, SSA, CMA, FMEA) were performed. Any problems are notified to the customer/authorized person.

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.

With this cycle,

- Resources required in line with the purpose and processes of the system are established, and risks and opportunities are determined accordingly in order to meet customer expectations and reach

the desired goals with respect to company policies,

- Planned operations are implemented,
- Processes and the final products are monitored, measured, and reported against the policies, objectives, conditions, and planned operations,
- Activities are carried out to improve performance when deemed necessary.

Industry-based Integrated Logistics Support (ILS) departments regularly perform and report project-based customer satisfaction measurements for training, repair and maintenance activities. Moreover, customer satisfaction surveys are conducted by independent survey teams at least once a year. The customer satisfaction rate for 2021 is 86%. ILS, Quality and Design Departments regularly monitor the relevant ILS surveys as well as the product performances and data after fulfilling customer needs and performing market surveillance when necessary.

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.”

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,
- Digitalizing processes and process implementation,
- Disseminating quality as a component of the corporate culture,
- Following and adopting the evolving and changing quality models and standards.





Our Product Safety and Service Quality

Project and process performances are measured, analyzed, followed up for improvement, and reported to the Senior Management.

In 2021, the definitions, functions and performance of ASELSAN Quality Management System were confirmed and documented through internal and external audits. Their compliance with the following standards and models have been approved by accredited institutions as of 2021, and will be controlled at certain intervals:

- 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.

Project and process performances are measured, analyzed, followed for improvement opportunities, and reported to the Senior Management at certain periods.

ASELSAN is a member of IAQG (International Aerospace Quality Group), and provides effective support to the determination of standards in global quality management systems for aviation, aerospace and defense industry.

The best practices and tools within Quality Management System processes are followed and implemented under the guidance of active working groups.

ASELSAN, which has been developing advanced critical avionic systems for comprehensive military modernization projects since 1995, is a dominant player in Turkish aviation industry with its experienced personnel and technological opportunities.

ASELSAN has been striving to develop its company procedures, processes and airworthiness activities in compliance with the EASA PART 21 regulation since 2014. It has applied to European Union Aviation Safety Agency (EASA) for DOA, POA and ETSO authorizations of some advanced avionics.

It has been conducting Design Organization Approval (DOA) works in Airborne Platform Projects as the certification authority.

The Project Management is carried out in compliance with the PMBOK Guide (Project Management Body of Knowledge).

Measurement results, reports and corrective actions/improvement plans are published internally through the application developed for this purpose.

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.

ASELSAN has adopted the mission of manufacturing low-cost, efficient and high-tech products with domestic contents in civil sector for transportation, energy, smart systems, healthcare and civil telecommunication systems. Systems developed for transportation, energy, smart systems and healthcare are intended for a better and safer world. Systems and products

for transportation, energy, smart systems and healthcare services are designed in consideration of disposal and recycling. Lifecycle Costs of systems and products for transportation, energy, smart systems and healthcare are calculated as part of the design requirement. The results are followed for optimization, and reported to the customer if needed. Systems and products for transportation, energy, smart systems and healthcare services are designed in consideration of disposal and recycling. Transportation related systems and products in trains and vehicles consist of new generation electric propulsion systems that are ASELSAN's original designs.

In order to ensure compliance with rail transportation, electric vehicle, wind power and healthcare industries in which it designs and serves in the civilian field, ASELSAN also undertakes efforts toward:

- European Railway Agency (ERA) Regulation 881/2004
 - Railway Certification areas (Railway Safety Directive 2004/49/EC) (Regulation (EU) No 402/2013 on the common safety method)
 - Railway TSI issues (Interoperability Directive 2016/797)
 - Electric Vehicles Homologation (EU) 2018/858 (UN ECE, ECR)
 - Wind Turbine and Components Certification (IEC 61400 series)
 - Healthcare CE Certification and Post-MDD MDR Compliance (EU) 2017/745
- certifications as per civil aviation regulations.

Decommissioning and disposal processes are taken into consideration in product lifecycle plans in the field of transportation systems. Packaging is handled as a design requirement according to the needs of the industry and customer. The majority of cardboard and paper packaging materials are purchased in recycled form. Around 70% of packaging materials are produced from recycled paper.



Our Technology and Innovation Activities

ASELSAN aims to carry out research studies and develop new generation technologies.

ASELSAN manages the ASELSAN Innovation Management System by including it in the Company strategy, technologies and projects of the Company in order to contribute to the sustainable growth and operational efficiency of innovation activities, and carries out innovation processes together with its internal and external stakeholders. In order to manage innovation in a corporate manner at ASELSAN, "ASELSAN Innovation Committee" which was established in 2020, continued its efforts to develop and spread the innovation culture throughout the company in 2021 as well. In this context, a Corporate Innovation Culture measurement survey was applied to determine the areas that are sufficient and open to development in the innovation culture throughout ASELSAN and to identify the areas that need improvement in the ASELSAN Innovation Management System. The results of the widely attended survey were analyzed, and studies on development plans for innovation efforts were initiated.

Within the scope of systematic and sustainable management of innovation, there are ongoing studies on "Innovation Management System"

and "Idea Management System", and this system is integrated into company processes and IT infrastructure in order to realize the digital transformation of innovation processes at ASELSAN.

An Incubation Center was established in 2021 under the ASELSAN Entrepreneurship Center, Technology & Strategy Management Vice Presidency, in order to develop the entrepreneurial ecosystem and increase the innovation capacity of the Company. Through the Incubation Center, it is planned to provide mentorship to young entrepreneurs and to guide start-up companies to the Incubation Center by using innovation tools, competitions etc.

Open innovation activities

ASELSAN implemented the open innovation model in 2021, making it possible to include external stakeholders in innovation activities. With project-based competitions, an important tool of open innovation, ASELSAN held the first open innovation competition themed "Water in the Future" for university students in cooperation with the Presidential Human Resources Office.



Project proposals submitted within the scope of the competition were evaluated by ASELSAN, the Presidential Human Resources Office and academicians with expertise in Water Management. The winning teams were announced in the final live broadcast held on December 22, 2021. Studies are carried out with stakeholders specialized in different fields in order to create common sense and value together in R&D studies.

Within this scope, joint technology workshops were organized with Istanbul Technical University, Bursa Technical University, Hacettepe University, Uludağ University and Boğaziçi University. During the workshops, focus groups were formed between ASELSAN professionals and university academics, and potential cooperation opportunities were evaluated.

In order to manage the cooperation with external stakeholders in the field of R&D, technology and innovation in a systematic framework, ASELSAN R&D and Technology Business Development Department was established.

Department of ASELSAN R&D and Technology Business Development covers below responsibilities;

- To carry out activities on increasing ASELSAN's R&D and technological experience by coordinating internal industries and R&D-oriented external stakeholders,
- To facilitate the access to resources (such as information, technological infrastructure, etc.), available outside of ASELSAN by external stakeholders, and to create common value for innovation with mutual gains,
- To determine the ways to be followed when entering into an R&D and innovation partnership,
- To align perceptions of the values and challenges of the partnership,
- To manage partner interactions.

ASELSAN implemented the open innovation model in 2021, making it possible to include external stakeholders in innovation activities.



Our Technology and Innovation Activities

The Technology Roadmap and Investment Plan is prepared through a holistic approach that takes into account all processes together.

Technology Roadmap and Investment Plan

ASELSAN Technology Roadmap and Investment Plan (TRIP) is prepared with a comprehensive approach that takes into account the product, information availability, capacity and planning processes together. TRIP covers technological studies planned to be carried out in five-year periods, technological achievement targets on an annual basis, R&D projects and investments that are foreseen to be financed with equity. The TRIP's projects and technologies are supported by postgraduate thesis studies conducted within ASELSAN Academy.

The Technology Roadmap and Investment Plan is updated every year in line with developing technologies and needs, and is submitted to the approval of the Board of Directors. Every year, ASELSAN allocates an average of 7% of its annual turnover to innovation projects approved within the framework of the Technology Roadmap and Investment Plan. The share of technological investments that support innovation in the Company's annual turnover is 2%.

TRIP technological development targets are followed in accordance with the definitions of Technology Readiness Levels used all over the world. Performance measurements for technological development goals are directly included in ASELSAN Vice Presidencies' and ASELSAN's corporate scorecards, and reflected in their performance scores.

TRIP budget data are integrated into the budget management module of the ASELSAN Corporate Resource Planning System, and versatile data are managed, reported and evaluated systematically.

The Technology Roadmap and Investment Plan for the 2021-2025 period included innovation-oriented plans regarding the "Sudden Innovation Opportunities," "Studies to be Carried Out Within the ASELSAN Entrepreneurship Center" and "Supporting Graduate Theses by ASELSAN Academy" projects as well as the ASELSAN's main technologies. In addition to these plans, "ASELSAN Digital Transformation Studies" were also included in the 2022-2026 TRIP prepared in 2021.

Studies on process innovation studies

Technical development follow-up preparation and implementation of TRIP, which ASELSAN has put forward in accordance with its long-standing technological experience and its dynamics, are considered among the best examples in process innovation. ASELSAN Academy Seed Projects Process, Entrepreneurship Center Studies and Digital Transformation Applications detailed below are also among ASELSAN's product and process innovation breakthroughs.

- **Seed projects:** ASELSAN Academy Research-Seed Project Support" was implemented in order to expand the research capabilities for master's and doctoral thesis studies carried out within the scope of ASELSAN Academy Graduate Education Program. With the support provided in this context, it aims to project the thesis studies to increase the added value to be created by university-industry cooperation. It is planned to produce product-oriented theses which ASELSAN's needs and fields of study, and that can be quickly applied to defense industry projects and its strong academic aspect.
- **Entrepreneurship Center:** With the ASELSAN Entrepreneurship Center established in 2021, the Company aims to reach new technologies and develop cooperation. The Center is anticipated to contribute to the development of the technology and entrepreneurship ecosystem in Turkey by taking the lead in this field with its engineering experience. Continuing its activities with a focus on deep technologies, ASELSAN Entrepreneurship Center carries out its works in Istanbul and Ankara campuses to reach and support both ASELSAN and non-ASELSAN entrepreneurs.

- **Digital Transformation activities:** The Product Lifecycle Management (PLM) Project, which is among the key components of the Company's digital transformation, constitutes the infrastructure of the concurrent engineering method that provides interactivity and productivity from design to production, from program management to integrated logistics support. The Project is anticipated to facilitate transitions between processes and communication between units, reducing time losses and completion periods of products. As part of the Project, PLM roadmap and PLM program details were created, and procurement studies for PLM software were initiated.

Within the scope of efforts to increase awareness of digital transformation across ASELSAN, the 1st Digital Transformation Workshop was held with the participation of speakers from universities, public and private institutions, in order to present unique perspectives.

Internal R&D Projects

Every year, ASELSAN allocates an average of 7% of its turnover to self-funded R&D activities that include original designs originating from innovative project proposals. With the new mechanism established in 2018, self-funded R&D project proposals are evaluated and monitored. In 2021, this mechanism was improved with arrangements increasing the efficiency of R&D and the relevant process.



Our Technology and Innovation Activities

Self-funded R&D studies were carried out with 8 R&D Centers and 5,809 R&D personnel approved by the Ministry of Industry and Technology.

The self-funded R&D project proposals are examined from a wide variety of perspectives such as, technological and scientific studies in the world and in Turkey, ASELSAN's strategic and technological plans, roadmaps, project scope, final product and system targets, cost, risk, etc.; and the need for collaborative work with universities, SMEs and research centers are being reviewed. The projects are evaluated by the Self-Funded R&D Projects Evaluation Committee consisting of senior managers, who are determined as experts among ASELSAN personnel, based on the opinions of the referees.

In the last 3 years, over 300 new projects have been initiated, 90 projects have been successfully completed, and new products and many technologies have been developed within this scope. As of the end of 2021, the Company continues to work on developing new systems, products and technologies with 220 active self-funded R&D projects.

Collaboration with stakeholders in self-funded R&D projects

In R&D projects, ASELSAN works with all stakeholders based on the principle of collaboration and joint benefits, while nurturing

and being nurtured by the synergy of the ecosystem it belongs to. This creates opportunities to work together on innovative ideas and projects by developing close cooperation with universities, research centers and technoparks in this ecosystem. This also provides corporation with public institutions that continue to support the projects, primarily the Turkish Armed Forces and the Presidency of Defense Industries, which are among the main customers of the ASELSAN Stakeholder Map. Stakeholder participation in self-funded R&D projects diversifies the technological perspective, and is important for the definition and development of products/systems in line with the needs of the target market.

8 R&D Centers, 5,809 R&D employees in total

As of the end of 2021, ASELSAN continued to carry out its self-funded R&D studies with 8 R&D Centers and 5,809 R&D personnel approved by the Ministry of Industry and Technology. As the leader in R&D spending in Turkey, ASELSAN maintains its competitiveness with its products and services preferred in the global market, and fulfills the requirements of the national purpose in its establishment thanks to its R&D oriented production and technology investments.

Superior performance of ASELSAN R&D Centers in 2020

According to the performance evaluation of R&D Centers conducted by the Ministry of Industry and Technology in 2021, ASELSAN was deemed worthy of:

- 1st place in "Companies Recruiting the Highest Number of R&D Employees" in 2020
- 3rd place at the "E" category (companies employing 250+ R&D employees), where leading R&D centers compete, with its R&D performance in 2020.

ASELSAN filed 177 patent applications and received 70 registration certifications in 2021. Its R&D Indicators are as follows:

5,615
TRY Million
Total R&D Spending

4,666
TRY Million
Externally Funded R&D Spending

949
TRY Million
ASELSAN's Self-Funded R&D Spending

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

According to TurkishTime's "R&D 250 - Companies with Highest R&D Spending in Turkey" Survey conducted on the basis of companies' data for 2020 and announced in 2021, ASELSAN ranked first with its R&D spending of TRY 3,356,327,355 in 2021. According to the results of the same survey, with 1,117 female staff at its R&D center, ASELSAN was the leader of Turkey in the List of R&D 250. With its 5,264 undergraduate and graduate specialists working in R&D, ASELSAN also ranked first in expert human resources in parallel with its successful performance in R&D expenditures. The number of undergraduate and post-graduate staff at ASELSAN is two times higher than the company in second place, which proves ASELSAN's distinctive position among other companies on the list.

According to 2020 data, ASELSAN is the leader of the following categories:

- Companies with Highest R&D Spending
- Number of Projects Implemented at the R&D Center
- Number of Employees with Undergraduate and Postgraduate Levels at the R&D Center
- Number of Employees at the R&D Center
- Number of Female Employees at the R&D Center
- Number of Utility Models Received in the R&D Center



Our Technology and Innovation Activities

Studies have been conducted for medical devices that are critical for diagnosis and treatment but not manufactured in Turkey.

TÜBİTAK 1707 Programme

ASELSAN made applications to the TEYDEB Order-Based R&D Program, announced by TÜBİTAK in 2020, under different headings in order to domestically develop products purchased from abroad, carry out product development processes in cooperation with SMEs, and transform the efforts into commercializable outputs. Within this scope, the Company was entitled to receive TÜBİTAK support for its 3 R&D projects in 2020 and 10 R&D projects in 2021, while the evaluation process of its 2 R&D projects has been in progress.

With the product nationalization activities, which are a sub-part of ASELSAN's self-funded R&D projects, it is aimed to shorten the access time to the product, plan the need for the product in advance, and supply the product at a lower cost compared to abroad. With its product nationalization projects plans, ASELSAN takes important steps to offer quality at a more affordable price, which will enable

it to be more competitive in the national and international markets. Partnering with SMEs in projects, the Company supports them to acquire new competencies, products and product development processes, and help these companies reach the capacity to make sales to the world.

ASELSAN Research Center aims to carry out forward-looking research studies and develop new generation technologies that can lead the developments in the world on the subjects included in the technology roadmap of the Company. In the new organizational structure, the necessary equipped laboratory installations are carried out, qualified research staff is formed, and strong R&D collaborations are developed. This structure was basically created to operate in the fields of artificial intelligence technologies, advanced signal processing methods, nano medicine, biosensors, chemical biological radioactive nuclear (CBRN) detection technologies, wearable electronics, advanced material technologies and autonomy.



New Strategic Products in Healthcare Systems

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

Development of life support systems

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 sales of the products manufactured with this cooperation were launched in 2021, and it is aimed to continue the sales in 2022.

ASELSAN's second partnership in the field of life support systems has been established with BIOSYS, which has experience on 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. ASELSAN carried out studies for the production of domestic ventilator devices within the framework of the cooperation it has established with BAYKAR, ARÇELİK and BIOSYS. 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. The Company ensured local design and production of critical components that are impossible to supply from abroad. The serial production of the ventilator device developed with national resources has been going on, and more than 20 thousand domestic ventilator devices have been produced.



Our Technology and Innovation Activities

ASELSAN is also working on the diagnostic systems in order to operate in the health industry.

Within the scope of the partnership agreement signed between ASELSAN and Bıçakçılar in 2021, studies have been continuing for the national development of the heart-lung machine used in open heart surgeries.

Medical imaging studies

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. With its studies, ASELSAN aims to raise Turkey to a position that produces and exports medical device technology on a global scale.

Two patent applications were filed for MPI in 2020. With its total 5 patents for this particular technology, the Company ensured to protect its intellectual property rights while converting these methods into products. Moreover, the know-how obtained through a smaller MPI prototype system developed earlier has enabled ASELSAN to initiate a self-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 were completed to sense vital signs remotely.

Studies on diagnostic systems

ASELSAN is also carrying out preparations for the diagnostic systems in order to operate in the health industry. The Company aims to develop diagnostic kits and devices enabling

quick, precise, 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 run test on 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. Based on the knowledge gained from these studies, ASELSAN was able to develop an alternative diagnostic system prototype to detect the SARS-CoV-2 virus in a short period of time as 8 months with the outbreak of the COVID-19 pandemic. SARS-CoV-2 virus antigens were detected in the Research Center laboratories within 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. Thanks to the device developed, it will be possible to start diagnosis and treatment much faster with cost-effective solutions, by detecting all kinds of diseases with a single sample designed according to the identified hospital needs.

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.

Smart Systems

The Protocol for Smart City Traffic Safety Project was signed between Samsun Metropolitan Municipality and ASELSAN. The project is primarily intended to change the existing traffic signaling system in Samsun and make it dynamic, thus ensuring the communication of the intersections with each other and relieving the traffic flow with the most appropriate signal times.

ARTU-Advanced Remote Terminal Unit devices and the local SCADA system developed within the UGES Industry Presidency started to be used in BOTAŞ oil and natural gas networks. Within this scope, the installation of the ASELSAN SCADA system and ARTU devices has started on the Batman-Dörtöyl line, the oldest crude oil pipeline in Turkey, to replace the current manual control method.

Within the scope of the cooperation agreement signed with Sabancı University and Konya Metropolitan Municipality, ASELSAN started to work on the roadmap that includes the smart city strategies of Konya Metropolitan Municipality.



Our Technology and Innovation Activities

The ASELSAN Research Center conducts projects to increase the autonomy level of unmanned aerial vehicles.

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. The company develops unmanned multi-rotor aircraft, cabled drone systems, small unmanned helicopters and nano-sized multi-rotor vehicles by reinforcing its advanced miniature size electronic design capability thanks to its know-how in the field of avionics. 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 sector leader.

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 developed to increase energy efficiency in unmanned systems and introduce more agile maneuvers to unmanned aerial vehicles in operations.

Satellite and space technology activities

The information obtained through the technologies developed within the framework of space exploration can be applied intensively in daily life in many different fields such as health, agriculture, environment, energy, transportation and communication. ASELSAN considers space exploration among the key factors determining the technological development level, welfare level and international position of the countries in the future, and defines its strategy as "to make maximum use of space in a way that will increase social welfare and to achieve this on the basis of its national technology."

While satellite communication system solutions were provided with ready-made products in the 2000s, foreign dependency is eliminated thanks to the national solutions developed in recent years. Satellite modems, RF systems, antenna systems, software, equipment to provide communication infrastructure in satellite systems with the support of defense industry projects helped to enrich the ecosystem established with domestic and national companies. Thus, the production capabilities of ASELSAN and its domestic suppliers have been improved, costs have been reduced, and product development





Our Technology and Innovation Activities

ASELSAN considers space exploration among the determining factors of the technological development level and welfare level.

capacity in high technologies such as UAV and satellite systems has been increased. In the meantime, studies were carried out in close cooperation with universities as well as subsidiary industry and SMEs.

The Satellite Ground Segment involves fixed and portable ground stations established to perform satellite and payload control functions of satellite systems, control centers established especially for the control of communication traffic and all kinds of user equipment including satellite communication terminals for the use of products and services provided by the satellite. ASELSAN stands out with its capabilities in the field of communication in studies on the Satellite Ground Segment through fixed and portable ground stations, satellite communication control centers and user terminals offered to different platforms.

