

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CHAPTER I- STATEMENT FOR COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

ASELSAN, in scope of the Corporate Governance Principles which has been implemented by Capital Markets Board (CMB) since 2003, has been making efforts to work in compliance with the principles under the titles shareholders, public disclosure and transparency, stakeholders and Board of Directors.

ASELSAN, adopting the corporate governance understanding as a principle, was rated with a grade of 8,77 out of 10 as the result of the corporate rating studies carried out by SAHA Corporate Governance and Credit Rating Services Inc (SAHA) first in 2012 and therefore was included in the Borsa İstanbul Corporate Governance Index. According to the report of SAHA, which was published on 12.12.2019, ASELSAN's corporate governance rating grade, which was 9,20 in 2018, was updated as 9,29 out of 10 points.

Corporate governance rating grade shows to what extent the companies comply with the corporate governance principles set out by the CMB. The Company's compliance level with the principles is defined with a methodology measuring under the main titles Shareholders, Public Disclosure and Transparency, Stakeholders and Board of Directors. Within this context, the methodology that is based on the "Corporate Governance Principles" published by CMB in January 2014, was used in the rating made by SAHA.

As a result of the activities of ASELSAN within the concept of corporate governance throughout 2019, ASELSAN's corporate governance rating was updated to 9,29 over 10 on 12.12.2019 by SAHA A.Ş.

The ratings of 2018 and 2019 and the subtitles are given below:

2018 Rating Distribution	2019 Rating Distribution
Shareholders : 83,63 / 100	Shareholders : 89,57 / 100
Public Disclosure and Transparency : 98,70 / 100	Public Disclosure and Transparency : 99,01 / 100
Stakeholders : 98,09 / 100	Stakeholders : 98,13 / 100
Board of Directors : 90,70 / 100	Board of Directors : 88,67 / 100
Average 9,20 / 10,00	Average 9,29 / 10,00

ASELSAN Corporate Governance Rating Reports published by SAHA can be accessed at the company website: www.aselsan.com.tr

ASELSAN is in full compliance with all the mandatory principles of Corporate Governance Principles. There are no conflicts of interest arising because of the arbitrary principles where compliance has not been achieved. The titles regarding the arbitrary principles, where compliance has not been achieved yet, are given below and are explained in detail through the Compliance Report.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

- No recognition of minority rights to those who own less than twentieth of the capital indicated in the Articles of Association,
- Group A shares having the privileges on Board nominations and the transfer of those shares being subject to permission,
- The fact that although the mechanisms enabling the participation of stakeholders in the management of the company are built, they are not included in the Articles of Association.
- Non-existence of a judgement in the Articles of Association; declaring that shareholders may individually demand special audit of certain incidents from the General Assembly even if it is not on the meeting agenda, under the condition that the right to ask to obtain information and to examine has been used before and if the exercise of shareholders rights is necessary,
- The article "Group A shares shall not be sold or transferred without the consent of the Board of Directors because of the Company's operations in security and defence industry; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records" in the Articles of Association of the Company,
- Non-existence of a female member in the Board of Directors, the fact that a target, where the ratio of the female members should not be less than 25%, was not set and that there is not a written company policy on that issue,
- The Chairman of the Board and the Chief Executive Officer being the same person and the lack of material event disclosure through Public Disclosure Platform (PDP) explaining the situation with the reasoning behind it.
- Not disclosing the remuneration of executive managers or the benefits provided to them per each individual.

With the resolution of CMB, numbered 2/49 and dated 10.01.2019, it has been decided that companies shall make their Corporate Governance Compliance Reporting, which is made in accordance with the Corporate Governance Communiqué numbered II-17.1, by filling the Corporate Governance Compliance Report and Corporate Management Information Form templates via the PDP. In accordance with this decision, our Company filled the relevant templates in PDP and added the templates to the end of the report as Appendix-1.

Corporate Governance Committee will carry on the necessary efforts in order to achieve full compliance with Corporate Governance Principles.

Prof. Dr. Ercümend ARVAS
Independent Member of Board of Directors
Corporate Governance Committee Chairman

Dr. Celal Sami TÜFEKÇİ
Member of Board of Directors
Member of Corporate Governance Committee

Salih KUL
Member of Board of Directors
Member of Corporate Governance Committee

Pınar ÇELEBİ
Investor Relations Manager
Member of Corporate Governance Committee

CHAPTER II- SHAREHOLDERS

2.1. Investor Relations Department

The information regarding Investor Relations Department responsible for the relations with shareholders is given below.