Since Satellite Communication Systems allow communication beyond line of sight and are affected too little by geographical conditions, they have a critical importance in terms of meeting operational needs in cases where other means of communications are not available

or their capabilities are limited. Military units require system solutions with high data speed beyond line of sight, allowing communication in stationary cases with expanding operational territories as well as mobile cases. ASELSAN offers safe and high-speed Satellite Communication Solutions that fulfill operational requirements suitable for various platforms. The first Portable Satellite Communication System developed by ASELSAN and integrated into armored vehicles to allow communication on the move was put into the users' disposal in 2021.

Within the scope of the contract signed between ASELSAN and TÜRKSAT in 2021, ASELSAN intends to develop the Ka-Band HUB and Modem System to provide internet service to all users in the civilian field.

ASELSAN aims to access more compact and innovative products with the Multi-Band Satellite Communication Antenna Systems Project initiated in 2021 as a non-contractual and self-funded R&D project and the Electronic Phased-Array Antenna Systems project it plans to

initiate in 2022 as an R&D project. The Company works in collaboration with Cyprus Advanced Technologies Research Center for the Multi-Band Antenna Systems Project. Initiated as a non-contractual and self-funded R&D study the Air Satellite Communication Systems Project was turned into a contractual project in 2021; it is still ongoing project for the development of a product beyond line of sight, used for satellite communication in AKINCI UAVs.

ASELSAN is responsible for the development of Ku-Band and X-Band Satellite Communication Payloads for Turkey's first domestic communication satellite, TÜRKSAT-6A. The installation, integration and testing activities of Payloads on Satellite Flight Model Payload panels, which were handed over to ASELSAN in 2020, were successfully completed in July 2021, and the flight panels were transferred to TUSAŞ in August 2021. Upon successful completion of satellite-level integration and testing activities of the Flight Model (expected to launch in TUSAŞ in 2022), it is anticipated that TÜRKSAT-6A -a groundbreaker in many aspects- will be launched in 2023 and embark upon its 15-year mission in the orbit.

Ku-Band Receiver and Ka-Band Low Noise Amplifier (LNA) equipment intended for TÜRKSAT-5B satellite was developed and integrated as a self-funded R&D project by ASELSAN to leave its mark on the history. Flight Models of the equipment were produced, tested, and sent to AIRBUS Toulouse facilities in France. The equipment was integrated into the satellite by AIRBUS. Launched with the SpaceX Falcon-9 rocket on December 19, 2021 upon successful completion of all satellite-level tests, TÜRKSAT-5B satellite has been continuing its journey towards its final orbit.

Within the scope of satellite and space technologies, ASELSAN participates in workshops organized by both the Turkish Space Agency (TUA) and the Ministry of Transportation, and contributes to joint efforts for Turkey's achievement of its goals in space. ASELSAN developed the possible ground station solutions for "Hard Landing on the Moon," one of the 10 targets within the framework of TUA's National Space Program.

ECO-FRIENDLY PRODUCTS

Noise Prevention Systems

Environmental awareness and sustainability matters, which are very essential for human life, are considered as an inseparable part of city life in systems developed for smart cities within the scope of UGES Smart Systems activities; therefore, parameters for preventing city noise are a significant factor in ASELSAN designs.

Toll collection systems are aimed to function without interrupting the traffic flow to the largest extent possible. Thanks to the free flow feature, the systems function without stopping vehicles and avoid extra noise caused by the standstill traffic. Similarly, traffic density at intersections is monitored with smart intersection systems to enable traffic flow as far as possible to contribute to fuel efficiency, which has a significant environmental impact, and to avoid extra noise caused by the standstill traffic.



Our Technology and Innovation Activities

It was decided to develop a “Communications-Based Train Control System,” and a self-funded R&D project was initiated for this purpose.

The water management systems within the scope of UGES Smart Systems activities allow to remotely monitor electrical equipment such as pumps in water supply networks in cities and to achieve their most efficient operation. In terms of environmental impacts, electricity saving is ensured, service lives of devices are extended, and adverse effects such as vibration and noise caused by inefficient working conditions are eliminated.

Rail systems

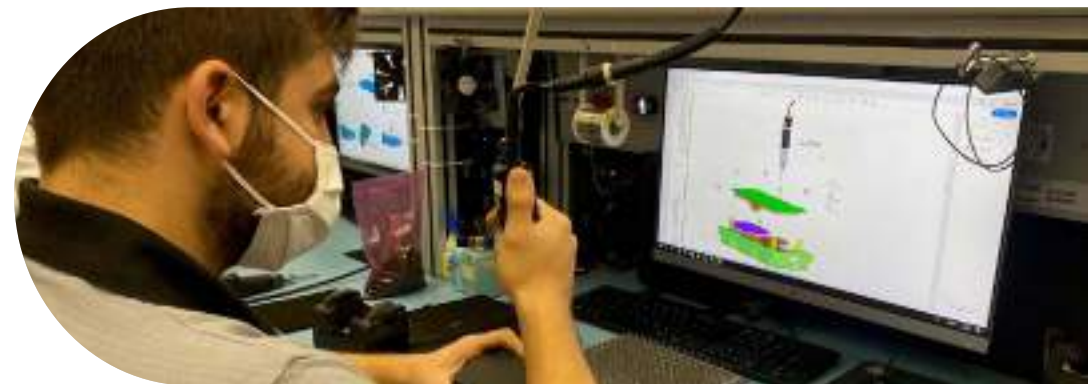
Capitalizing on its technological know-how in the areas of communication, control, cybersecurity, unmanned systems, radar, and software & hardware design, ASELSAN decided to develop a “Communication Based Train Control (CBTC) System” to use at metro lines and thus launched a self-funded R&D project. 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, the Company also aims to ensure uninterrupted border crossings between countries, therefore it continues to work on developing the “European Train Control System” as a self-funded R&D project in compliance with the standards of the European Rail Traffic Management System created by the EU.

In consequence of these efforts, ASELSAN undertook the national signalization project for Istanbul New Airport-Gayrettepe M11 Metro Line. It has also been carrying out studies to sign the contract for Istanbul M1 Metro Line CBTC Signalization System Project. The Company developed traction system and train control-management system solutions for EMU Electric Train, conducted static and dynamic tests on the vehicle, and completed certification processes at certain stages.

Water Technologies and Electric Vehicles

Within the scope of transportation and electric systems, one of UGES areas of activity, a hybrid electric traction system is being developed for military land vehicles. The 10-ton electric



hybrid truck project was completed under the cooperation between ASELSAN and Anadolu ISUZU. Anadolu ISUZU NPR 10 platform and ASELSAN electric traction system solution were used within the scope of the project. The hybrid vehicle has 6-phase ASELSAN motor and driver, and can also fully run on electricity according to its configurable battery capacity. The vehicle was specially designed for use as a cargo, waste collection or light commercial vehicle. One prototype was manufactured after the R&D project.

In line with the needs of TCDD Taşımacılık A.Ş., the Company continues to work on converting the DE11000-type diesel electric maneuver locomotives in its fleet into hybrid maneuver locomotives with lower operation and maintenance costs and reduced acoustic noise and harmful emission values. It is anticipated that hybrid maneuver locomotives to be developed with national resources will be used by TCDD Taşımacılık A.Ş. and rented by logistics companies for transportation activities, thanks to its advantages of fuel saving and emission. This

project is intended to develop locomotives with low fuel consumption, reduced acoustic noise level, low NO_x, CO and CO₂ emissions and the capability to operate without any emissions.

Renewable 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 self-funded R&D activities for the domestic design of wind turbines and power components for capacities above MW.

ASELSAN and EÜAŞ signed a contract for “Renewal of Alaçatı WPP Through Production of Domestic Turbines” on September 22, 2021. This project within the scope of Industrial Cooperation Program (ICP) is intended for the removal of 12 turbines of 600 KW with expired economic life at Alaçatı WPP field of EÜAŞ as well as production, assembly and commissioning of 2 domestic turbines of 4 MW.



Our Technology and Innovation Activities

As a leader in R&D, ASELSAN aims to achieve sustainable growth with its high technology, original and innovative products.

Toxic Chemical Reduction Methods

Eco-friendly RoHS (Restriction of Hazardous Substances) compliant materials are used in the designs within the ASELSAN Design Directorate. In PCB designs, production is made by determining the appropriate class in accordance with IPC standards.

The Company also started to work on reducing PVC materials used within the Production and Product Management Directorate (standardizing and reducing the amount of starch used) and preferring recyclable materials when using PVC packaging materials. It is planned to monitor the amount of PVC used as part of the KPI and to implement relevant activities in this context in 2022.

Sustainable Packaging

Within the scope of delivery management, ASELSAN aims to reduce CO₂ emissions by using minimum level of vehicles and pallets through the system it has developed to optimize placement inside the truck and on the pallet. In 2021, the Company started to create an eco-friendly packaging process. Actions were taken to minimize the use of nylon etc. products in packaging and to replace them with recycled materials.

Electric Vehicles

The contract for the Ultra Fast Charging Bus and Charging Infrastructure System Project was signed between ASELSAN and Samsun Metropolitan Municipality. At the end of the first phase, 10 ultra fast charging electric buses, which can be fully charged in 15 minutes, are planned to start serving in Taflan-Airport and Soğuksu region. It is anticipated to use battery and traction systems that are 100% domestically and nationally developed by ASELSAN. It is aimed to localize many sub-systems of vehicles, such as the engine cooling system, vehicle control computer, and driver instrument panel by ASELSAN.

R&D

ASELSAN, Turkey's leading company in R&D, aims to achieve sustainable growth with its high technology, original and innovative products. Accordingly, ASELSAN R&D Management Vice Presidency contributes to the development and maintenance of ASELSAN's leading position with 27 active research projects, primarily game-changing fundamental technologies. Research topics vary greatly from artificial intelligence to biodefense, from advanced materials to autonomy and mechatronics, from quantum and sensors to leading technologies of the future. Thus, a significant contribution is made to ASELSAN's competitiveness in the defense and civil industry, and sustainable growth is aimed together with Turkey's R&D ecosystem through joint studies with universities, technoparks and research institutions. Artificial Intelligence Applications Conference held for the first time with Sivas Cumhuriyet University, R&D cooperation studies initiated with Gazi University and Sabancı University, as well as the "Innovative Biosensor Project" and "Quantum Çağlayan Laser Development Project" studies initiated within the scope of TÜBİTAK 1004 Program as a first in ASELSAN are also included within this scope. Cooperation activities, the number of which is increasing every year with the aim of spreading throughout the country, make significant contributions to both Turkey and the Company in terms of sustainable R&D studies.

Established under the R&D Management Vice Presidency to conduct advanced research studies in basic technologies, the Research Center Directorate develops its activities in a way that will cover ASELSAN's fields of activity. The Presidency's main goal is to develop innovative solutions that prepare ASELSAN for the future and increase its competitive power

by focusing on technologies from Technology Readiness Level 1 to 4. Technological solutions developed by the Research Center are used in products to contribute to ASELSAN's pioneering role and mission in national and domestic systems. Activities are performed to develop and sustain the local ecosystem in accordance with the technological targets determined as per the industry's needs. In the projects carried out in this direction, great importance is attached to cooperation with universities, local research institutions and organizations. Academic accumulation of knowledge has been enhanced, and the outputs of these studies are supported with patents and publications. As of the end of 2021, 45 patent applications were made, while 119 memorandums, 49 articles and 6 book sections were published. With the emergence of the COVID-19 pandemic, it was planned to rapidly develop the Virus Diagnosis System, which will be able to determine the virus diagnosis capabilities of the healthcare teams with higher accuracy than the existing tests, and move on to the productization process. Today, energy is very crucial for the survival of countries. Studies on renewable energy, efficient energy transmission and distribution are continued in this respect. Activities in the fields of Sensors and Imaging, Artificial Intelligence and Information Technologies, Biodefense, Advanced Materials, Autonomy and Mechatronics, Advanced Communication, Photonics and Future Technologies are currently carried out under the ASELSAN Research Center Directorate. The scope of work will expand dynamically in parallel with the growth of ASELSAN. Beyond meeting the needs of the Industry Presidency in the future, it is aimed to assume a leading role in directing technology in some areas that are newly studied in the world and also crucial for Turkey and ASELSAN.



Information Systems and Information Security

At ASELSAN, information systems management is addressed in line with the objectives for information security, business continuity and business processes efficiency with the human, process and technology dimensions at the center of it.



With the ongoing effects of the COVID-19 pandemic in 2021, information systems continued to serve in the light of new practices introduced promptly by the Information Management Directorate focusing on continuity, security, digital transformation and efficiency/ savings, in a manner to support ASELSAN's firm stance to ensure that "ASELSAN will not and cannot stop."

In 2021, the following precautions were taken in IT infrastructures to ensure uninterrupted continuity of ASELSAN delivery processes:

- New features were added and performance improvements were made in BizBize online meeting and communication platform.
- The service level of a-İleti Application was expanded in web environment in addition to the mobile platform.

Additionally, information systems management at ASELSAN is addressed in line with the objectives for information security, business continuity, and business processes efficiency with the human, process, and technology

dimensions at the center of it. The Company's approach toward information systems management is based on:

- ISO 27001 Information Security Management System standard,
- ISO 22301 Business Continuity Management System standard and
- 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. With the periodic Risk Management process, all IT risks are monitored consistently and necessary mitigation measures are taken accordingly.

Full compliance with the Personal Data Protection Law No. 6698 and relevant regulation

In the activities carried out by ASELSAN, the principle of full compliance with the Personal Data Protection Law numbered 6698, secondary regulation 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 ASELSAN's Information Note on Protection of Personal Data and its annexes. The procedures and principles applied to the protection of personal data at ASELSAN are regulated by the "ASELSAN Personal Data Protection and Processing Policy as well as ASELSAN Personal Data Storage and Disposal Policy" and announced on the website of ASELSAN with Turkish and English versions.



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

[ASELSAN Information Security Policy](#)

[ASELSAN Business Continuity Policy](#)

Performance improvements were made in Information Technologies infrastructures and service level was expanded to ensure uninterrupted continuity of delivery processes.



Information Systems and Information Security

Information assets and data communication channels are continuously checked for information security by using security technologies.

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 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 information security awareness among users and informs them on the latest information security incidents. A phishing simulation was made in 2021 to maximize users' responsiveness to information security.

In 2021, the Data Classification Project was initiated to classify and label the Company's data production according to National and ASELSAN confidentiality levels.

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 to address users' needs in the fastest and most efficient manner.

ISO 27001 Information Security Management System (ISMS) was established for the first time in 2016 within the scope of information technologies, import, export, transit, customs and foreign trade processes. Currently being managed by the Information Management Directorate, the system was re-certified in 2021. 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. The follow-up audit planned for 2020 was conducted in January 2021 due to the pandemic.

Information Systems Management in Figures

Number of Employees/Users	9,480
Average Age	33
Number of Facilities/Premises Supported	13
Number of ASELSAN Affiliates Supported	4
IT Hardware Managed	118,117

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

ASELSAN is in full compliance with Personal Data Protection Law no. 6698 ("Law"), secondary regulation, and any guidelines and manuals issued by the Personal Data Protection Authority ("Authority"). A "ASELSAN's Information Note on Protection of Personal Data" is prepared and provided to employees, visitors on campuses, business partners, suppliers, and every individual the personal data of whom ASELSAN processes by case and by subject. When deemed 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 issued internal regulations including the ASELSAN Personal Data Protection and Processing Policy and the ASELSAN Personal Data Storage and Disposal Policy ("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. As specified in article (b) of ASELSAN's Information Note on Protection of Personal Data as well as in Section 2 of the ASELSAN Personal Data Protection and Processing Policy, ASELSAN processes personal data in full compliance with the terms stipulated in the Law and adopts the measures set forth by the Personal Data Protection Authority.



Information Systems and Information Security

As for cases where ASELSAN needs to transfer 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.



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 data subject's explicit consent is required under applicable law, this document is prepared together and in accordance with the Briefing Document, drawn up in line with the case and purpose for which the 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.

As for cases where ASELSAN needs to transfer 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 special provisions in every contract to guarantee compliance with the Law and secondary regulation in the processing of personal data. The Company also obliges the organizations and entities it does business with to take special precautions

for data security and compliance with personal data law. These matters are also 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.

As per the individuals' right to information and article 12 of 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 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. ASELSAN protects the rights to

individual application as regulated in the Law and secondary regulation, and 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 Personal Data Storage and Disposal Policy in responding to and finalizing such requests at no additional cost within 30 days -without prejudice to relevant exceptions- and reporting the result of such request to relevant persons.

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 Personal Data Storage and Disposal Policy 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 Suppliers

ASELSAN develops the competencies of its current suppliers to improve the quality of supplier portfolio.

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 work safety and an environmental mindset aimed at respectful and moderate use of all resources; to raise social awareness on employment, equality, safety, training, health, and climate change; 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.

ASELSAN went through a significant transformation in its supply structure in 2021 within the scope of its vision of continuous development and change. The supply chain management, which was carried out at the

Directory level, was taken to the Vice Presidency level in order to make strategic procurements and to achieve sustainable nationalization inherent to ASELSAN. Purchasing activities within the scope of the new organizational structure are carried out with a central point of view, which manages the needs of ASELSAN Sectorial Presidency with them and prioritizes the interests of ASELSAN.

In 2021, all workflows related to procurement were reconsidered and their effectiveness was increased. With the efforts of the Component Engineering Unit, which was newly created under the Supply Chain Management Vice Presidency, ASELSAN's engineering units contribute to the creation of alternative materials starting from the design phase. In 2021, more than 800 products were examined and alternatives were created for 443 products. 30 alternative products are subject to license within the scope of export control regulation. A savings of USD 2 million was achieved in supply costs in the 2021 operating period.



In 2021, supply strategies were diversified, the tender systematic was reconsidered and structured to increase participation and competition. It was ensured that the supply processes ran uninterruptedly without disrupting delivery plans in spite of the global pandemic, raw material crisis, and chip shortage.

ASELSAN continues to prove strong financial support to its suppliers. 2021 marked a record with the highest payment made to domestic suppliers in the last 3 years. In addition to the financial support provided to domestic suppliers, 2021 was a year with great efforts to place orders domestically as much as possible. In this context, ASELSAN has placed nearly 70% of its total orders in 2021 to domestic companies.

In line with its supply chain management approach, ASELSAN commissions new firms and increases the competencies of its existing suppliers. In 2021, the number of ASELSAN's strategic partners increased by 50% and reached 75 from 50 at the end of 2020.

Partnerships are established with many Affiliations and Associations in the defense industry, especially KOSGEB. In 2021, 8 new collaboration protocols for fundraising and nationalization were signed at the IDEF and Efficiency Technology Fair. A nationalization call was made with KOSGEB as an important result of these protocols. In 2021, ASELSAN participated in 18 events, including IDEF, SAHA EXPO, and SANTEK, in 13 provinces and held 1750 face-to-face meetings with existing and potential suppliers.

In 2021, improvements were made to the Supplier Portal to allow tracking open orders digitally. In addition, the Project Based Order Tracking System was put into use so that internal stakeholders can track their orders more effectively and quickly, making supply processes more traceable and measurable.



Our Suppliers

In 2021, the number of ASELSAN's Strategic Partners increased by 50% and reached 75.

In 2021, the Nationalization and Supplier Development Directorate was established under the Supply Chain Management Vice Presidency, focusing on nationalization and supplier development activities as a first in the industry. The first nationalization catalog was created in the defense industry. 176 nationalized products were exhibited at IDEF to raise awareness on nationalization.

World-class supply approaches

With the establishment of the Supply Chain Management Vice Presidency in 2021, management efficiency has increased in many areas of the supply chain, providing significant benefits in terms of sustainability.

ISO 9001 Quality Management System activities were carried out at the Vice Presidency level. The audits were successfully completed as of the end of 2021 and the Supply Chain Vice Presidency was approved in the renewed ISO 9001 Certificate. Energy Efficient Procurement infrastructure activities and preparation of related procedures within the scope of ISO 50001 EnYS (Energy Management System) were completed.

These activities resulted in the adoption of an energy efficient procurement method in procurement processes.

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.

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 delivery and quality performance management activities are performed on the Portal. The portal ensured the management of all supply chain activities through a fast, reliable, traceable, and measurable platform. ASELSAN evaluates the development and improvement suggestions submitted by the suppliers and implements the necessary developments and improvements to increase the use of the Supplier Portal. ASELSAN provides on-site user training to suppliers regarding the use of Supplier Portal. Within this scope, ASELSAN visited 63 suppliers in 2021 and provided training. 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 workshops and interactions with suppliers

ASELSAN Supply Chain Management Vice Presidency participated in 31 industrialization and fundraising events, including the Efficiency Technology Fair, IDEF, SANTEK, SAHA EXPO, that were organized with top-level measures due to the COVID-19 pandemic in 2021. Within the scope of these events, ASELSAN officials attended 1750 B2B meetings. ASELSAN's main themes in IDEF 2021 were environment and

nationalization. The company used recyclable materials in its fair booth with 176 nationalized products exhibited in a 220 m² specially-designed area. At the fair, ASELSAN presented plaques to supplier firms that took part as companions in the nationalization activities and contributed to the promotion of their efforts. ASELSAN organized the Strategic Collaboration Agreement event and signed Strategic Collaboration Agreements with 25 supplier firms within this scope. With these agreements, the number of ASELSAN's suppliers with strategic collaborations reached 75 in 2021. In 2021, collaboration protocols were signed with SASAD, OSSA, HUKD, TUDEP, BASDEC, TSSK, and ESAC to improve the supplier ecosystem, propagate the vision of nationalization in the industry, and increase competitiveness.

A collaboration protocol was signed with KOSGEB in June 2021 in order to support the nationalization targets. Within the scope of this protocol, the Call for R&D, P&D, and Innovation Incentive Program, which was created by considering the priority needs of ASELSAN, was made in December 2021. It is envisaged that an incentive of up to TRY 6 million will be offered to supplier firms per project. Within the scope of the protocol signed with KOSGEB, similar calls are planned to be put on the agenda throughout 2022.



Our Suppliers

ASELSAN controls its suppliers' quality system, and administrative and technical competencies through on-site audits.



SUPPLIER EVALUATION

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 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 standards, 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
- Traceability of the Product Lifecycle

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 controls its suppliers' quality system, and administrative and technical competencies through on-site audits within the scope of supplier evaluation activities.

ASELSAN continuously monitors and measures the performance of its domestic suppliers in various fields including but not limited to design, production, quality, after-sales support, occupational health, administrative, communication, and social supply chain via the ASELSAN Supplier Portal. ASELSAN shares the monitoring and measurement findings with its suppliers within the scope of the Supplier Monitoring and Risk Assessment Program.



ASELSAN Supplier Policies



Our Suppliers

Suppliers go through different selection and evaluation criteria depending on their qualifications and fields of operation.

ASELSAN expects suppliers to be knowledgeable on ASELSAN's Integrated Management System and construct and manage their internal processes in line with ASELSAN's perspective on environmental and social issues specified in the ASELSAN Supply Policy. ASELSAN's Supply Policy is available on the Company's corporate website as open source.

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.

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. ASELSAN updated the Supplier Application Screen in 2021 with a modern and functional design, a user-friendly interface, simplified application steps, and application status tracking. With these improvements, firms can easily apply to be an ASELSAN supplier with more accurate

guidance and access status information regarding their applications. 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 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.

In line with ASELSAN's Sourcing and Risk Management approach, 204 firm audits and 104 approved supplier risk assessments were carried out in 2021.

After the inspection, firms that score above pre-defined points are entitled to become "Approved Sub-Industry Firm." In each field of assessment, firms are expected to score above the specified levels. Firms that cannot get enough points in a field of assessment may not get approval with the decision of the Inspection Board, even if they have received enough points in other fields.

Performance Inspection may be planned for approved firms depending on their performance results retrieved from the ERP system. A

Periodical 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.

As stated in the Business Ethics and Code of Conduct for Suppliers published on ASELSAN's website and Gücümüz Bir (Powerful Together) Platform, ASELSAN expects suppliers to respect personal reputation, privacy, and freedom of expression. ASELSAN can take all measures, including suspending or canceling the supplier's approval, if suppliers are found to be violating personal rights.



ASELSAN Supplier Policies



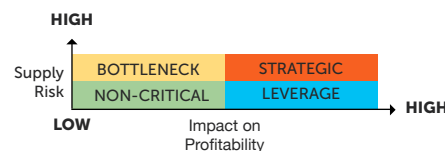
Our Suppliers

ASELSAN identifies critical suppliers considering certain criteria such as high current business volume, product criticality, supplier dependency.

Identifying 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.

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, materials are categorized and classified under "Supply Risks" and "Impact on Profitability" to determine appropriate supply strategies. Such management strategies will help critical suppliers, in particular, develop themselves effectively. Within this scope, the fields of activity classified as bottlenecks have been identified as critical areas where efforts to create alternative resources focus.



		SUPPLY RISK			IMPACT ON PROFITABILITY			SUPPLY CLASS
		3	2	1	3	2	1	
		High	Medium	Low	High	Medium	Low	
Design	Hardware Design	Antenna Design	X			X		BOTTLENECK
		Battery Block Design	X				X	BOTTLENECK
		Electromagnetic Analysis and Testing	X			X		BOTTLENECK
		Air Conditioning System Design	X			X		BOTTLENECK
		Servo System Design	X			X		BOTTLENECK
	Mechanical Design	Hydromechanical System Design	X			X		BOTTLENECK
		Ceramic Building Material/Structure Design	X			X		BOTTLENECK
	Testing Substructure Design		X			X		BOTTLENECK
	Canvas Based Material Production		X			X		BOTTLENECK
	Casting	Precision Casting	X			X		BOTTLENECK
Production	Labeling, Screen Printing, Pad Printing Processes		X				X	BOTTLENECK
	Cabling	Fiber Optic Cabling	X				X	BOTTLENECK
		Naval Platform Integration	X			X		BOTTLENECK
	Mast Design and Production		X			X		BOTTLENECK
	Microwave Modules and Filters		X			X		BOTTLENECK
	Production Requiring Special Processes	Friction Stir Welding (FSW)	X			X		BOTTLENECK
		Deep Brazing	X			X		BOTTLENECK
		Vacuum Brazing	X			X		BOTTLENECK
		Torch Brazing	X			X		BOTTLENECK
		Gear Production	X			X		BOTTLENECK
	Machining	Microwave Mechanical Production	X			X		BOTTLENECK



Our Suppliers

In 2021, more than 50% of domestic orders were placed to ASELSAN-approved supplier industry firms, strategic partners, and affiliates.

As of the end of 2021, the ratio of ASELSAN's total orders to 442 approved sub-industry firms, subsidiaries, and strategic partners in total domestic supply expenditure is over 50%. The number of sub-industry firms working in the bottleneck fields was 55. The amount of supply from sub-industry firms in the bottleneck fields has a share of 6% in total domestic supply expenditure, and it constitutes 12% of the total supply from sub-industry firms. 387 approved sub-industry firms do not operate in bottleneck fields with a 50% share in total domestic supply expenditure.

Supplier Type	Number of Suppliers	Share in Total Domestic Supply Expenditure
Bottleneck Firm	55	6%
Non-Bottleneck Firm	387	50%

Supplier Rewarding System

ASELSAN recognizes the efforts of suppliers who deliver extraordinary contributions to its existing operations, business continuity, and achievements. The company launched the Supplier Rewarding Program in 2021, presenting excellence awards to suppliers in 4 different categories. These categories are;

1. Supplier Sustainability Award

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

2. Supplier Process Improvement Award

It covers suppliers who achieve the most value-added development through improvement in design, production, quality, etc. processes within the ASELSAN supplier ecosystem.

3. Supplier Quality Performance Award

It covers suppliers who achieve the lowest rate of quality non-compliance in their deliveries.

4. Supplier Delivery Performance Award

It covers suppliers who achieve the highest rate of compliance with the delivery dates within the ASELSAN supply ecosystem.

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.

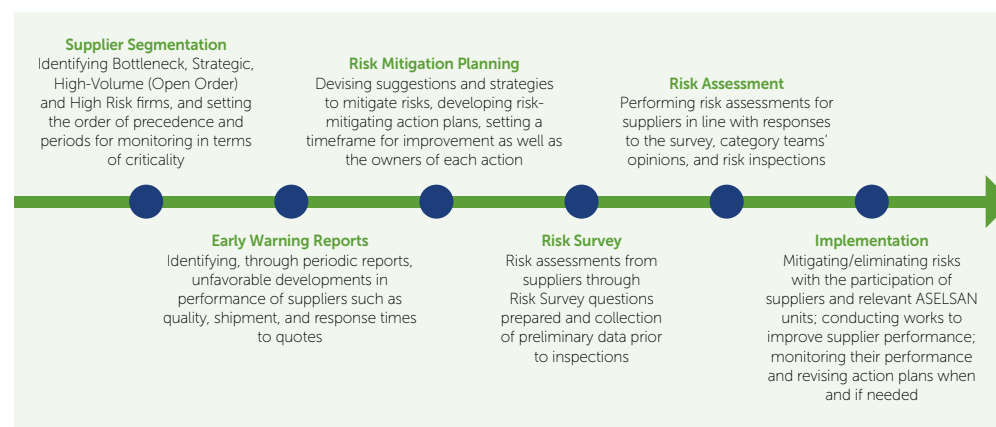
The system enables to perform supplier risk analyses carried out with a question list within the scope of field visits through constant interaction with suppliers. A total of 64 sub-risks, including suppliers' financial, managerial, legal, ethical, quality, logistics, production, after-sales support, security, dependency, social, environmental risks are evaluated in terms of impact and potential. The system ensures that risk scores are calculated separately for each supplier, and corrective actions and development activities that should be taken on a supplier basis are determined accordingly.

The quality management infrastructure, product quality, on-time delivery, 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 at 6-month intervals with medium-risk suppliers and 1-year intervals with low-risk suppliers. 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.

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

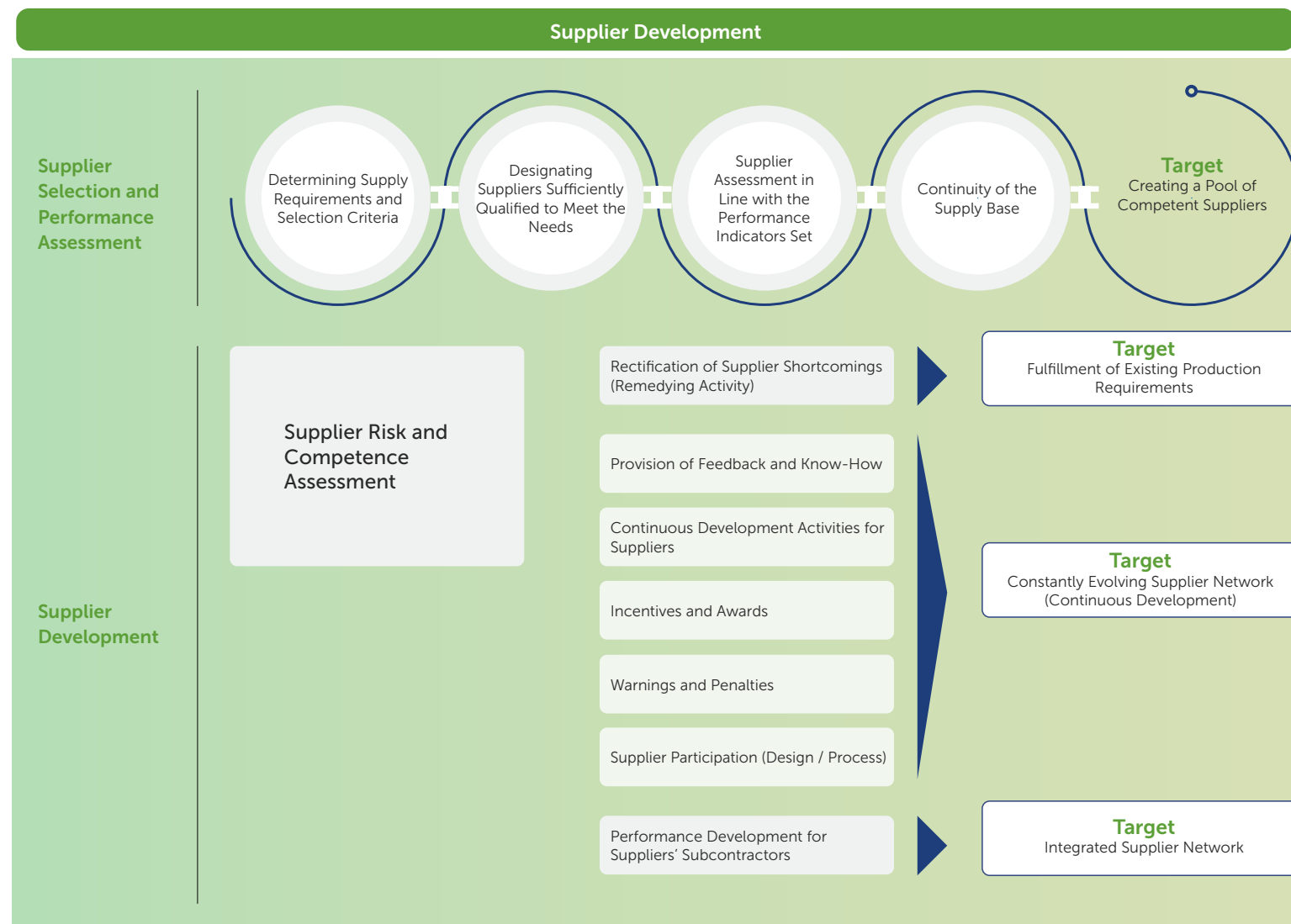
Supplier Risk Management





Our Suppliers

As part of supplier development, there are plans to deliver mentoring and training sessions to suppliers with respect to risk areas.





Our Suppliers

As a result of the risk assessment activities carried out with a total of 104 firms in 2021, the rate of high-risk suppliers decreased by 0.04% compared to the previous year and was determined as follows:

- High-Risk Supplier Ratio = 0.26% (2020)
- High-Risk Supplier Ratio = 0.22% (2021)

In 2021, 1 supplier was identified as a high-risk supplier and an action plan was introduced to mitigate risks. Such risks have been reduced through remedying practices as of 2021. It is aimed to have no high-risk supplier in the approved sub-industry pool in the first quarter of 2022 through periodic risk analyses.

Risk assessments for cabling firms, as well as supplier risks are provided in the comparative table below together with risk sub-headings:

Supplier Risk Analysis

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
MANAGERIAL RISKS	BUSINESS ADMINISTRATION	2.6	2.6	2.6	3.6	5.3	3.5	5.8	6.5	6.1	6.1	7.9	6.9	6.4	4.1	7.1	8.5	8.6	7.1	8.1	9.3	10.5	10.4
	FINANCIAL	2.8	2.8	2.8	2.8	2.8	2.8	6.0	2.8	4.0	2.8	2.8	4.0	4.8	4.0	7.6	2.8	7.2	8.4	5.2	2.8	6.4	5.2
	COST ORIENTATION	6.8	3.0	5.3	3.0	7.5	11.3	7.5	7.5	7.5	9.8	9.8	10.5	6.8	8.3	10.5	7.5	10.5	10.5	10.5	12.0	12.0	9.8
	RELIANCE	5.5	5.5	5.0	5.0	3.5	6.5	3.5	5.0	5.0	3.5	3.5	3.5	3.5	13.0	3.5	3.5	3.5	5.0	3.5	6.5	5.0	9.5
	COMMUNICATION	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	2.0	4.0
OPERATIONAL RISKS	RELATIONAL	2.5	2.5	2.5	2.5	2.5	2.5	8.5	2.5	2.5	2.5	8.5	5.5	7.0	3.5	7.0	8.5	2.5	4.0	6.5	4.0	7.0	11.5
	QUALITY	3.0	3.0	3.0	3.5	4.8	3.7	5.2	4.1	4.8	6.1	5.2	6.1	4.2	4.5	5.5	6.8	3.4	7.6	8.1	5.7	9.2	8.4
	LOGISTICS	2.6	2.6	3.4	3.4	4.2	3.4	2.6	2.6	3.4	3.0	4.0	2.6	5.2	6.8	3.4	5.2	7.4	4.8	4.4	6.4	3.4	7.8
	PRODUCTION	2.9	2.3	2.8	3.1	2.3	3.3	3.1	3.8	2.4	3.1	2.7	3.3	3.6	3.4	3.2	3.9	4.6	3.3	5.3	5.8	4.0	7.9
	AFTER-SALES SUPPORT	2.0	2.0	2.0	2.0	3.0	2.0	3.0	3.0	2.0	2.0	2.0	4.0	3.0	2.0	2.0	4.0	4.0	5.0	4.0	2.0	4.0	6.0
ENVIRONMENTAL AND SOCIAL RISKS	INFORMATION SYSTEMS	2.3	2.3	2.3	4.3	2.3	7.0	5.0	5.7	2.3	3.3	3.3	5.0	4.3	3.3	7.0	5.7	5.0	7.0	6.3	5.0	7.0	8.3
	HUMAN RESOURCES	2.4	3.6	3.8	3.3	4.9	4.4	4.7	7.1	5.6	4.9	2.9	4.4	8.4	4.4	8.7	8.2	6.0	6.7	6.2	7.8	8.4	8.9
	OCCUPATIONAL HEALTH AND SAFETY	1.5	1.5	1.5	1.5	1.5	2.2	2.2	3.2	2.8	2.2	2.3	3.5	1.5	1.7	3.3	2.5	3.7	2.2	3.8	2.2	2.2	6.2
	ENVIRONMENTAL AND CLIMATE CHANGE	3.4	1.8	3.4	3.8	2.6	5.8	3.4	6.8	7.0	5.0	5.0	4.2	4.6	3.6	4.4	4.2	6.8	5.0	8.0	8.8	5.4	8.2
	ECONOMIC	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	4.8	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
EXTERNAL RISKS	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	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	2.5	2.5	2.5	5.0	2.5	7.0
TOTAL RISK		3.1	2.8	3.3	3.5	4.1	4.1	4.3	4.3	4.2	4.3	4.5	4.6	4.8	5.1	5.2	5.6	5.7	5.9	6.2	6.2	6.3	8.3

Supplier Risk Analysis - Pilot Firm

SUMMARY TABLE

MANAGERIAL RISKS	BUSINESS ADMINISTRATION	2.6
	FINANCIAL	2.8
	COST ORIENTATION	5.3
	RELIANCE	5.0
	COMMUNICATION	2.0
OPERATIONAL RISKS	BUSINESS RELATIONS	2.5
	QUALITY	3.0
	LOGISTICS	3.4
	PRODUCTION	2.8
	AFTER-SALES SUPPORT	2.0
ENVIRONMENTAL AND SOCIAL RISKS	INFORMATION SYSTEMS	2.3
	HUMAN RESOURCES	3.8
	OCCUPATIONAL HEALTH AND SAFETY	1.5
	ENVIRONMENTAL AND CLIMATE CHANGE	3.4
	ECONOMIC	3.6
EXTERNAL RISKS	POLITICAL	1.7
	DISASTERS	2.5
DESIGN	DESIGN (IF COMPETENT)	2.5





Our Suppliers

ASELSAN initiated the Supplier Performance Management Systematics Project to measure the performance of suppliers without errors.

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 = 0.22% (2021)

ESG Risks

In 2021

1. Ratio of High ESG Risk Suppliers = 4.8%
2. Ratio of Medium ESG Risk Suppliers = 25.3%
3. Ratio of Low ESG Risk Suppliers = 26.3%

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.). The suppliers are asked to make necessary improvements to reduce the risks in all categories to the Very Low Risk category in a certain period after risk assessments. It is aimed to take suppliers in a higher risk group than the Very Low Risk group to the Very Low Risk group during the periodic visits to be organized to complete improvements.

In 2021, ASELSAN initiated the Supplier Performance Management Systematics Project to measure the quality and delivery performance of suppliers more effectively and accurately, and the project reached the final stage as of the end of 2021. Within the scope of Systematic, which is planned to be commissioned at the beginning of 2022, it is planned to continuously monitor the quality and delivery performances of ASELSAN suppliers, and to make the scores visible to the supplier firms in a more effective and easily accessible way through the Supplier Portal.

In 2021, planned activities within the CDP scope were carried with the identified firms from the supplier ecosystem for the follow up a series of indicators such as consumption of water, energy, and fuel, and energy consumption per employee. In 2022, it is aimed to include more firms in the process and to increase awareness by providing training within the framework of CDP climate change.

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.

Risk Score	Description	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 should be made to prevent it.
1-3	Very Low Risk	1 Year	Risk is acceptable and no action is needed.



Our Suppliers

ASELSAN takes ESG factors into account in the selection of new suppliers and the activities of existing suppliers.

ESG (Environmental, Social and 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. ASELSAN expects suppliers to construct and manage their internal processes in line with ASELSAN's perspective on environmental, social, governance issues specified below.

- Effective use of resources
- Effective use of energy, water, paper, etc.
- Reducing waste
- Reducing pollution
- Monitoring of consumption that cause greenhouse gas emissions
- Preserving biodiversity
- Compliance with applicable regulation regarding working hours and overtime
- Not employing child labor
- Compliance with labor laws and regulations

The weight of ASELSAN suppliers' risks within the scope of ESG in total risks was measured as 12% in 2021.

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. It is planned to set some indicators to monitor and report the gains to be achieved by the Company.

Quality, on-time delivery, and managerial risks of ASELSAN suppliers 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.