Mehmet Fatih GÜÇLÜ	: Chief Financial Officer/Vice President
Nuh YILMAZ	: Finance Director
Pınar ÇELEBİ	: Investor Relations and Enterprise Risk Manager
Başak YÜCEKAYALI	: Investor Relations Department/Senior Specialist
Gülru SELÇUK FİLİZ	: Investor Relations Department/Specialist

Contact Information

Phone: 0850 828 1 828

e-mail: aselsan.ir@aselsan.com.tr

Investor Relations Department has submitted the report regarding the tasks carried during 2018, to Board of Directors on 17.01.2019.

Pınar ÇELEBİ, Investor Relations Manager, and Başak YÜCEKAYALI Investor Relations Senior Specialist have Capital Markets Transactions Level-3 and Corporate Governance Rating Expertise Licenses.

Main operations carried out by Investor Relations Department during 2019 are as follows:

- Maintenance of the exercise of partnership rights of shareholders, updated and safe records regarding shareholders,
- Coordination of public disclosure of material events,
- Answering the written inquiries of shareholders regarding the company, excluding the information considered as confidential, trade secret and which was not disclosed to public,
- Ensuring the execution of General Assembly meeting in compliance with the regulation in force, Articles of Association and other company regulations, records being kept regarding the ballots and the results being reported to shareholders,
- Monitoring of every issue regarding the public disclosure including the regulations and company policies on information,
- Execution of tasks assigned by Corporate Governance Committee,
- Operation of transactions regarding dividend distribution and tasks regarding Corporate Governance Principles,
- Coordination of updating the list of people who have access to insider information; informing those people in purpose of protecting the insider information and making sure they follow the confidentiality rules until financial and operational results are disclosed to public,
- Coordination of preparation and publishing of Sustainability Report in a more professional format compared to previous years with consultancy,
- Performing the tasks regarding the compensation of the beneficiaries with the capital market instruments, the property of which has been lapsed to the Investor Compensation Center (ICC) and have become valid again,
- Carry out the studies on the completion of the Investor Relations section on the new ASELSAN website which is prepared and launched with external support,

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

- Complete the setup process of Voice Response System.

In 2019 a total of 87 meetings were held with corporate investors, 33 of them were one-on-one interviews held in investor conferences and roadshows which are organized specially for our company, 32 of them were held by visiting corporate investors and portfolio management companies, 11 of them were teleconference calls and 11 of them were meetings held in ASELSAN facilities. In addition to the meetings with corporate investors held by means of investor conferences and teleconferences, approximately 800 retail shareholders' questions regarding secondary public offering, fluctuations in the stock price, exercising shareholder rights, material event disclosures made, financial tables, etc. were answered either written or verbally in 2019.

The information and explanations, which may affect the exercise of shareholders rights, are provided in the company website.

2.2. Exercising of Information Acquisition Rights of the Shareholders

Investor Relations Department has taken care of every written and verbal inquiry of all shareholders in 2019 with the most accurate and fastest way. It has paid attention to respond to all the information demands of shareholders with complete and comprehensible responses.

Investor Relations Department has been using Turkish and English website www.aselsan.com.tr actively in order to inform ASELSAN's investors on a timely and accurate basis and has been updating the information given on the web constantly. The electronic platform on our website is being effectively used regarding the issues that may affect exercising of the shareholders rights. The material event disclosures made through Public Disclosure Platform incorporated under Borsa İstanbul are being disclosed both in Turkish and in English from 26.10.2015 onwards, the material event disclosure and other notifications are being published on our corporate website in Turkish and in English on the same day. In general, any changes occurred in the Company structure are immediately announced on our website and the investor presentations are constantly updated. Information on capital increases and dividend distribution is also submitted to our investors' knowledge on the website. In addition, notifications regarding the attendance of shareholders to the General Assembly and electronic general assembly principles within the context of the new Turkish Code of Commerce (TCC) are being made.

Full compliance of both Turkish and English chapters on "Investor Relations" of our company's website as per the regulations was achieved.