The KPIs of the Sourcing and Supplier Relationship Management Department have been determined as the Number of Approved Suppliers and the Number of Inspections. The summary table regarding the realization and 2022 targets in this context is given below.

	2019	2020	2021	2022
KPI	Realization	Realization	Realization	Target
Number of Approved Suppliers	369	384	442	492
Number of Audits	172	197	308	355

Nationalization Directorate KPIs are determined as the Number of Nationalized Products/Product Families, Procurement Potential Returned from Abroad to Domestic, and Realized Orders for Nationalized Products. The summary table regarding the realization and 2022 targets in this context is given below.

	September 2018 -2020 (28 Months)	2021 (12 Months)	2022 (12 Months)
KPI	Realization	Realization	Target
Number of Nationalized Products/Product Families	310	197	240
Procurement Potential Returned from Abroad to Domestic	USD 98 million	USD 80 million	USD 100 million
Realized Orders for Nationalized Products	USD 9 million	USD 55 million	USD 70 million

Conflict Minerals

ASELSAN's policy on conflict minerals is published on the Company's website and Gücümüz Bir (Powerful Together) platform. Currently, no conflict mineral is purchased by ASELSAN, while only sub-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.

Strategic Collaboration 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 the Company's growth targets. Later, ASELSAN signs Strategic Collaboration Agreements with these firms.



Our Suppliers

ASELSAN identifies the firms with the potential that matches its growth targets, and signs Strategic Collaboration Agreements.

In 2021, the Company signed Strategic Collaboration Agreements with 25 additional firms, raising the number of collaboration agreements to 75. These firms 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 Collaboration Agreements are expected to show progress in such areas as nationalization, product improvement, and cost reduction.

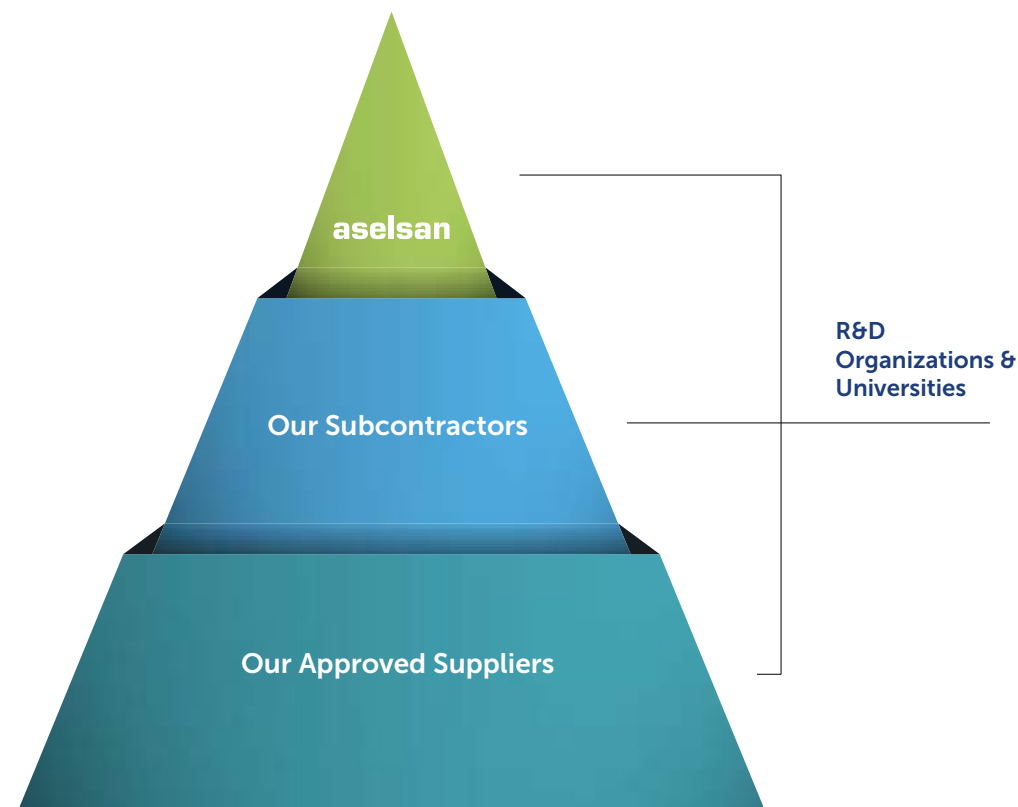
An Exemplary Industrialization Model for the Sub-Industry

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, 7 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 and inspections were completed for 4 pilot firms identified in the first half of 2021. In the second half of 2021, it was considered that it would be appropriate to continue the investigations regarding the commissioning of the EYDEP+ Program, led by the Presidency of Defense Industries, in mutual coordination within the scope of the EYDEP+ Program. Technical support was provided by ASELSAN to the 6 pilot company inspections carried out within the scope of the EYDEP+ Program.

ASELSAN Industrialization Model





Our Suppliers

Scorecards will help ASELSAN to look into the performance of suppliers and determine from which firm it will request a quote.

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 and it took its final form as a result of the improvements in 2020 and 2021. Scorecards will help ASELSAN to look into the performance of suppliers and determine from which firm it will request a quote. Set to measure the performance in 2021, it is planned to be deployed in 2022. The introduction of scorecard practices into procurement processes is intended to prioritize successful firms in requests for proposals and attain a performance-based procurement 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 Name	Place of Production	Number of Batches	Approved Business Line	Quality Score	Delivery Score	Audit Score	MGB Score	TGB Score	Total Score	Total Status
				Test Infrastructure Design; Mechanical Design; Hardware Design; PRODUCTION OF CARD SETS; EMM; CABLING							
XX	YY		12066		95.94	60.65	78.62	48.74		74.34	B
XX		1100	5378		94.91	54.02	78.62	48.74		72.04	B
XX		2100	3038		99.10	39.85	78.62	48.74		70.15	B
XX		3100	537		92.33	70.68	78.62	48.74		75.37	B
XX		4100	1881		99.43	78.22	78.62	48.74		80.79	B
		5100	1232		60.92	84.69	78.62	48.74		64.33	C

Under the supplier scorecard system, firms are evaluated in the following 5 categories:

- Quality: Results of quality control for the entries 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 3 years
- Customer Feedback: Surveys completed by ASELSAN's Supply and Quality staff on the firm
- Supplier Feedback: Companies using special processes or working on special processes evaluate one another

Supplier Scorecard





Our Suppliers

ASELSAN broke new grounds in 2013 and implemented the Supplier Financing System.

Supplier Financing System

ASELSAN provides suppliers with financing support, as well. The company broke new grounds in the defense industry in 2013 and implemented the Supplier Financing System. 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 3 additional banks in 2021, raising the number of partner banks to 15. So far, 111 firms have used the system, and loans worth USD 173 million were extended, USD 42 million of which was provided in 2021. 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 nationalization efforts, reducing Turkey's reliance

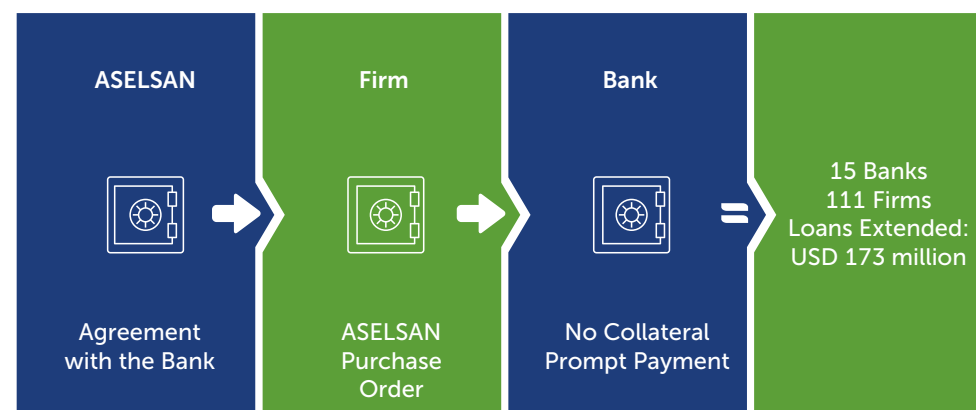
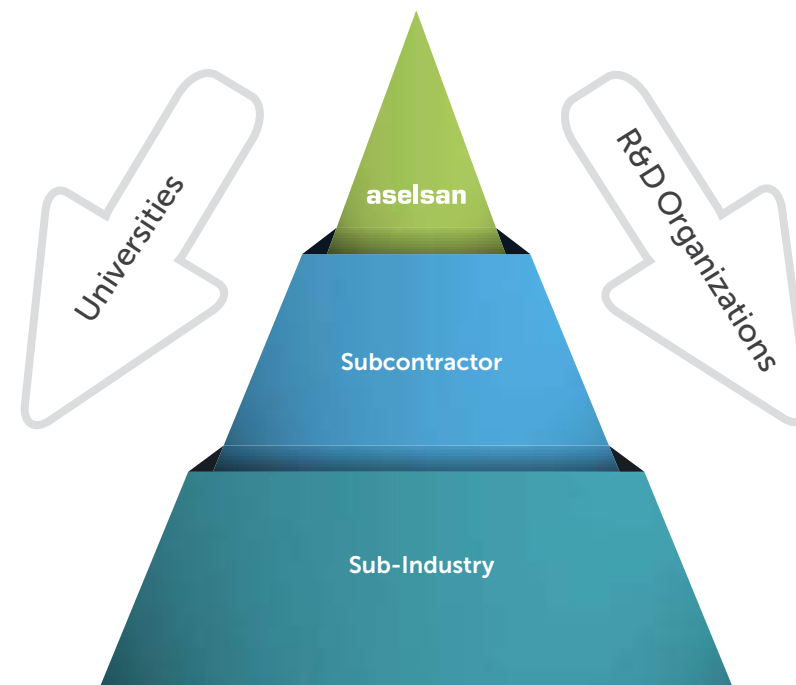
on foreign resources, and run partnerships with suppliers under an integrated structure. Gücümüz Bir (Powerful Together) platform went live in April 2020.

The platform is an interactive platform with a target group composed of ASELSAN's existing and potential suppliers. The platform serves 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 nationalization efforts; provide them the chance to benefit from ASELSAN's competencies via training, and assist them in reaching the human resources they need.

Gücümüz Bir (Powerful Together) platform continues to serve more effectively as of the first quarter of 2022 with its completely renewed interface and infrastructure.





Our Suppliers

In 2021, nationalization efforts for 197 products/product families were completed and since 2018, the total number of nationalized products/product families has increased to 507.



NATIONALIZATION EFFORTS WITH LOCAL COMPANIES

The National Local Product Development (NLPD) Board, established by ASELSAN in 2018 to meet the needs for products locally instead of procuring them from abroad, continued its activities in 2019. The Board devises strategies for national and local product development; prioritizes the products with overseas procurement restrictions; and works with suppliers of various scales, universities and technology centers under either self-funded R&D projects at ASELSAN or the incentive programs aimed at national and domestic product development. In 2019, "Industry Nationalization 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 nationalization/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 within or outside ASELSAN was also evaluated. Technical Specification Brochures were prepared for products or product families that are considered to be available from non-ASELSAN supply sources. These brochures were shared on ASELSAN's corporate website and made available on the "Gücümüz Bir (Powerful Together)" Platform. The brochures addresses ASELSAN's nationalization needs and 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, it was

decided to develop and produce 450 prioritized products by using national and local means. In 2020, this number rose upon the periodic examinations of the products procured from abroad and 300 products were added to the current brochure. Preparations were completed for the TBBs of over 750 products in this way. At certain intervals, 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.

2021 marked the beginning of a new period within the scope of nationalization efforts. The Supply Chain Management Vice Presidency was restructured and a directorate and related functional departments were established for effective management of activities. In the new period, the scope of nationalization activities has been expanded to include "product commercialization," "supply models and strategies" and "product management," as well as "product development." Efforts aim to ensure

the effective use of nationalized products in the field and to further include them in product configurations through various efficiency enhancement activities. In line with this vision, the National Local Product Development (NLPD) Board continues to work as the ASELSAN Nationalization Coordination Board in the new period.

Within this scope, as of the end of 2021;

- Nationalization efforts for 197 products/product families were completed and the total number of nationalized products/product families has increased to 507 since 2018.
- The overseas purchasing potential of USD 80 million was returned to the domestic market, raising to a total level of approximately USD 200 million.
- Nationalized product orders amounted to USD 55 million and the total amount of orders has reached USD 64 million since 2018.



Our Suppliers

ASELSAN issued a Memorandum of Understanding to 11 SMEs for the “Tech-Driven Industry Initiative.”

New projects triggered by firm nationalization applications, instant demands of sector leadership teams for critical needs, nationalization plans within contracted and equity projects, and events such as fairs/B2B/workshops are continuously added to these projects. With the successful completion of existing projects and the success of the relevant product/product families, new projects take their place in ASELSAN product configurations and offer healthy and effective monitoring and management in the field.

It is aimed to continue this trend of increasing number of nationalized products/product families with the potential of domestic procurement for orders to be realized in the future.

Tech-Driven Industry Initiative

As of the end of 2021, ASELSAN consistently takes on the task of developing and expanding the ecosystem it belongs to. ASELSAN issued a Memorandum of Understanding to 11 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 competitiveness 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. It is aimed to increase the rate of domestic procurement in ASELSAN products and to contribute to reducing the current account deficit by limiting foreign dependency.

Compliance with Export Control Regulations

ASELSAN Supply Chain Management was restructured in April 2021. In order to harmonize and manage the dispersed workflows regarding the procurement of overseas products/systems/technology/services subject to export control regulations within the company from a single point, the Compliance Department was established under the Supply Chain Management Vice Presidency.

ASELSAN implements the Export Control Compliance Policy in order to control the export/re-export of goods, services, and technology in order to fulfill its obligations regarding all applicable national and international regulations.

As a world-class company that ranks 48th among the largest defense company in the world in the Defense News Top 100 ranking, ASELSAN is aware of the fact that export control compliance commitment is a fundamental requirement in the highly regulated market of defense industry.

ASELSAN export control compliance program is managed with a professional approach and structured as follows;

- Continuously improving the export control compliance management system based on defined workflows, roles, and responsibilities; Carrying out scanning controls at every step within the scope of the duty of care,
- Providing its employees with necessary training on export controls,

- Performing internal audits and self-assessments,
- Record keeping of all transactions related to export control compliance regulations with,
- Continuously monitoring local and international regulations and measures,
- Ensuring the proactive participation and compliance commitment of all employees throughout the organization,
- Including the integration to the ASELSAN Corporate Information Management System.

The management principles implemented by ASELSAN within the scope of compliance with the export control regulations are detailed in the [Export Control Compliance Policy](#).

Idle Material Sales

The Supply Chain Management Vice Presidency aims at sustainable supply chain and stock management by effectively managing idle material sales processes. Despite the ongoing pandemic, the supply chain is maintained while examining the field of idle materials in stock management in detail. An objective and simple method is applied within the scope of defined guidelines in the management of idle material sales processes.



Our Human Resources Approach

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

Following many new projects launched in 2020, 2021 was a year with a focus on the implementation of existing projects in the field, receiving outputs and feedback, as well as digitalization and process development to improve employee experience. ASELSAN's sensitivity to the use of the environment and our natural resources is reflected in our Human Resources activities. Many of our processes have been transferred from the paper to the electronic workflow tools.

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

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.
- Not to discriminate based on language, race, color, gender, disability, political thought, philosophical belief, religion and sect, and similar reasons in the business relationship.
- Not to take any direct or indirect different action due to gender or pregnancy in the conclusion of the employment contract, in the creation, implementation and termination of the employment contract, except for compulsory reasons.

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



ASELSAN Human Resources Management Policy



Our Human Resources Approach

In 2021, priority was given to digitalization and process development to improve the employee experience.

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.

In 2021, the focus was on the implementation of the projects in the fields and the output and feedback from the works, and priority was given to digitalization and process development to improve the employee experience. As an extension of the environmental awareness developed throughout the company, many processes were transferred from the paper environment to the electronic workflow environment for the efficient use of resources in the Human Resources management.

Our values stand for our strength

A cultural transformation activity was carried out to define ASELSAN's corporate values and behavioral indicators and to evaluate ASELSAN employees' approach to corporate values in 2020. A manifesto of values was issued and placed and disseminated on all premises to contribute to promotion activities.

In 2021, 59 value ambassadors, selected through voluntary participation of employees, took an active role in value promotion activities together with the Internal Communication Department. The value ambassadors are the voice of the employees and express common expectations, contributing to the efforts to keep ASELSAN's corporate values alive and nurturing them by making suggestions for improvement. Value ambassadors contributed to the project studies by taking an active role in sub-project groups in 2021. In 2021, Value Ambassadors worked in cooperation with the Human Resources Directorate to carry out a project aiming to develop the Value-Oriented ASELSAN Climate Survey. The survey sought answers to questions such as to what extent

the Company's values were internalized and to what extent the awareness of the values could be achieved and the employees' opinions were obtained on these issues with open-ended questions. Survey results showed that ASELSAN's corporate values are largely internalized and kept alive. For example, there was a high rate of common view and opinion on the value of development by getting development-oriented feedback from colleagues, the value of innovation through motivation to create new ideas, the value of unity established through good friendships that continue outside the work, the value of excellence by asking how to do better, the value of trust by focusing on the solution rather than the mistakes and the maker.





Our Employee Profile



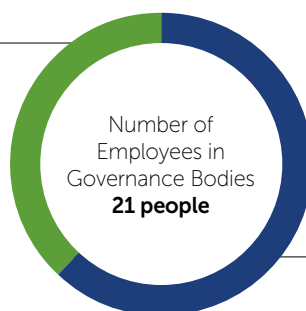
A total of 21 managers, 1 of which is a female manager, take part in ASELSAN's governance bodies.

21% of the workforce are female employees in the employee breakdown of 2021. The breakdown of a total of 9,460 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 2021 is also provided in the following tables.

Number of Employees in Governance Bodies by Age Group and Gender

Age	2020			2021		
	Female	Male	Total	Female	Male	Total
<30	-	-	-	-	-	-
30-50	-	9	9	-	8	8
>50	-	12	12	1	12	13
Total	-	21	21	1	20	21

Between 30-50 years of age
38%



In 2021, 1 female manager started to take office in the Governance Bodies

Above 50
62%

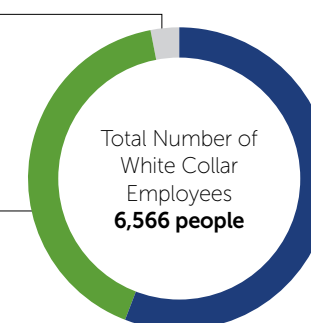
It has been subjected to limited assurance by the Independent Audit Firm.

Number of White Collar Employees by Age Group and Gender

Age	2020			2021		
	Female	Male	Total	Female	Male	Total
<30	662	1,837	2,499	708	1,952	2,660
30-50	844	2,506	3,350	937	2,745	3,682
>50	51	162	213	53	171	224
Total	1,557	4,505	6,062	1,698	4,868	6,566

50+years of age
3%

30-years of age
41%



Between 30-50 years of age
56%

Number of Blue Collar Employees by Age Group and Gender

Age	2020			2021		
	Female	Male	Total	Female	Male	Total
<30	79	922	1,001	77	973	1,050
30-50	172	1,436	1,608	179	1,536	1,715
>50	10	126	136	8	121	129
Total	261	2,484	2,745	264	2,630	2,894

The average employee age at ASELSAN is 33. It is 46 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 18 years. 18% of middle-level managers are women. 17% of all managers are women.

The ratio of female managers among managers increased by 2% compared to the previous year.



Our Employee Profile

In 2021, a total of 1,176 employees joined the ASELSAN Family.

Number of Employees by Contract Type and Gender

	Female	Male	Total
Definite Term	-	15	15
Indefinite Term	1,923	7,331	9,254
Total	1,923	7,346	9,269

	Female	Male	Total
Talent-A	39	152	191

Total Number of New Hires

	2020			2021		
Age	Female	Male	Total	Female	Male	Total
<30	156	864	1,020	173	642	815
30-50	93	362	455	68	292	360
>50	-	4	4	-	1	1
Total	249	1,230	1,479	241	935	1,176

Total Number of Leaves

	2020			2021		
Age	Female	Male	Total	Female	Male	Total
<30	28	100	128	46	181	227
30-50	35	82	117	40	205	245
>50	10	67	77	13	40	53
Total	73	249	322	99	426	525

At ASELSAN, employment contracts may be terminated due to inappropriate behaviors within the scope of disciplinary processes or based on reasons such as the employee's job performance. ASELSAN does not have a policy of mass layoff, apart from such practices based on individual reasons. In 2021, the Company had no mass layoffs.

Turnover Ratio (2021)

Age	Voluntary (%)	Total (%)
<30	2.02	2.20
30-50	2.16	2.73
>50	0.43	0.59
Gender	Voluntary (%)	Total (%)
Male	3.69	4.48
Female	0.92	1.04
Management Level	Voluntary (%)	Total (%)
Management Level	0.14	0.22



Employee Rights

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



SOCIAL DIVERSITY AND EQUAL OPPORTUNITIES

In line with its "decent work approach" ASELSAN provides equal opportunities to all employees, without discriminating against any religion, language, sex, ethnic origin, age, disability, sexual orientation, and political opinion throughout the working period. 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 its operations in full compliance with the laws, ASELSAN adopts the approach of equal opportunities that prevents and bans discrimination, as required by the laws. The ASELSAN Human Resources Directorate bases its activities within its remit on diversity and equal opportunity. Developments in these areas are reported to the Corporate Governance Vice Presidency.

Employment mechanisms for women and disabled individuals

There are whistleblowing and reporting mechanisms in place at ASELSAN that employees can apply in case of 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 of 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 ASELSAN Family is monitored meticulously. In 2021, employment was provided to an additional 10 disabled individuals. Furthermore, the number of female employees who joined ASELSAN in 2021 is 249.

ASELSAN places great emphasis on employee welfare and well-being at its premises. 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.

ASELSAN's remuneration policy is applied with the same approach and equally for all employees regardless of contract type, gender, and disability status.



Employee Rights

Workforce planning at ASELSAN is carried out by considering short- and long-term requirements.

Organizational Development and Data Analytics Initiatives

ASELSAN pursues the vision of acquiring world-class human resources practices and therefore updates its HR systems in line with current requirements. For such updates to be introduced in the most effective manner, communication channels 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 in quarterly periods. The profile of employees who quit is examined; contents of the feedback received during exit interviews are analyzed. 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 also analyzed for the 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 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.

Workforce planning at ASELSAN is carried out by considering short- and long-term requirements. As part of workforce planning activities conducted every year, 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, are 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 strategies.

Within the scope of the Organizational Development Project carried out in 2021, one-to-one interviews of an average of 1 hour were held with each Directorate in all Sectorial Presidencies, and information was obtained regarding the content of their work and team structures. In preparation for these meetings, a total of 39 process documents and around 450 career analysis forms were examined, and around 60 process trainings were received. 208 interviews were held in total. As a result of these meetings, a new project was initiated to establish the team structure under the Directorates and to determine the Team Leaders. Another project also was initiated to update the Duties and Responsibilities documents for all ASELSAN units, job descriptions were updated to reflect ASELSAN's business diversity, and to include technical and basic competencies, which were updated as the output of Human Resources projects carried out in 2020.



Employee Rights

ASELSAN runs employment and recruitment processes in light of universal human rights and standards and based on equal opportunities.



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 equal opportunities. The 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

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 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 in order to promote the Company and to share the industrial reflections of technological development with young people.

ASELSAN provides internship and talent programs that enable senior engineering and social economics and administrative sciences students to work with professionals with expertise in their respective fields. By examining the execution of rare scaled projects that could be seen in a limited number of companies in Turkey, 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.

2021 Activities of Digitalization and Talent Acquisition Programs

Digitalization Activities:

The following activities were undertaken for digitalization in 2021:

Recruitment Portal

- ASELSAN manages employee requests, candidate applications, recruitment and placement processes through the Recruitment Portal. Launched for the selection and placement of the most suitable candidates as soon as possible, the Portal allows Human Resources employees and department managers to monitor employee requests and recruitment flows, make transactions and fill out evaluation forms.
- The need to update the existing electronic infrastructure systems arose since the recruitment criteria were updated and new examination processes were added in the fields where employees are recruited through examination (Technician, Office, and Labor). Within this scope, the Examination Procedures Module was designed and put into use on the Recruitment Portal. The Job Application System, designed to receive feedback from candidates regarding their job application and interview experiences, Talent-A Application System, and the Recruitment Portal Interview Satisfaction Survey applications were put into use.



Employee Rights

Thanks to the efforts conducted under “Next Big Move to Turkey” program, 62 professionals turned back to Turkey and joined the ASELSAN Family in the past 3 years.



Talent-A Program-Digitalization Process

- Within the Scope of Talent-A Program, improvements were made to pages and the job application satisfaction survey was added to the application page and became usable. In addition, the Video Upload Portal for project presentations was revised, processes were carried out through the Recruitment Portal, the evaluations and the candidate satisfaction surveys for each process were sent through the system.

Talent Acquisition Programs and Activities:

In 2021, ASELSAN participated in university activities in line with the campus strategy, which was developed in 2020 based on global and national-oriented perception and youth research. ASELSAN introduced its culture and fields of activity, providing information about talent programs to university students. Interview simulations were organized with specialists to strengthen the interview experience of students who want to work at ASELSAN and to make them aware of their strengths and areas open to improvement.

Next Big Move to Turkey Program

- Next Big Move to Turkey Program 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.

- Within the scope of the program, sponsorship support was given to promotional activities aiming to reach talents abroad and provide information through social media channels and both the project and ASELSAN were promoted to potential candidates.
- Thanks to the efforts conducted under “Next Big Move to Turkey” program, 62 professionals turned back to Turkey and joined the ASELSAN Family in the past 3 years.

Talent-A Program

- The scope of the “Candidate Engineering” program, which has been implemented since the initial years of ASELSAN, was expanded and offered under the name “Talent-A Program.” The program aims to reach young talents when they are still students, to support their development through mentoring activities, to guide them at the beginning of their career journey and to ensure that they become familiar with the ASELSAN culture.
- Under the program, the candidates get the chance to have experience in sectors

through the projects assigned to them while working one-on-one with their mentors and receiving constant feedback.

- By integrating the Reverse Mentoring process implemented since 2020 into the program, it is aimed to benefit from the knowledge and perspective of young talents, to increase communication, and to transform generational differences into a concept that will benefit both sides. A communication process has been established that brings Talent-A candidates and mentors together, aiming to create synergy by sharing knowledge. Unlike the Talent A mentoring process, it was the Talent A who acted as mentors and shared their current experiences and ideas on how to adapt ways of doing business to changing conditions.
- Contributing to the technical and personal development of young talents, it is aimed to bring talented young people to ASELSAN as engineers or assistant specialists as a result of the program.
- 96 out of 112 talents participating in the program in 2020-2021 started to work at ASELSAN as Engineer I/Assistant Specialist I in 2021.



Employee Rights

Within the scope of the ATİK Program, students have the opportunity to work one-on-one with ATİK mentors and get to know ASELSAN closely.

- Talent-A selection and placement, program implementation, and survey studies were carried out to measure the effectiveness of the program and candidate experience.
- Talent-A candidate who worked on projects with their mentors throughout the program had the opportunity to present their projects at the end of the program. ASELSAN President and CEO presented their certificates and awards to the top three talents in the project presentation at the closing event.
- Talent-A Program won the Silver award in the "Best Evaluation and Sourcing" branch in the "Talent Acquisition" category at the Brandon Hall Group's 2021 Awards as the only Turkish company to receive an award in this branch.
- 195 Talent-A candidates joined the program in 2021-2022.

ASELSAN Technical Generation - ATİK Program

- In 2020, ATİK Program 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, help boost the preferability of vocational high schools, and support vocational high school students in their technical and personal development.
- Senior vocational high school students receive training by working with mentors at ASELSAN premises 3 days a week within the scope of the talent program. ATİKs are supported by term projects and personal development trainings, providing on-the-job and technical training for students to acquire psychomotor and manual skills.
- Throughout the program, a mentor is assigned for each ATİK student, and students' development is monitored during the academic year.
- Within the scope of the ATİK Program, students have the opportunity to work one-on-one with ATİK mentors and get to know ASELSAN closely. At the end of the program, ATİK participants prepared an end-of-term composition to provide feedback on the program carried out during the distance education period and they were evaluated by their mentors.
- In 2020-2021, 172 students completed the ATİK program. In 2021-2022, 153 students joined the ATİK program.





Employee Rights

In 2021, career paths were restructured and the title structure on career paths was enriched.

PERFORMANCE DEVELOPMENT, CAREER AND 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 process

Implemented within the scope of ASELSAN Talent Management Model, the Career Development Planning process helps employees recognize their knowledge, skills, potential and to identify the necessary steps towards their career goals. In 2021, 360° Competency Assessment results, learning and development tools, and technical trainings were integrated into the Career Development Planning system, providing employees to make their own development plans on a single screen. Actions were taken together with the managers and followed up throughout the year in order to support the improvement of the employees in line with their Career Development Plan.

ASELSAN development center implementations

ASELSAN Development Center Implementations, designed to contribute to the development of employees, continued online throughout the year. Employees were evaluated in line with specific competencies and feedback was given to employees and managers with a development-oriented perspective. Recommendations for improvement were shared in line with employees' strengths and areas of development, contributing to their development plans.

Succession Planning

Within the scope of the ASELSAN Talent Management Model, Succession plans were created to plan workforce in advance, prepare the organization for the future and to create a sustainable, healthy organization for managerial and critical roles. Organization-based critical roles were identified with the managers, and employees were determined to succeed these critical roles. Short, medium, and long term successors of managerial roles were evaluated for the continuity of the organization, and development action plans were created for the determined successors. Within this scope, succession plans were created for 325 managerial positions and 166 critical roles.

Prizma Mentorship Program

Prizma Mentorship Program was designed to accompany the employees in their development process and to improve their leadership skills to ensure management continuity. Two different groups of mentees were formed within the scope of the program. It was aimed to develop the behavioral and technical competencies of the young ASELSAN mentee group and to reinforce the managerial competencies of the mentee group including recently appointed managers. Mentees and mentors completed the training about the process and started mentoring sessions. Within the scope of the program 8 sessions were planned for the development goals of mentees. The program was put into practice to support development of competencies and is planned to be continued with the participation of new mentees and mentors. 142 of the 177 employees who applied to the program participated in the process by completing their mentorship training.

Updating career paths

In 2021, career paths were restructured and the title structure on career paths was enriched. Technical and leadership career paths were separated to offer employees an alternative career development option and studies were initiated to implement a competency-based career advancement structure.

Dynamic performance management processes

The "Performance Development and Feedback System" which was implemented in 2020, is designed to strengthen goal-based performance management and feedback culture. The goals for all organizational units have been mutually determined in alignment with corporate goals. The most important gains with the 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 are tracked on a software infrastructure specially designed for the system and serve as a basis for employees' career management, remuneration, and rewarding processes. High-performers pursue the appropriate developed career plans, while underperformers are channeled towards areas where they can be proven more beneficial.

The Performance Development and Feedback System aims to encourage the motivation to achieve together and the employee performance is evaluated in four different dimensions. Within this scope; the final performance evaluation of the employee consists of the evaluation of the goals defined for the employee by the manager, the evaluations of the employee's colleagues/ internal customers regarding their contribution in the projects they worked together, and performance evaluation results of one and two upper organizational units of the department on certain weights.



Employee Rights

ASELSAN provides fringe benefits such as private health insurance, life insurance, infirmity services, day nursery, graduate education leave, maternity and marriage benefits etc.



REMUNERATION AND BENEFITS

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. The opportunities offered to the employees are arranged periodically, taking into account the market conditions, to maintain the value added by the qualified workforce to ASELSAN.

The remuneration policy at ASELSAN is executed based on the principle of "equal pay for equal work" at all facilities and business lines, and without discriminating between types of contract, gender or disability status. ASELSAN's Remuneration Policy is in total compliance with the Company's Human Rights Policy and Ethical Principles, Values, and Code of Conduct.

Comprehensive social benefits for all employees

In addition to the competitive remuneration system, ASELSAN provides various fringe benefits such as private health insurance, life insurance, infirmity services, day nursery for female employees, graduate education leave, maternity and marriage benefits etc.

As well as legal payments, gifts are given to employees leaving ASELSAN due to retirement as a token of appreciation for their contributions to ASELSAN. Retired employees of ASELSAN are eligible for the comprehensive health insurance ASELSAN offers to employees, provided they pay the premiums themselves.

EMPLOYEE DEVELOPMENT AND ON-THE-JOB TRAINING OPPORTUNITIES

ASELSAN, being aware that successful employees mean a successful Company, carries out activities to encourage employee development. ASELSAN organizes various personal and professional training and development activities with a focus on always building on its corporate intellectual capital. In 2021, ASELSAN's training budget for the development of employees reached 2.4 million US dollars.

Carried out by the Human Resources Directorate, training 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.

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 commitment and satisfaction and brings along a highly motivated group of employees. Life-long learning opportunities for employees are aimed at both their personal and corporate development.

In 2021, the Information Exchange Program, Leadership Development School, Talent-A Development Program, and the COVID-19 Information Exchange Program continued to support the development of employees and enabled the transfer of knowledge.

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 BİL-GE" platform. Within this scope, the employees spent over 544,000 minutes within the Information Exchange Program with 390 informative videos. The satisfaction rate of the employees in the Information Exchange Program trainings was 92%.



Employee Rights

ASELSAN's 2021 training budget for organizing vocational training and development activities for its employees reached USD 2.4 million.

The Leadership Development School aims for the development of competencies for ASELSAN leaders to help reach the Company's strategic goals. 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).

The Talent-A Development Program was developed to contribute to the development of the prospective engineering staff. E-training and video-based technical and personal development trainings were provided under 35 different training titles for Talent-A participants.

The COVID-19 Information Exchange Program was designed to support employees during the pandemic. With the trainings prepared by the health teams within the scope of this program, the employees were informed about the pandemic and the psychological effects of it. Awareness-raising programs such as information

training on infectious diseases including HIV/AIDS, stress and anxiety management training, smoking cessation training were also provided for the well-being of employees.

The learning and development system at ASELSAN is continuously improved through measuring and reporting its impact on business results. Within the scope of this improvement, ASELSAN Competency Development Catalogue was created, which includes development journeys related to the behavioral dimensions in the updated competency model. Technical information on the career paths of the employees and a list of technical trainings to develop this technical information were also prepared and published. 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, individual training programs employees take at either various companies or universities, and e-trainings offered through the Learning Management System.

A total of 155,098 hours of training were given in 2021, excluding compulsory training. 83,347 hours of training were provided within the scope of Occupational Health and Safety. The following tables provide details on the average duration of training courses organized in 2021 per employee, by employment category, gender and age, excluding compulsory training. The hours in training per employee comply with the breakdown of employees.

Employees' Average Hours in Training

	2020			2021		
	Female	Male	Total	Female	Male	Total
Blue Collar	15.2	14.4	14.6	17.6	18.3	18.2
White Collar	14.5	12.8	13.4	15.7	15.5	15.5

Employees' Total Hours in Training

	2020			2021		
	Female	Male	Total	Female	Male	Total
Blue Collar	3,934	36,378	40,312	4,654	48,137	52,790
White Collar	22,901	58,301	81,202	26,711	75,597	102,308
Total	26,835	94,679	121,514	31,365	123,734	155,098

In 2021, employees' average hours in training by age with the exception of compulsory courses are as follows:

Age	2021
<30	15.10
30-40	16.55
41-50	19.01
>50	15.98

Training courses organized include 108,822 hours of technical courses, 46,276 hours of awareness-raising, and personal development courses.



It has been subjected to limited assurance by the Independent Audit Firm.



Employee Rights

Learning Management System

ASELSAN Information and Development Platform "a BİL-GE" training library, which was commissioned in 2019, was enriched with new content in 2021. Video-based trainings were produced by employees within the scope of the Information Exchange Program. Presentation Techniques Training was offered to ASELSAN internal trainers and the videos were included in the Information Exchange Program. The Information Exchange Program includes 390 different training content from more than 130 internal trainers. All the employees completed at least one non-compulsory course on a BİL-GE. Orientation training and introduction of facilities under compulsory sessions, Occupational Health and Safety (OHS) courses were made available for employees through a BİL-GE platform. Within this scope, the employees completed more than 14,600 OHS trainings. 152 process trainings of the Sectorial Presidencies were moved to a BİL-GE platform and offered to the employees.

In line with the mission to strengthen employee commitment by supporting personal development with social learning opportunities as well as contributing to the professional and technical development of ASELSAN employees, a BİL-GE Social Groups and Blog Page were activated. A total of 36 Social Groups were activated and 11 blog posts were published according to the interests of the employees.

ASELSAN received a "Gold" award in the "Best Learning Technology Application" category and "Bronze" award in the "Best Social Learning

Use" category at the Brandon Hall Excellence Awards, and "Bronze" award in the Global CCU International Institutional Academies Council "Culture and Technology" category thanks to its efforts on a BİL-GE platform.

Erasmus+ Program

ASELSAN's application for an Erasmus+ accreditation in professional training was accepted in 2020. In 2021, project plans were prepared in line with the goals identified during the accreditation application and a grant application resulted in success. The program aims to support ASELSAN employees to participate in activities abroad in their professional field and develop their professional 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.

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 the scope of "Future-A" Program, 900 to 1,000 higher education students perform their 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 employees. Vocational training opportunities are provided to Vocational High School students from September to June within

the scope of the ATİK Talent Program. Training programs are created through the ASELSAN Learning and Management System for students who are included in Future-A and ATİK programs, contributing to their technical and personal development. ASELSAN employees are assigned as mentors for students in the ATİK program to support their development by learning from others.

ASELSAN Vocational and Technical High School

In order to contribute to the training of qualified labor force needed by the defense industry; ASELSAN Vocational and Technical Anatolian High School, which was opened within the scope of the cooperation protocol signed with the General Directorate of Vocational and Technical Education, the Ministry of National Education of the Republic of Turkey, received its first students in the 2019-2020 academic year. ASELSAN Vocational and Technical High School offers a select education program co-developed by ASELSAN, the Turkish Ministry of National Education, and the General Directorate of 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%, 0.33%, and 0.55% percentile of students taking the High School Entrance tests in the first, second, and third years, respectively.

A program consisting of 12 different trainings was offered to the students through the ASELSAN Learning and Management System a BİL-GE to contribute to the personal and technical development of ASELSAN Vocational and Technical High School students. In addition, a mentoring program was launched to enable

students to learn from others. Mentors appointed among ASELSAN employees received training to ensure that they hold mentoring meetings in line with the program. Career Talks activity was initiated to support students in their career planning. ASELSAN Senior Management and employees made presentations in the monthly briefings held within the scope of this event.

In-service training was given to technical teachers at the ASELSAN premises on the content of the courses and workshops in the curriculum of the "Defense Electronic Systems" and "Defense Mechanical Systems" branches. Three of the workshops planned to be offered within the scope of the curriculum were made available.

Business Life 101 Training Program

With the Business Life 101 education program, designed in 2021 with the spirit of social responsibility, ASELSAN aims to contribute to the development of sophomore year university students in Turkey. The training program, which includes 17 training topics, was designed with the support of internal and external trainers to prepare university students for their careers. A total of 217 students from 40 different departments of 113 universities in 22 different cities were enrolled in training program that was started the "Experience for the Youth, Inspiring the Future!" motto. The Business Life 101 education program started its courses in 2022.





Employee Rights

703 students – 96 Ph.D. and 607 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 on August 1, 2017. The ASELSAN Academy model enabled, under the coordination of YÖK, more than one university to participate 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.

703 students – 96 Ph.D. and 607 M.Sc. – carry on their graduate education activities at the ASELSAN Academy, which had 91 graduates from 2021-2022 Fall Term.

The First “4th Generation” University Model in Turkey

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

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. Giving employees with an academic perspective on R&D projects, the development of innovative technologies in the defense industry, and the nationalization of critical technologies gain momentum. The program ensures that the staff receives graduate education in light of ASELSAN's mission and vision and conduct thesis and research studies in the field of the defense industry.

An innovative approach for Turkey

The program is also intended to foster collaboration between universities and the industry, providing an environment where each party can undertake joint projects. Organizing workshops with the participation of all universities as part of the Academy's activities, it aims to boost university-industry partnerships and cooperation between universities. The approach of ASELSAN Academy 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 an innovative model for Turkey.





Employee Rights

The academic process of employees is followed through periodic meetings with the mentors of the personnel who continue their education at ASELSAN Academy.

The ASELSAN Academy Model enables graduate program applicants who meet the necessary criteria to take classes and carry out thesis studies on their existing/future projects. This is how candidates complete purpose-driven studies as an extension of their jobs. Launched in 2017 as a university-industry collaboration effort and expanded in the past four years, ASELSAN Academy is an important and innovative platform directed by the Technology and Strategy Management Vice Presidency. The program aims to 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.

As part of self-funded and contracted projects, ASELSAN worked with 26 universities on 134 projects in 2021. The Company made USD 4.3 million of order to universities as part of the R&D projects conducted in collaboration with universities in 2021.

Mentoring System

The academic process of employees is followed through periodic meetings with the mentors of the personnel who continue their graduate education at ASELSAN Academy. The problems employees may encounter during the training process (selecting courses, writing thesis process, publication and conference notification, patent and intellectual property rights, etc.) are resolved through follow-up interviews. In this way, student-university relations are kept active throughout the graduate education period, ensuring more efficient and smooth progress of the process. There are 3 different mentors within the scope of ASELSAN Academy. These are the Academic Relations Mentor, who guides to the academy students with their knowledge and academic experience throughout the process and while writing the thesis, the Student Affairs

Mentor who carries out the course and academic follow-up processes, and the Technology Mentor who proposes new research and thesis topics by sharing the industry experience of specialists in their fields.

Academy Information System Software

The Academy Information System Software (AISS) was put into use to increase efficiency in processes as part of the ASELSAN Academy Program's vision towards digital transformation. AISS, carried out in cooperation with GU, GTU, ITU and METU, ensures that each university's own rules are presented on a common platform. The mentors and thesis advisors follow the academic progress of Academy students through AISS. Data synchronization with YÖKSİS and ÖSYM web services is provided within AISS.

E-BYS

Publication notification flows, which were started manually within the Intellectual and Industrial Property Rights Monitor scope, were transferred to the electronic environment with the electronic Document Management System (e-BYS). Thus, files kept in directories or as printed copies can now be archived electronically. ASELSAN Academy Directorate evaluated the suitability of the academic content and contributed to the increase in the quality of the publications.

Turnitin Plagiarism Prevention Software

Increasing the quality of ASELSAN employees' academic publications and supporting the writing process of academic publications are among the most important goals of the ASELSAN Academy program. Turnitin plagiarism prevention software, which has been in use since 2019, allows comparing academic publications

including theses and articles from ASELSAN, with the publications in the relevant databases on the internet, thus ensuring the authenticity of the content of the publications from ASELSAN and their preparation in accordance with the standards.

Seed Support

Within the scope of the ASELSAN Academy program, the Seed research support program was implemented to increase research opportunities for postgraduate thesis studies. It is planned to provide financial support of up to USD 50,000 to graduate thesis studies within the scope of the Seed program in order to expand opportunities by supporting them from ASELSAN's own resources and to design them in a way that will increase the added value to be created by university-industry collaboration.

Scholarship Programs

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



Employee Rights

More than 40 thousand students were brought together by participating in 106 campus events, which were considered as an opportunity to closely introduce ASELSAN and its culture.



INTERNAL COMMUNICATION AND EMPLOYEE MOTIVATION

An open, transparent, and dynamic communication language is adopted by putting corporate values at the center in all communication activities carried out for ASELSAN employees.

In "Our Future is With You" events held every month, new employees at ASELSAN get to know the ASELSAN Family and culture in a friendly atmosphere.

Events are organized for ASELSAN employees on all official and religious holidays, and gifts are given for special occasions. Created with the employees on Mother's Day and Father's Day, the books titled "Anne Tarifleri (Mothers' Recipes)" and "ASELSAN Babaları (ASELSAN Fathers)" were published. The books, containing the writings of the employees about their mothers and

fathers, were given to the employees as a gift to immortalize the recipes and memories in the books.

In cooperation with ASELSAN Value Ambassadors, the Values Survey project was implemented to increase awareness on ASELSAN values and measure their sustainability.

The in-house online game project focusing on the value of unity was offered digitally to all employees, enabling ASELSAN employees to compete in teams and feel the spirit of unity.

Of 382 photographs participating in the ASELSAN Value Adding Photographs Contest, best 3 photographs were selected for each corporate value and awards were presented with the participation of the President and CEO of the Company and all executive board members.

İz Birakanlar Award Ceremony was organized for the first time at ASELSAN and a total of 11,614 people watched the live broadcast.

ASELSAN offered special advantages to employees and their family members by making agreements with different institutions and companies. The company has 6,600 ASELSAN employees and more than 400 Family members registered in Ailem ASELSAN application.

Communication activities and events are realized for ASELSAN employees to participate in the sports and arts societies within the Company. A systematic structure was established as a result of the workshop organized with ASiL Communities.

Campus activities for university and high school students are considered an opportunity for students to get to know ASELSAN, its culture and people better. Through participation in activities organized by universities and student clubs, students are included in new projects to support their development. In 2021, more than 40,000 students came together at 106 campus events. ASELSAN reached young people in every region of Turkey online through 7 Region 7 Webinar Series "26-45 36-42 Events." With the "ASELSAN

Aramızda" Webinar Series, we meet with female university engineer candidates and carry out activities in universities to support and develop women's employment.

With the participation of university students, young professionals, and experienced business people, ASELSAN has maintained its leadership for 5 years, ranking first in Engineering and IT in Universum Turkey's Most Attractive Employers 2021 Research, the most comprehensive youth research in Turkey.

ASELSAN Life Instagram page was created to promote the ASELSAN culture more effectively, especially to young talents.



Employee Rights

Contributing to work motivation by observing the work-life balance is among ASELSAN's main priorities.



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.

For Our Female Employees

At ASELSAN, female employees have additional rights during and after maternity.

The legal rights granted to female employees were meticulously integrated into the Company's working model, and additional rights were defined to make the lives of female employees with children easier. Pregnant and breastfeeding employees can determine their working hours according to their individual needs, not exceeding 7.5 hours per day. The "mother shuttle" facility is provided to transport employees who leave the Company premises far from the city center before normal working hours to central locations. With the Half-Working and Part-time Work opportunities defined as a legal right, the opportunity to determine their daily shifts according to their own and children's needs, provided that they abide by the general rules, is provided to female employees. The time female workers who

work in the campuses outside the center spend for commuting to take their children to the nursery located in ASELSAN's Central Campus is considered as working time and it is not expected to be compensated.

The "Useful Information for Our Female Colleagues" document, which contains all the information to make the lives of female employees with children easier, is available on the intranet page of the HR Directorate.

Working hours at ASELSAN are between 07:30 and 16:35, equaling 42.5 hours a week.



Employee Rights

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

Relocation leave due to the assignment was put into practice

As of 2021, a paid Relocation Leave for 3 working days is granted to ASELSAN's employees moving from one facility to another in different cities, in order to facilitate their relocation processes.

Nursing and Assistance Leave

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

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. After the survey, demographic data and satisfaction data on the basis of departments are analyzed, presented to the Senior Management with recommendations for action, and improvement studies are carried out. Measurements related

to employee satisfaction are also monitored by the Company's Senior Management and included among the goals of the managers. Meetings are held between employees and managers to create an effective feedback mechanism. Employee feedback is evaluated and actions, which may contribute to sustainable achievements, are implemented.

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 Company's Senior Management.



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

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



Occupational Safety Culture Measurement Project

Aiming to create a strong Occupational Safety Culture, ASELSAN initiated the ASELSAN Occupational Safety Culture Measurement Project to measure the Occupational Safety Culture, which is an integral part of the corporate culture, to identify strengths and areas open to improvement, and to determine the steps to be taken towards creating a sustainable Occupational Safety Culture. Occupational Safety Culture Measurement Matrix specific to ASELSAN was created to cover all activities, and 13 dimensions that form the basis of occupational safety were determined and evaluated at a 5-stage maturity level. In the survey, in which more than 2,000 employees participated and the general satisfaction level was determined as 76.3%, the areas where ASELSAN was strongest were determined as Trainings and Awareness

Raising Activities with 89.41 points, Machine/Equipment Safety with 88.64 points, Priority Given to OHS-Related Events with 80.79 points, Management's Commitment/Approach to Occupational Safety with 80.14 points, and Work Environment Safety with 76.17 points out of 100. Areas open to improvement were determined as the Relationship between Human Resource Management and Occupational Safety with 65.56 points and the Contribution of Technological Applications to Occupational Safety with 68.63 points out of 100.

Placing human asset 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. Health and safety practices

are performed 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 as well as the neighboring workplaces, the immediate environment, and of all relevant parties.

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.

Hygiene Councils were formed to conduct hygiene inspections at employees' common use areas and serve as a guide for necessary measures.



Occupational Health and Safety

ASELSAN uses risk analysis methods to identify potential hazards, their type, probability, severity, and frequency at the workplace.

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 all the OHS activities. OSIS enables all OHS 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 Department ensures that dust, chemical, noise, thermal comfort, lighting and personal exposure measurements are performed at such sites as production, repair, overhaul, construction, laboratory, 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, also known as "near misses," are 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, probability, 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, emergency support workers, and the employee's representative. The findings of the analysis are reported to relevant departments. Hazardous situations, near misses, and dangerous incidents are determined with a proactive manner. 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.

Employee engagement under the leadership of Senior Management

IMS Leaders were determined in every field across ASELSAN. In addition to their own duties and responsibilities, IMS Leaders continue to work for Integrated Management Systems to operate in the most appropriate way to maximize the efficiency of the system. In this way, the risks in the work area can be detected in the fastest way and the system can be improved with recommendations. Several studies were carried out, from defining a logo in the guide to organizing awareness-raising award-winning events, to increase the awareness of the IMS Leaders and support their work.

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. Employee participation in training courses and the validity of courses are monitored on SAP. The Basics of IMS handbook 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.

The Company 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 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.



Occupational Health and Safety

Employees are regularly examined by workplace physicians.

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.

Workplace Physicians

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

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.

"14th 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.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

Since 2009, the Occupational Health and Safety Management System is implemented at ASELSAN as part of the ISO 18001 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. ASELSAN ranked 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. Leadership, an important element of the occupational safety management system, and employee participation are brought together to reinforce the occupational safety culture.

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.

The Occupational Safety Measurement Project, an integral part of the corporate culture with the aim of creating a strong occupational safety culture, was initiated in the last period of 2020 with the contribution of the entire ASELSAN Family to its implementation and development, and continued in 2021. ASELSAN-specific occupational safety matrix was created and more than 2,000 ASELSAN Family members participated in the project and ASELSAN's strong and open-to-development occupational areas regarding safety were identified.



Occupational Health and Safety

The Occupational Safety Measurement Project, an integral part of the corporate culture, continued in 2021.

ASELSAN Occupational Safety Culture Measurement Dimensions:

		Safety Culture Maturity Level				
Dimensions		Pathological	Reactive	Bureaucratic	Proactive	Generative
1	Management's Commitment/Approach to Occupational Safety					
2	Employees' Commitment to Occupational Safety					
3	OHS Leadership					
4	Occupational Safety Communication					
5	Trainings and Awareness Raising Activities					
6	Workplace Safety					
7	Machine/Equipment Safety					
8	Incentive and Punishment					
9	Auditing and Traceability					
10	Priority given to events and situations related to OHS, recording, learning lessons from events					
11	Preparing for Emergency					
12	Relationship between Human Resource Management and Occupational Safety					
13	Contribution of Technological Applications (Safety software etc.) to Occupational Safety Culture					



ISO 39001 Road Traffic Safety Management System

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 under ASELSAN's control during business travels with various means of transport and commute to work with shuttles. Accordingly, efforts for transition to the ISO 39001 Road Traffic Safety Management were successfully completed after the internal and external audit in 2021. Adopting security in every field, the ASELSAN Family became the first and only defense industry company to document that it can manage transportation processes at the highest level of security.

Workplace Physician's 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.



Corporate Social Responsibility

ASiL Solidarity Foundation, established with the support of ASELSAN employees and awareness of social responsibility, continues to support the community with family, health care, and education assistance.

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.

Cash donations and aids can be provided to institutions, organizations, foundations, and associations involved in scientific research and development activities within the scope of ASELSAN Donation and Aid Policy; 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 Company General Assembly meetings; donations are made upon the decision of the Board.



ASELSAN Donation and Aid Policy

Donations and Contributions

	(TRY Thousand)
ASELSAN Vocational and Technical High School	4,272
Ministry of National Education	260
ASiL Foundation	38
Other	164
Total	4,734

The company did not make any donations to any political party or group in 2021.

Contributing to communities' social development is a primary duty for ASELSAN, which has also disseminated solidarity 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 support the ASiL Foundation's solidarity campaigns with their voluntary contributions and donations.

ASiL Solidarity Foundation

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

While the 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.

ASELSAN employees support the yearly Blood Donation campaigns of the Turkish Red Crescent Society and help them replenish blood reserves.





Corporate Social Responsibility

As for healthcare, ASİL Foundation covers the cost of medicine, surgical operations, treatment, prosthetic implants, and healthcare equipment.

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 holidays; alms are given during Eid-Al-Fitr; children's clothes are sent for holidays; 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 ASİL Foundation via the Foundation's website (www.asilderneji.org.tr) if they wish so.

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, School Assistance, Healthcare Assistance, and Support for Stray Animals. Steps taken by ASELSAN employees voluntarily towards unity and togetherness in the face of trying times turned into socially beneficial projects thanks to the ASİL Solidarity Foundation.

The works carried out by ASİL Solidarity Foundation in 2021 are listed below.

Within the scope of ASİL Family Assistance;

- A total of 3,500 families who could not meet their needs due to financial difficulties were reached.
- Food aid was given to 2,800 families during the Eid al-Fitr, alms was given to 250 families, and clothing aid was given to 1,000 children during the Eid-al-Adha.
- Coats and boots were delivered to 250 children in need on cold winter days, with the support of ASELSAN personnel.

Within the scope of ASİL Healthcare Assistance;

- Hand and foot prostheses were provided to 2 patients in need of emergency prosthesis, surgery costs of 3 patients whose operations were delayed due to limited financial means were covered, necessary devices for disabled children were delivered to families, and medication costs of the patients were covered.
- 1 mobile ambulance was sent to Palestine for the Palestinian people.

Within the scope of ASİL School Assistance;

- 20 schools were provided with book sets, stationery sets, and technological equipment.
- The kindergarten demolished in the earthquake at Kurucaova village of Malatya's Doğanşehir District was reconstructed and started education as ASELSAN kindergarten.

1 water basket to be attached to helicopters and 10 nozzles to be attached to hoses were sent to the fire zones to combat forest fires throughout the country.

ASİL Foundation will continue its efforts to reach many families in need and to bring "Hope to the Future and Value to Life" with the trust and support of its participants.

"Charity on the Hanger Request and Donor Portal" Project

The Charity on the Hanger Request and Donor Portal implemented by ASELSAN allows individuals to choose the needs they want to meet through the portal and reach to those in need.

ALİMHANE Project

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



Corporate Social Responsibility

Techno Adventure is a Corporate Social Responsibility project that aims to get children adopt the right habits in the fields of technology, informatics, and defense industry.

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.

Launched on April 24, 2019, the Techno Adventure Platform presents its activities to children by participating in science festivals and making school visits in various cities of Turkey. The platform enabled direct interaction with a total of 11 thousand children at Teknofest between September 21-26, 2021, and offered thousands of children the experience opportunity at the Konya Science Festival between October 7-10, 2021.



ASELSAN Donation and Aid Policy

In March 2020, events and competitions were moved to the digital platform due to the COVID-19 pandemic measures. More active activities are planned on the Techno Adventure YouTube channel in 2022, in addition to the regular posts shared on social media platforms every month.

ASELSAN 1975

In 1975, four engineers made a dream come true thanks to the donations of the 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. Representing Turkey successfully in the international arena, ASELSAN has become a brand that gives inspiration and hope to the Turkish people and is embraced by them. 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.

ASİL Communities

On March 20, 2019 ASİL 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 the organization to develop projects and to involve employees in all project-related processes to elevate this sense of achieving together across the organization.

In order to manage ASİL Communities more systematically and efficiently, the Internal Communication Unit undertook the coordination of ASİL Communities in the last quarter of 2021. The main and sub-branch coordinators of all ASİL

Communities were invited to the ASİL workshop held in 2021, and the current situation of ASİL, the processes, and the strengths and areas open to development were evaluated in 5 different groups. ASİL communities were evaluated in the widest perspective with a survey designed for all employees and recommendations were presented. As part of ASİL monitoring studies, the 2022 annual plans of all ASİL communities and the potential establishment of new communities are evaluated.

An interactive environment was created for ASİL communities by ensuring the coordination of internal communications, budget approvals, and designs of all ASİL branches. Communities are encouraged to carry out joint projects, work in cooperation with universities, and organize events with the participation of ASELSAN employees in all activities of ASİL Communities, which is believed to be a good employer brand positioning.





Environmental Management

In 2021, a total of 1,806,076 kg of waste was sorted at the Macunköy, Akyurt, and Gölbaşı facilities.



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 and Water 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

Works aimed at mitigating ASELSAN's 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 at ASELSAN facilities was expanded and awareness-raising practices performed in 2021. Waste Coordinators have been assigned to the facilities for the inspection and improvement of the implementation of the Zero Waste principles.

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 the licensed organizations authorized by the Turkish Ministry of Environment, Urban Planning, and Climate Change and accredited by TÜRKAK. Electronic wastes are also handled within this scope and sent to licensed companies regularly for recycling. In order to raise environmental awareness and to reduce the damage to the environment not only at the workplace but also at home, electronic waste sorting boxes are provided and placed at the facility entrances

for the employees to dispose of the electronic waste they brought from home. This increased the amount of electronic waste transferred to recycling and reused. ASELSAN was granted an award in the UK-based Green Apple Awards, one of the most recognized environmental awards in the world, for the successful waste management at its facilities.

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.



Environmental Management

In line with the Environmental Policy and management system, the aim is to minimize waste, sort waste at the source, and thus recover it.

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 finds solutions to minimize hazardous waste through training and awareness-raising activities. Goals were set in 2021 for hazardous waste to add value to the environment by reducing all types of waste. As of the end of 2021, ASELSAN successfully reduced the amount of hazardous waste by 1% year-on-year in proportion to the turnover, in line with its target. In this context, ASELSAN will continue its efforts to reduce the amount of hazardous waste by 1% year-on-year in proportion to the turnover in 2022.

As part of the Zero Waste Project, the use of paper cups in our campuses was terminated on January 01, 2020, and approximately 150 tons of waste has been reduced so far.

The practice of presenting the ayran served in plastic containers in the cafeterias in glass bottles started on 01.04.2022. In this way, the generation of 20 tons of plastic waste per year will be prevented.

The tables below provide the total amount of waste produced in 2021. Recyclable metals and packaging waste are monitored regularly under the non-hazardous waste class.

In 2021, a total of 1,806,076 kg of waste was sorted at the Macunköy, Akyurt, and Gölbaşı facilities.

Facility	Non-Hazardous		Total
	Hazardous Waste (kg)	Hazardous Waste (kg)	
Gölbaşı	32,715	298,445	331,160
Akyurt I	196,241	230,070	426,311
Akyurt II	7,340	29,000	36,340
Macunköy	230,155	782,110	1,012,265
Total	466,451	1,339,625	1,806,076

Zero Waste Management

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 2021.

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 I, Akyurt II, 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 determined for 2021, by attaining a 15% year-on-year reduction in overall waste thanks to all the efforts undertaken. In 2021, 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: 7,732 trees were introduced to nature; energy savings amounted to 2,971,696 kWh, and oil savings amounted to 2,518 barrels in line with the Zero Waste Principles.

Furthermore, 8,347 clothing items, 380 pairs of shoes, and 1,607 toys collected in clothing and toy bins were donated.



Environmental Management

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



ENVIRONMENTAL COMPLIANCE MANAGEMENT

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 management system standards for compliance with environmental laws and other requirements during these efforts. In 2021, ASELSAN provided information at supplier company site visits carried out within the scope of ISO 14001:2015 and ISO 14064:2018 standards, contributing to ensuring environmental compliance before all stakeholders. ASELSAN's efforts to combat climate change are designed to cover the entire value chain with its leadership qualities. According to the scope determined as per the ISO 14064:2018 standard, ASELSAN contacts supply chain stakeholders to manage the inventory process. ASELSAN does not see climate change only as its own risk and attaches

importance to the value of acting together against this risk, which can greatly affect the supply chain. With the software developed to create a systematic approach within the scope of the adaptation of suppliers regarding climate change, it is planned to provide emission information and communication in the most efficient way by 2022.

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. At the end of each year, an Environmental Performance Report that recaps the previous year is prepared and submitted to the Top 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 2021.

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 1,345 employees

In line with ASELSAN's environmental management approach, regular environmental trainings are given to employees every year. In 2021, ASELSAN delivered online environmental protection training to 1,345 employees. 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 with such environmental accidents. ASELSAN, aiming to include not only its employees but also the entire value chain in its development journey, produced an informative film for the delegations on occupational safety, environment, and climate change. The film is screened for every delegation that visits ASELSAN facilities to reflect ASELSAN's perspective on these issues.



Environmental Management

ASELSAN organizes events and programs in line with its principle of leaving an inhabitable world to future generations and raising environmental awareness.

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. Environmental Painting Contest is organized every year as part of the events to celebrate World Environment Day on June 5th. Within the scope of the contest organized on the ASELSAN Techno Adventure platform for the 5th, 6th, 7th and 8th grade students of primary schools in Ankara, the children who came out in the contest were granted awards in a ceremony held in June.

The Design Directorates, working under the Sectorial Presidencies, continue their efforts to create product and packaging designs optimized for environment and climate change. RoHS (Restriction of Hazardous Substances) compliant materials are used in designs in line with the environmental awareness standards across the world. The production is carried out by determining the class as per IPC standards. Works were initiated on the design

of environmental development processes, reduction of the use of PVC, and preference of recyclable packaging materials with PVC in each Production Directorate under Sectorial Presidencies in 2021. It is planned to monitor the amount of PVC used as KPI and to analyze the efficiency of the work at the first stage in the first quarter of 2022.

Similarly, studies are carried out in all production and design processes in line with the Regulation on Substances that Deplete the Ozone Layer. ASELSAN monitors the studies on not using banned or restricted chemicals listed as ODS (Ozone Depleting Substances) while researching and using their equivalents within the scope of compliance with legal and other environmental conditions.

The effectiveness of these activities is evaluated by the Senior Management at Management Review meetings held during the year. No environmental accident occurred in 2021 thanks to ASELSAN's robust plans, proactive approach, and rigorous works. The Environmental and

Water 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.





Environmental Management

ISO 14001 Environmental Management System applications and certification have been in place in the facilities since 2009, and controls are carried out regularly by an independent certification company every year.

The environmental provisions that the companies operating in the Republic of Turkey are obliged to comply with are determined by the "Environmental Law" numbered 2872. Pursuant to the 'Article 5 – (1) Enterprises subject to environmental permit and/or license within the scope of this Regulation are classified in Annex-1 and Annex-2 lists according to their environmental effects' in the "Environmental Permit and License Regulation" issued pursuant to the relevant law, companies are subject to an environmental permit on emissions. Within the scope of the relevant article, ASELSAN made an application to the Ankara Governorship Provincial Directorate of Environment and Urbanization for its facilities where production activities are carried out and ASELSAN facilities were exempted from the environmental permit on emissions.

There is an obligation to measure the chimneys in certain periods as per the "Regulation on Control of Industrial Air Pollution" Article 14 - (Amended: RG-13/4/2012-28263) (1) "For the enterprises with environmental permit or emission permit, the operator or the owner of the enterprise has to report whether there is any deviation from the data envisaged at the time of granting the permit to the enterprises subject to environmental permit and license according to the Regulation on Permits and Licenses Required to be Obtained as per the Environmental Law and the improvements made to the facility every two years based on the date of the measurement report based on the emission permit or environmental permit." As a result of the exemption, although ASELSAN is not obliged to make measurements, companies authorized by the Ministry of Environment and Urbanization and holding TÜRKAK accreditation carry out SO_x, NO, NO₂, NO_x, VOC, Dust, PM (10) etc. measurements in chimneys at certain periods in order to determine and evaluate the pollutant load given to the environment.

It was observed in the measurements that the emission values were far less than the permitted values in the regulation, and that there was no intense emission originating from the process. In cases such as an increase/change in existing processes, increase in production capacity, increase in rated thermal power, addition of new building or work area, etc., the relevant measurements are renewed or additional measurements are carried out for re-evaluation. As a result of the emission measurements carried out in the new chimneys and the chimneys of the renewed boilers added to the Akyurt Facility and Akyurt-2 facility which started to operate recently, it was observed that the emissions in these chimneys were also well below the limit values.

ISO 14001 Environmental Management System applications and certification have been in place in ASELSAN facilities since 2009, and compliance with environmental legal and other requirements and current practices are controlled by an independent certification company every year regularly. Finally, in the ISO 14001:2015 audit carried out in June 2021, emission measurements were reviewed within the scope of compliance with legal requirements and no negative findings were reported. At ASELSAN facilities that are exempt from the emission permit and the requirement for continuous measurement, emission values are monitored through measurements renewed at specified time intervals and additional measurements carried out in case of any changes and capacity increase.



Climate Change Management

Within the scope of the Sixth National Antarctic Science Expedition carried out by TÜBİTAK MAM Polar Research Institute, ASELSAN's domestic and national systems ensured the communication of the scientists in Antarctica.



GREENHOUSE GAS EMISSIONS AND ENERGY MANAGEMENT

Firm steps to combat global climate change

ASELSAN's GHG emissions are managed in line with the ISO 14064 and ISO 14001 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 2021 data in line with the ISO 14064:2018.

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 works out on the climate change targets 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.

Based on the emphasis of "being a technology company that is sensitive to the environment and people" in our vision, we started to use 3 electric and 7 hybrid vehicles in the passenger car fleet to collect data and gain experience for creating the passenger car fleet from electric/hybrid vehicles in 2023. We will further develop this practice in future years.

We believe that, with our environmental awareness, we will contribute to the development processes within the scope of combating climate change.



Sustainability Ambassadors

While achieving the best quality in all of its activities, ASELSAN focuses on climate change and environmental studies, analyzes the emissions arising from its activities, and implements improvement processes. In September, ASELSAN organized a workshop where the issues related to climate change were discussed with specialists in their fields. The emissions of the workshop were offsetted with the Gold Certificate (the certificate used for global assessment for carbon offset projects) within the scope of renewable energy.

Mobility Shuttle on Demand - MSoD

ASELSAN provides a wide service network to its employees and offers them the opportunity to reach the facilities with ASELSAN shuttles instead of passenger cars, promoting public transportation. The UGES Sectorial Presidency introduced the Mobility Shuttle on Demand (MSoD) telephone application to monitor the shuttle usage and meet the needs.

The service usage frequency of the employees and the shift shuttle demands are monitored through the application and shuttles are allocated as needed. MSoD monitoring enables optimizing the shuttle size and routes based on the changing number of employees, and to plan shuttles in a way that leaves a minimum environmental footprint, both in passenger vehicles used by ASELSAN and in shuttles. Shuttles are organized between facilities to reduce the environmental impact of transportation. Encouraging employees to continue their education, ASELSAN also provides shuttles on routes where education institutes are located.



Climate Change Management

Taking firm steps forward with the support of the entire ASELSAN Family within the scope of climate change studies, ASELSAN set the net zero emission target for 2050.

ASELSAN Macunköy Facility is accessible by subway as an alternative public transportation. ASELSAN also encourages the use of the subway with the shuttles organized between the subway station and ASELSAN Facility. A charging infrastructure is available in the parking lot and it is planned to expand the network of existing charging stations to encourage employees using electric vehicles. There are also areas where employees can park their bicycles.

Employees are encouraged to hold meetings through digital channels. Within this scope, both face-to-face and online meeting rules were defined and shared with the employees.

In line with the 2053 net zero emission vision of Turkey in the fight against climate change, The Ministry of Environment, Urbanization, and Climate Change initiated studies and became a party to the Paris Agreement as of 10 November 2021. In line with the 2053 net zero emission target and green development policy of Turkey, studies and councils are organized to determine short, medium, and long-term sectorial targets,

to contribute to the regulation to be developed on climate change, to determine the policies for the sectors and responsible institutions, and to create a roadmap that includes the priority actions of the institutions. ASELSAN takes an active role in the study that will draw up Turkey's roadmap on climate change. As a representative of its field of business, ASELSAN carries out studies in working groups in partnership with the Ministry.

Taking firm steps forward with the support of the entire ASELSAN Family within the scope of climate change studies, ASELSAN set the net zero emission target for 2050.

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) 2020 Report, and DEFRA 2021.

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 2021, 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.

tCO ₂ e	Scope 1	Scope 2	Scope 3
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
2021	15,482	37,927	33,788

- Non-biogenic GHG emission is 87,197 tCO₂e and anthropogenic biogenic GHG emission is 0 tCO₂e.
- On a unit emission basis, 80.53% improvement was realized compared to 2016 and 25.08% improvement compared to 2020.

The Company's energy consumption between the years 2018 and 2021 is provided in the table below.

- Validation was carried out in accordance with ISO 14064:2018 version. At the time the report was prepared, the transition to ISO 14064:2018 version was certified with zero non-compliance.

* Scope 1: Class 1 (ISO 14064:2018)

* Scope 2: Class 2 (ISO 14064:2018)

* Scope 3: Class 3-4-5-6 (ISO 14064:2018)



Climate Change Management

ASELSAN pays utmost attention to environmental sustainability and prefers a growth model with minimum impact on the environment.

Energy Consumption	Unit	2018	2019	2020	2021
A) Nonrenewable Fuel Purchased and Consumed (Natural Gas + Diesel)	MWh	45,285	47,213	56,507	42,969
B) Nonrenewable Electricity Purchased	MWh	82,430	81,730	88,169	85,103
Total Nonrenewable Energy Consumption	MWh	127,715	128,943	144,676	128,072
Total Cost of Energy Consumed	TRY	28,240,039	37,589,014	46,121,137	76,126,396

CDP Reporting at Above Global Average Score Level

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. ASELSAN continued its studies on climate change, getting a score above the global average according to the 2021 indicators.

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. Suppliers

are also updated on carbon management during the supplier visits paid throughout the year to raise their awareness on this issue. Supply chain management climate change development processes were designed within the scope of ISO 14064:2018 standard and started to be implemented in 2021. In 2022, it is aimed to include the value chain management in the system in a more integrated way to be improved every year. In 2021, ASELSAN got an A- score in Climate Change Supply Chain Management, achieving a new success in its climate change management.

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. 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 various projects developed 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.



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.



Climate Change Management

ASELSAN water management is treated as one of the most important issues of climate change.

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. Water consumption in all ASELSAN facilities is also recorded in the inventory system and monitored.

Awareness-raising activities to save more water

Carried out within the scope of climate change and monitored within the scope of CDP Water reporting, ASELSAN water management is treated as one of the most important issues of climate change. Every year, targets for water consumption are determined; data collected from analyses are presented to the Senior Management at the Management Review meetings. Water recovery systems for specific production devices help attain significant water savings. Communication efforts to raise awareness on water consumption include posters, informative notes, and campaigns across the Company.

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. Wastewater is discharged from the Macunköy and Gölbaşı facilities to the Sakarya catchment basin. In 2021, 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. Chemical wastewater is collected in tanks at the Gölbaşı and Akyurt facilities and disposed of by authorized companies.

ASELSAN's water consumption between the years 2018 and 2021 is provided in the table below.

Water Consumption	Unit	2018	2019	2020	2021
Total Municipal Water Used (or Water from other Providers)	(million m ³)	0.37	0.34	0.38	0.48

Current State:

- It is planned to install energy meters in the devices that consume water the most in the Printed Circuit Department, which is considered an important water user. In July 2021, an energy analyzer was installed in the pre-cleaning and in-hole coating line, ENEPIG coating line, Pattern Line, Oxidation line, Abrasion, Planar, Erbo, Press and Drill Cooling System. Thanks to the existing water meters in the coating lines, water consumption tracking is performed manually on a daily basis.
- Thanks to production improvement efforts, it is ensured that the system operates in the most efficient water/energy balance.
- The systems to be newly invested are evaluated in terms of water consumption and energy consumption.
- In 2020, changes were made in the process steps of the pure water production system for increased capacity and the waste water efficiency was increased by approximately 40% compared to the old system. Approximately 70% efficiency was achieved in the energy consumption for cooling water. Cooling water quality increased.
- Thanks to the connection of firewater to the production facility in addition to the mains water in 2019, pressure imbalances were eliminated and the productivity of the system was increased.

5-Year Plan:

- While the capacity is increased with the transition to production systems, such as mSap/horizontal in-hole coating line, to enable the production of new technological cards in Printed Circuit Board production, water consumption is expected to remain constant. It is aimed to achieve approximately 50% efficiency.
- The transition to mechanical meters with pulse output is planned in 2022.

10-15-Year Plan:

- It is planned for the wastewater of the treatment plant to meet the process water specification with appropriate filtration processes and resupply it to the production line.



Climate Change Management

Productivity studies are performed on the resources consuming a significant amount of energy, and the findings are evaluated.



ENERGY MANAGEMENT

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. Within this scope, Macunköy, Akyurt and Gölbaşı Facilities obtained the ISO 50001:2018 Energy Management System Certificate in April 2021 for all energy resources, without any major or minor findings. 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 within the scope of the Strategic Activities related to ASELSAN's Strategic Plan are handled by the functions in charge of managing the existing energy infrastructure at

the facilities. To this end, productivity studies are performed on the resources consuming a significant amount of energy, and the findings are evaluated via analyzers and software systems.

ASELSAN's 2022 Energy Targets set at the 2022 Energy Management System Management Review meeting are stated below.

- 1% improvement in ASELSAN's total electricity consumption based on the Energy Performance Indicator.
- 0.5% improvement in ASELSAN's total natural gas consumption based on the Energy Performance Indicator.

In line with these targets, Energy Performance Indicators (EnPG) are checked monthly for energy consumption and necessary actions are taken in case of deviation from the target.

2021 EnPG Tracking Form of Energies

Month	Total Facility Energy (SETI)	Electricity (SETI)	Natural Gas (SETI)	Diesel (SETI)
January	0.98	0.95	0.98	0.99
February	0.94	0.91	0.94	0.97
March	0.98	0.97	0.94	1.01
April	1.01	0.96	1.09	0.94
May	0.94	0.97	0.96	1.01
June	0.96	0.93	0.94	1.02
July	0.97	0.93	0.80	0.99
August	1.06	0.97	0.89	1.03
September	0.96	0.95	1.04	0.94
October	1.01	0.93	1.08	0.99
November	0.97	0.93	1.02	0.97
December	0.97	0.95	0.97	1.02
Average (12 months)	0.98	0.95	0.97	0.99
Management Review Target	-	0.98	0.98	0.99

SETI = Actual energy consumption / Expected energy consumption



Climate Change Management

Energy Performance Indicators are monitored within the scope of ISO 50001 Energy Management System.

Fields related to Productivity Increasing Project (VAP) studies were determined by conducting surveys and 5 Productivity Increasing Project (VAP) applications were approved by the Ministry of Energy and Natural Resources. For each project within the scope of VAP, 30% of the project amount will be paid to ASELSAN by the Ministry as an incentive.

ASELSAN Productivity Increasing Projects (VAP)

Project Subject	Energy Gain (kWh/year)
Macunköy Facility Led Lighting Transformation	399,194
Akyurt Facility Led Lighting Transformation	328,574
Gölbaşı Facility Led Lighting Transformation	544,827
Macunköy Facility Adiabatic Humidification	117,220
Macunköy Facility Waste Heat Recovery	874,569
Total Energy Recovery	2,264,384

ISO 50001 Energy Management System Teams

1. Coordination Team: The ISO 50001 Energy Management System policy was established and the commitment of the Company's Senior Management was announced to all employees. The scope of the management system covers electricity, natural gas, diesel. The boundaries were determined as Macunköy, Akyurt 1-2 and Gölbaşı facilities and the system was planned in this setting.

A self-evaluation study was carried out for the comparison of the continuous improvement in the management system over the years. The coordination among the teams was ensured for the planning and implementation of mandatory activities for certification, including Internal Audit, External Audit, and Management Review.

Corrective and Remedial Action Management was established for issues that are open to correction or improvement in ISO 50001 activities. Within this scope, the notifications created are followed up and the statistical information is reported to the Senior Management through periodic interim review meetings.

Purpose-Target-Action Plan was created in line with the targets determined as a result of the productivity studies and shared with the Senior Management. The works performed by the other team in line with the targets are coordinated.

2. Measurement, Analysis, and Survey Team:

Within the scope of the ISO 50001 Energy Management System, regression analyzes were carried out for electricity, natural gas, and diesel energy used in ASELSAN and Energy Reference Lines were determined. Significant Energy Users (SEUs) for each energy type and those who are responsible for SEUs were identified. Energy Reference Lines were determined through regression analyzes according to energy consumption and independent variables for SEUs. Independent variables for energy types and SEUs include values such as heating degree day (HDD), cooling degree day (CDD), humidity degree (HDG), total labor-hour, panel-operation data, capacity utilization rate, vehicle-KM.

Within the scope of the ISO 50001 Energy Management System, Energy Performance Indicators are monitored monthly according to the determined reference lines, measures and actions are taken for deviations by those who are responsible for the relevant energy and SEU.

Annual targets were set based on the Energy Performance Indicator (EnPI) for each type of energy (electricity, natural gas, and diesel) and SEU consumption. Annual targets, and realizations are evaluated in monthly EnPI controls and necessary actions are taken.

Within this scope, Energy Efficiency potentials and projects that can be performed were determined by conducting an Energy Study at ASELSAN Macunköy, Akyurt and Gölbaşı facilities in 2021.

Energy Targets for 2021:

2% performance improvement in electricity consumption compared to the reference year based on the EnPI
2% performance improvement in natural gas consumption compared to the reference year based on the EnPI
0.5% performance improvement in diesel consumption compared to the reference year based on the EnPI

3. Documentation Team: The Energy Management System Manual was prepared as the highest level document defining the ISO 50001 Energy Management System (EnMS). A document portal was created on ASELSAN's internal network to keep the documentation/ records required for the system, and the current version of all documents is followed through continuous change management on the portal. ASELSAN employees are provided with access to updated documents on the portal. The Help Desk Request infrastructure was established for tracking document numbers and documents were systematically numbered.



Climate Change Management

Annual targets were set based on the Energy Performance Indicator for each type of energy and the SEU consumption.

The Internal Audit Plan and Question Lists, which are mandatory for the certification of the management system, were prepared and updated within the scope of the consultancy firm's improvement suggestions. Internal Audit Reports are kept on the portal with access provided to ASELSAN employees/External Auditors/Internal Auditors. Outsourced document lists were created and recorded. The validity of the standards is controlled every six months.

Within the scope of preparing the Process Interaction Chart, the issue of entering the information about the EnMS into the existing ISO 9001:2015 documentation (such as Technological Infrastructure and Maintenance Management) is monitored in cooperation with the consultant firm.

4. Implementation Team: Activities of the implementation team are categorized under 3 titles.

- Energy Efficient Design Studies: Energy efficiency is taken into account in building revision and building design activities carried

out by the Construction Real Estate Department. Projects carried out in 2021 in line with the published Energy Efficient Design Procedure include;

- Advanced Engineering Materials R&D Building
- ASELSAN BOSB Environmental Conditions Building Project Construction Work
- Fire Station Construction and AMMTS Infrastructure and Tent Construction Works
- GÖKALP Testing Area Construction Work
- BOSB MW Infrastructure Project and Construction Work
- EMFS Infrastructure Works
- HİSAR Project Training Simulator Building Project Construction Work
- GEBZE Informatics Experience Center Project Construction Works
- Azerbaijan HAKIM Project Baku Command Center Project Construction Work

- Energy Efficient Procurement Activities:

An Energy Efficient Procurement Procedure is implemented in the procurement of equipment that are within the scope of SEU or have high energy consumption even though they are not within the scope of the SEU, under the Industry and Procurement Directorate. Not only the

investment cost of the procured equipment but also the lifetime electricity costs and the maintenance costs are examined, and the equipment to be procured is determined through comparisons between companies. Within this scope, 10 pieces of equipment were procured until September 2021.

- Energy Efficient Maintenance Activities: The maintenance steps of the devices used in the facility work areas determined as SEUs were reconsidered in terms of energy efficiency, new maintenance items were added, and an Energy Efficient Maintenance Procedure was prepared accordingly. The periodic maintenance is performed taking this procedure into account.

5. Awareness Team: The Energy Management System Awareness Training was shared with all employees via "a BİL-GE" on the ASELSAN Information and Development Platform as part of the Energy Management System communication activities carried out with the motto "Livable Future with Efficiency." In 2021, 8,774 employees received the training. Awareness training is also assigned to all newly recruited employees as compulsory training to ensure that everyone working at ASELSAN receives awareness

training. Trainings are also organized for the Energy Management System team and the SEU personnel.

Within the scope of environmental awareness, "Did You Know?" e-mails on this issue were prepared and shared with all employees, and poster designs with the same information were completed and displayed in facilities. In December 2021, a contest was organized for employees about this information, and the level of knowledge about the environment throughout the Company was measured in an entertaining event.

The "Energy Management System Awareness" videos, shot in cooperation with the Energy Management System project team, are planned to be shared both in the Company's internal communication channels and social media channels in 2022. Awareness activities will be carried out outside the Company through videos prepared with the contribution of company employees. In 2022, it is planned to perform surveys and organize contests to raise awareness within the Company about the Energy Management System, to launch different communication channels, to conduct interactive communication with employees, and to carry out projects for sharing good practices.





Climate Change Management

The Solar Power Plant potential of the facilities was reported within the scope of Renewable Energy activities.

Communication activities are carried out on social media channels specific to Energy Efficiency Week between 11-17 January 2022, in a school event supported by ASELSAN in cooperation with ASİL Association, and on the Techno Adventure platform.

It is planned to conduct 'pop-up' surveys and announcements on energy efficiency through the ASELSAN Ailem application, which includes ASELSAN Family members.

6. Risk and Opportunity Team: Internal and external environment analyzes are carried out with the participation of team members to analyze the opportunities and risks in the execution of the ISO 50001 Energy Management System. A procedure document was created for the execution of the risk process and the process is explained in this document. The opinions of the relevant members are obtained to create PESTEL and SWOT analyses. It is determined whether these items can be an opportunity or a risk to the Energy Management System, and impact/probability scores are calculated with the participation of team members. To this end, opportunities and risks with high scores

are monitored and included in the action plan. Control dates are determined for the items in the action plan and the actions taken are checked at certain intervals. The validity of the action plan is also monitored by scoring impact/probability in changing external and internal environmental conditions. Accordingly, the risks and opportunities related to the implementation of the Energy Management System process are regularly monitored.

7. Climate and Renewable Energy Team: Studies are carried out on Renewable Energy, one of the basic principles of the Energy Management System with reference to the Company policy. The Solar Power Plant (SPP) potential at the Company's facilities were examined and reported. GES feasibility studies were conducted in consultation with Engineering Procurement and Construction (EPC) companies and shared with the Senior Management. The issue of installing SPP systems in areas other than ASELSAN facilities is also evaluated in these studies. Legal conditions within the scope of ISO 50001 are regularly monitored and updated for ASELSAN's compliance with laws and regulations in a timely manner and to be aware of opportunities.





Green Solutions in Operations

ASELSAN prioritizes green building designs in new buildings in line with the Principle of Energy Efficient Design.

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. 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. ASELSAN prioritizes green building designs in new buildings in line with the

Principle of Energy Efficient Design. ASELSAN aims to receive a Gold certificate with the green solutions implemented in the Istanbul Teknopark building, which is under construction and planned to be operational in 2023.

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.

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. 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.

Electronic Waste

Within ASELSAN, IT inventories that have expired, cannot be repaired, whose repair costs are not economical, and that are out of the scope of procurement are sent to scrapping areas through the Support Services Directorate after they are recorded in line with the "IT Inventory Scrapping Work Instruction" and "Safe Disposal Work Instruction."



Green Solutions in Operations

Facilities are managed with the Building Management System, Integrated Data Based Control, Surveillance System and Energy Monitoring System infrastructures.



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. 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), and Energy Monitoring

System infrastructures 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. 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 the risk of human error.

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.

Key services provided in light of our superior quality mindset are given below.

- Facility and industrial safety
- Fire and rescue services
- Cleaning and environmental planning
- Daycare 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 Stakeholders

Our Stakeholders

Customers

Employees

Investors

Suppliers/Subcontractors

Universities

Public Institutions, Sectorial and Non-Governmental Organizations

Society

Future Generations

Entrepreneurs

Memberships and Initiatives Supported

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 and Metals Exporters' Association)
- ✓ KALDER (Turkish Quality Association)
- ✓ OAİB (Central Anatolian Exporters' Association)
- ✓ RAYDER (Rail Transportation Systems and Industrialists Association)
- ✓ SAHA İstanbul
- ✓ SASAD (Defense and Aerospace Industry Manufacturers Association)
- ✓ SSİB (Association for the Defense Industry Exporters Operating under OAİB)
- ✓ TAP (Portable Battery Manufacturers and Importers Association)
- ✓ TBD (Informatics Association of Turkey)
- ✓ TEDAR (Supply Chain Management Association) Membership subject to approval
- ✓ TÜMAKÜDER (All Battery Importers and Manufacturers Association)
- ✓ Turkey Open Source Platform

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)
- ✓ EAQG (European Aerospace Quality Group) Membership EENA (European Emergency Number Association)
- ✓ ETSI (European Telecommunications Standards Institute)
- ✓ IEEE (Institute of Electrical and Electronics Engineers)
- ✓ FOSEA (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 (World Telecommunications Industry Association)
- ✓ UCAlug (UCA International Users Group)
- ✓ UIIN (University Industry Innovation Network)
- ✓ UITP (International Association of Public Transport)
- ✓ VITA (VMEBus International Trade Association)
- ✓ WEMPEC (Wisconsin Electrical Machines and Power Electronics Consortium)



Economic Performance Results

Income Statement (TRY Thousand)	2021	2020
Revenue	20,138,953	16,104,455
Gross Profit	6,648,911	4,605,015
Operating Profit (EBIT)	5,069,970	3,641,978
EBITDA	5,502,161	3,927,476
Profit for the Period	7,127,341	4,461,266

Balance Sheet (TRY Thousand)	2021	2020
Total Assets	46,413,298	34,094,229
Current Assets	23,175,142	19,594,261
Total Liabilities	20,578,088	15,996,126
Received Order Advances	1,558,337	3,102,114
Shareholders' Equity	25,835,210	18,098,103
Cash Flow From Operations	2,432,551	1,718,600

Financial Ratios (%)	2021	2020
Current Ratio	1.38	1.59
Asset Turnover Ratio	0.50	0.54
Equity/Assets	0.56	0.53
Fixed Assets/Assets	0.50	0.43
Return on Equity	0.32	0.28
Return on Assets	0.18	0.15

Profit Margins (%)	2021	2020
Gross Profit	33	29
Operating Profit	25	23
EBITDA Margin	27	24
Profit for the Period	35	28
Revenue per Employee (TRY Million)	2.03	1.85



Economic Performance Results

Information Systems Management in Figures

Number of Employees/Users	9,480
Average Age	33
Number of Facilities/Premises Supported	13
Number of ASELSAN Affiliates Supported	4
Managed IT Equipment	118,117

Our Suppliers

	2021	2020
Number of suppliers	442	384
Percentage of local suppliers	70%	65%
Number of firm audits	204	186
Number of supplier risk assessment audits	104	26
Number of strategic partnerships	75	50
Number of face-to-face meetings with suppliers	1,750	900
Number of products reviewed	800+	75
Number of alternative products produced	443	25

Supplier Type	Number of Suppliers	Share in Total Domestic Supply Expenditure
Approved Sub-industry Firms	442	56%
Bottleneck Firm	55	6%
Non-Bottleneck Firm	387	50%

Supply Chain Transparency and Reporting

	2019	2020	2021	2022
KPI	Realization	Realization	Realization	Target
Number of Approved Suppliers	369	384	442	492
Number of Audits	172	197	308	355

	September 2018 -2020 (28 Months)	2021 (12 Months)	2022 (12 Months)
KPI	Realization	Realization	Target
Number of Nationalized Products/ Product Families	310	197	240
Procurement Potential Returned from Abroad to Domestic	USD 98 million	USD 80 million	USD 100 million
Realized Orders for Nationalized Products	USD 9 million	USD 55 million	USD 70 million

R&D and Innovation Results

	2021	2020
Number of R&D Centers	8	6
Number of R&D Employees	5,809	5,263
Number of Patent Applications	177	177
Patent Registration Certificate	70	40
Total R&D Spending (TRY Million)	5,615	3,356
Externally-Funded R&D Spending (TRY Million)	4,666	2,875
Self-Funded R&D Spending (TRY Million)	949	481



Social Performance Results

Number of Employees in Governance Bodies by Age Group and Gender

Age	2020			2021		
	Female	Male	Total	Female	Male	Total
30-	-	-	-	-	-	-
30-50	-	9	9	-	8	8
50+	-	12	12	1	12	13
Total	-	21	21	1	20	21

Number of White Collar Employees by Age Group and Gender

Age	2020			2021		
	Female	Male	Total	Female	Male	Total
<30	662	1,837	2,499	708	1,952	2,660
30-50	844	2,506	3,350	937	2,745	3,682
>50	51	162	213	53	171	224
Total	1,557	4,505	6,062	1,698	4,868	6,566

Number of Blue Collar Employees by Age Group and Gender

Age	2020			2021		
	Female	Male	Total	Female	Male	Total
30-	79	922	1,001	77	973	1,050
30-50	172	1,436	1,608	179	1,536	1,715
>50	10	126	136	8	121	129
Total	261	2,484	2,745	264	2,630	2,894

Number of Employees by Contract Type and Gender

	Female	Male	Total
Definite Term	-	15	15
Indefinite Term	1,923	7,331	9,254
Total	1,923	7,346	9,269

	Female	Male	Total
Talent-A	39	152	191



Social Performance Results

Total Number of New Hires

Age	2020			2021		
	Female	Male	Total	Female	Male	Total
<30	156	864	1,020	173	642	815
30-50	93	362	455	68	292	360
>50	-	4	4	-	1	1
Total	249	1,230	1,479	241	935	1,176

Total Number of Leaves

Age	2020			2021		
	Female	Male	Total	Female	Male	Total
<30	28	100	128	46	181	227
30-50	35	82	117	40	205	245
>50	10	67	77	13	40	53
Total	73	249	322	99	426	525

Turnover Ratio (2021)

Age	Voluntary (%)	Total (%)
<30	2.02	2.20
30-50	2.16	2.73
>50	0.43	0.59
Gender	Voluntary (%)	Total (%)
Male	3.69	4.48
Female	0.92	1.04
Management Level	Voluntary (%)	Total (%)
Management Level	0.14	0.22

Employees' Average Hours in Training

	2020			2021		
	Female	Male	Total	Female	Male	Total
Blue Collar	15.2	14.4	14.6	17.6	18.3	18.2
White Collar	14.5	12.8	13.4	15.7	15.5	15.5

Employees' Total Hours in Training

	2020			2021		
	Female	Male	Total	Female	Male	Total
Blue Collar	3,934	36,378	40,312	4,654	48,137	52,790
White Collar	22,901	58,301	81,202	26,711	75,597	102,308
Total	26,835	94,679	121,514	31,365	123,734	155,098

In 2021, employees' average hours in training by age with the exception of compulsory courses are as follows:

Age	2021
<30	15.10
30-40	16.55
41-50	19.01
>50	15.98



Environmental Performance Results

Waste Management

Facility	Hazardous Waste (kg)	Non-Hazardous Waste (kg)	Total
Gölbaşı	32,715	298,445	331,160
Akyurt I	196,241	230,070	426,311
Akyurt II	7,340	290,000	36,340
Macunköy	230,155	782,110	1,012,265
Total	466,451	1,339,625	1,806,076

Recovery by Zero Waste Principles

	2021	2020
Number of Rehabilitated Trees	7,732	8,887
Energy Saving	2,971,696 kWh	3,189,131 kWh
Barrel Oil Saving	2,518	2,532

Carbon Emissions Management

	Scope 1	Scope 2	Scope 3
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
2021	15,482	37,927	33,788

Energy Consumption

	Unit	2018	2019	2020	2021
A) Nonrenewable Fuel Purchased and Consumed (Natural Gas + Diesel)	MWh	45,285	47,213	56,507	42,969
B) Nonrenewable Electricity Purchased	MWh	82,430	81,730	88,169	85,103
Total Nonrenewable Energy Consumption	MWh	127,715	128,943	144,676	128,072
Total Cost of Energy Consumed	TRY	28,240,039	37,589,014	46,121,137	76,126,396

ASELSAN's water consumption between the years 2018 and 2021 is provided in the table below.

Water Consumption	Unit	2018	2019	2020	2021
Total Municipal Water Used (or Water from other Providers)	(million m ³)	0.37	0.34	0.38	0.48

2021 EnPG Tracking Form of Energies

Month	Total Facility Energy (SETI)	Electricity (SETI)	Natural Gas (SETI)	Diesel (SETI)
January	0.98	0.95	0.98	0.99
February	0.94	0.91	0.94	0.97
March	0.98	0.97	0.94	1.01
April	1.01	0.96	1.09	0.94
May	0.94	0.97	0.96	1.01
June	0.96	0.93	0.94	1.02
July	0.97	0.93	0.80	0.99
August	1.06	0.97	0.89	1.03
September	0.96	0.95	1.04	0.94
October	1.01	0.93	1.08	0.99
November	0.97	0.93	1.02	0.97
December	0.97	0.95	0.97	1.02
Average (12 months)	0.98	0.95	0.97	0.99
Management Review Target	-	0.98	0.98	0.99

SETI: Renewable energy share in the total final energy consumption.

ASELSAN Productivity Increasing Projects (VAP)

Project Subject	Energy Gain (kWh/year)
Macunköy Facility Led Lighting Transformation	399,194
Akyurt Facility Led Lighting Transformation	328,574
Gölbaşı Facility Led Lighting Transformation	544,827
Macunköy Facility Adiabatic Humidification	117,220
Macunköy Facility Waste Heat Recovery	874,569
Total Energy Recovery	2,264,384



GRI Content Index



"For the Materiality Disclosures service, it has been examined that the GRI content index is provided and that the references for disclosures 102-40 and 102-49 are consistent with the relevant sections of the report."

This report has been prepared in accordance with the GRI Standards: Core option.

GRI Standard	Description	Page Number	Direct Source Reason of Omission
GRI 101: Foundation 2016			
GRI 102: General Explanations 2016			
GRI 102: GENERAL EXPLANATIONS 2016	Organizational Profile		
	102-1	Front Cover About the Report, p. 5	
	102-2	Our Fields of Activity, p. 7 ASELSAN in Brief, p. 9	
	102-3	ASELSAN in Brief, p. 9 Back Cover	
	102-4	ASELSAN in Brief, p. 9	
	102-5	Our Shareholding Structure, p. 14	
	102-6	Our Fields of Activity, p. 7 ASELSAN in Brief, p. 9	
	102-7	Our Strong Sustainability Performance, p. 8 ASELSAN in Brief, p. 9 Key Financial and Operational Indicators, p. 13 Our Employee Profile, p. 67-68 Economic Performance Results, p. 106-107 Social Performance Results, p. 108-109	
	102-8	Our Employee Profile, p. 67-68	
	102-9	Our Suppliers, p. 50-64	
	102-10	Our Suppliers, p. 50-64	
	102-11	Corporate Governance, p. 28-31 Our Understanding of Effective Risk and Crisis Management, p. 33-35	
	102-12	Memberships and Initiatives Supported, p. 27 Our Stakeholders, p. 105	
	102-13	Memberships and Initiatives Supported, p. 27 Our Stakeholders, p. 105	
	Strategy		
	102-14	Message from the Chairman and CEO, p. 10-12	
	102-15	Message from the Chairman and CEO, p. 10-12 Our Corporate Governance Practices, p. 28-35	
	Ethics and Integrity		
	102-16	Our Mission and Vision, p. 15	
	102-17	Corporate Governance, p. 28-31	
	Governance		
	102-18	Our Organizational Structure, p. 14 Our Committees, p. 32	

GRI Standard	Description	Page Number	Direct Source Reason of Omission
	Stakeholder Analysis		
	102-40	Our Stakeholder Map and Communication Approach, p. 21-22 Our Communication Methods with Stakeholders, p. 23-25 Our Stakeholders, p. 105	
	102-41	There are no collection bargaining agreements at ASELSAN.	
	102-42	Our Stakeholder Map and Communication Approach, p. 21-22 Our Communication Methods with Stakeholders, p. 23-25 Our Stakeholders, p. 105	
	102-43	Our Stakeholder Map and Communication Approach, p. 21-22 Our Communication Methods with Stakeholders, p. 23-25 Our Stakeholders, p. 105	
	102-44	Sustainability Material Topics, p. 20 Our Prioritization Analysis with Stakeholder Engagement, p. 26	
	Reporting		
	102-45	ASELSAN Sustainability Report 2021 Independent Auditor's Report	https://www.aselsan.com.tr/202112_4787.pdf
	102-46	About the Report, p. 5	
	102-47	Sustainability Material Topics, p. 20 Our Prioritization Analysis with Stakeholder Engagement, p. 26	
GRI 102: GENERAL EXPLANATIONS 2016	102-48	There are no changes.	
	102-49	There are no changes.	
	102-50	01.01.2021-31.12.2021	
	102-51	This is the ninth Sustainability Report of ASELSAN, you can access the ASELSAN Sustainability Report 2020 on the ASELSAN website.	
	102-52	Annually	
	102-53	About the Report, p. 5	
	102-54	GRI Content Index, p. 111	
	102-55	GRI Content Index, p. 111-114	
	102-56	Independent Limited Assurance Report, p. 4	
	GRI 200: ECONOMIC STANDARD SERIES		
	Economic Performance		
	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 103: GOVERNANCE APPROACH 2016			



GRI Content Index

GRI Standard	Description	Page Number	Direct Source Reason of Omission
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Key Financial and Operational Indicators, p. 13 Our Economic Performance, p. 36-64 Economic Performance Results, p. 106-107	
	201-2	Climate Change Management, p. 95-102	
	Indirect Economic Impacts		
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Milestones of Our Sustainability Journey, p. 18-19 Our Technology and Innovation Activities, p. 38-46 Facility Management, p. 104	
	203-2	Milestones of Our Sustainability Journey, p. 18-19 Our Economic Performance, p. 38-64 Our Social Performance, p. 65-89 Our Environmental Performance, p. 90-104 Economic Performance Results, p. 106-107 Social Performance Results, p. 108-109 Environmental Performance Results, p. 110	
	Procurement Practices		
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 204: PROCUREMENT PRACTICES 2016	204-1	Our Suppliers, p. 50-64	
Anti-Corruption			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	

GRI Standard	Description	Page Number	Direct Source Reason of Omission
GRI 205: ANTI-CORRUPTION 2016	205-1	Our Anti-Bribery and Anti-Corruption Approach, p. 31	
	205-2	Our Anti-Bribery and Anti-Corruption Approach, p. 31	
GRI 300: ENVIRONMENTAL STANDARD SERIES			
Energy			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 302: ENERGY 2016	302-1	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
	302-4	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
	302-5	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
Water			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 303: WATER 2016	303-1	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
	303-2	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
	303-5	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
Emissions			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	



GRI Content Index

GRI Standard	Description	Page Number	Direct Source Reason of Omission
GRI 305: EMISSIONS 2016	305-1	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
	305-2	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
	305-3	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
	305-4	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
	305-5	Climate Change Management, p. 95-102 Environmental Performance Results, p. 110	
	Waste		
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 306: WASTE 2020	306-1	Environmental Management, p. 90-94 Environmental Performance Results, p. 110	
	306-2	Environmental Management, p. 90-94 Environmental Performance Results, p. 110	
	306-3	Environmental Management, p. 90-94 Environmental Performance Results, p. 110	
	306-4	Environmental Management, p. 90-94 Environmental Performance Results, p. 110	
	Compliance with Environmental Regulations		
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 307: ENVIRONMENTAL COMPLIANCE 2016	307-1	Environmental Compliance Management, p. 92-94	

GRI Standard	Description	Page Number	Direct Source Reason of Omission
	Supplier Assessment in Line with Environmental Criteria		
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 308: SUPPLIER ASSESSMENT IN LINE WITH ENVIRONMENTAL CRITERIA 2016	308-1	Our Suppliers, p. 50-64	
	308-2	Our Suppliers, p. 50-64	
	GRI 400: SOCIAL STANDARDS SERIES		
	Employment		
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 401: EMPLOYMENT 2016	401-1	Our Employee Profile, p. 67-68 Social Performance Results, p. 108-109	
	401-2	Employee Rights, p. 69-82	
	401-3	Employee Rights, p. 69-82	
	Occupational Health and Safety		
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational Health and Safety, p. 83-86	
	403-2	Occupational Health and Safety, p. 83-86	
	403-3	Occupational Health and Safety, p. 83-86	
	403-4	Occupational Health and Safety, p. 83-86	
	403-5	Occupational Health and Safety, p. 83-86	



GRI Content Index

GRI Standard	Description	Page Number	Direct Source Reason of Omission
Training and Education			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 404: TRAINING AND EDUCATION 2016	404-1	Employee Rights, p. 69-82 Social Performance Results, p. 108-109	
	404-2	Employee Rights, p. 69-82 Social Performance Results, p. 108-109	
	404-3	Employee Rights, p. 69-82 Social Performance Results, p. 108-109	
Diversity and Equal Opportunity			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Employee Rights, p. 69-82 Social Performance Results, p. 108-109	
Social Evaluation of Suppliers			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 414: SOCIAL EVALUATION OF SUPPLIERS 2016	414-1	Our Suppliers, p. 50-64	
	414-2	Our Suppliers, p. 50-64	

GRI Standard	Description	Page Number	Direct Source Reason of Omission
Customer Health and Safety			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 416: CUSTOMER HEALTH 2016	416-1	Our Product Safety and Service Quality, p. 36-37	
Customer Privacy			
GRI 103: GOVERNANCE APPROACH 2016	103-1	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-2	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
	103-3	Our Sustainability Approach, p. 20-27 Our Corporate Governance Practices, p. 28-35	
GRI 418: CUSTOMER PRIVACY 2016	418-1	Information Systems and Information Security, p. 47-49	

aselsan


Mehmet Akif Ersoy Mahallesi İstiklal Marşı Caddesi


No: 16, 06200 Yenimahalle-Ankara, Turkey


Phone: +90 (312) 592 60 00


Fax: +90 (312) 354 13 02/+90 (312) 354 26 69

www.aselsan.com.tr

 @aselsan

 @aselsan

 aselsan

 aselsan