Within the context of regulations of CMB, in 2019;

- General Assembly documents within legal deadlines,
- General Assembly minutes and participants list,
- 2018 Annual Report,
- The reports for the 1st quarter, 2nd quarter' and 3rd quarter period for 2019,
- The investor presentations which are updated every 3 months ,
- Disclosure of material events made in 2019,
- Our Company's consolidated financial statements and basic performance indicators for the last 5 years along with the Financial Report,
- Earnings Release has been published,
- Investor Calendar updates,
- The updated 5 year strategic plan summary

were published on the website in Turkish and English.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

A significant increase has been observed in the number of retail investors in ASELSAN stock since the beginning of 2017. This situation led to a significant increase in the number of individual investors make a too many calls to the Investor Relations Department.

This increasing phone density has sometimes reached the point that disrupts the department's daily routine. For this reason, it is evaluated that answering the phones from investors via the Voice Response System will be beneficial in terms of enabling time management for phone calls with investors and measuring and reporting the efficiency of these talks. The Voice Response System, which was completed in a short time using internal resources, was announced to the public on 07.11.2019 and put into use.

Due to the reason that a regulation is present within the TCC numbered 6102 according to which the shareholders will be able to request from the General Assembly the assignment of a special auditor for the inspection and disclosure of the financial status, and due to the reason that the law and the relevant legislation are considered for the issues not present in the Articles of Association of the Company, there is no respective provision with regard to this issue in the Articles of Association. There was no request of any shareholders with respect to the assignment of a special auditor in 2019.

2.3. General Assembly Meetings

The agenda and invitation related to the 44th Ordinary General Assembly Meeting dated 26.04.2019 with regard to 2018 operations realized at the Company headquarters were duly announced comprising all the necessary information in a daily newspaper published in Turkey and on the website and in the Turkish Trade Registry Gazette dated 25.03.2019. Furthermore, the invitation was sent to the main shareholders and the shareholders who attended the previous meeting via mail two weeks prior to the General Assembly. The General Assembly Meeting was held with the attendance of 302 shareholders, 12 physically, 290 electronically representing 914.929.925,364 shares (TL 914.929.925,364 nominal) of 1.140.000.000 total shares representing the TL 1.140.000.000 paid-in capital. Media members did not participate in the General Assembly Meeting, which was held simultaneously both physically and electronically.

In scope of the Communiqué on Corporate Governance numbered II.17-1 of CMB, three weeks before the Ordinary General Assembly on date 19.03.2019, the Ordinary General Assembly Document including the meeting agenda, place, time, copy of the power of attorney, total number of shares as of 19.03.2019 and the voting rights, the number of shares representing the privileged shares and their voting rights, the reasons for the changes in the members of Board of Directors, which is present in the agenda, the list of independent members of the Board of Directors, the proposal of the Board of Directors with respect to the year 2018 dividend distribution, the CVs of the independent members of the Board of Directors and their statements of independence and explanations regarding the agenda items were disclosed on Public Disclosure Platform and were published on our Company website. The annual report was made available for the review of the shareholders at the headquarters 15 days prior to the general assembly meeting and handed to the shareholders participating in the general assembly and to the ones who made requests.

For the facilitation of physical attendance to Ordinary General Assembly Meeting in 2019, transportation from central spots to our Akyurt facility was provided for our shareholders, and our shareholders who attended the general assembly had a site visit.

In the Ordinary General Assembly Meeting in 2019, the shareholders were informed regarding the presence of managing members, all the Board of Directors members and auditors at the

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

meeting. No proposals were set forth by the shareholders during the meeting regarding the agenda. The shareholders exercised their rights to ask questions regarding the topics in the agenda and the answers to the questions took place in the General Assembly Meeting minutes. There are no questions, which has not been answered in the Ordinary General Assembly Meeting and answered by the Investor Relations Department later on. Within the period, there have not been any transactions of which their resolutions were submitted to General Assembly because the confirmative vote of the majority of the independent board members are required where as they have voted negatively. The minutes of the General Assembly Meeting held in 2019 can be accessed from the website of our Company.

No Extraordinary General Assembly Meeting was held during the year 2019.

The shareholders were informed about donations and aids were made in 2018, with a separate agenda item at the 44th Ordinary General Assembly Meeting.

2.4. Right to Vote and Minority Rights

In article 25 of the Articles of Association titled “Right to Vote”, there is a provision stating that “the Shareholders and their representatives who are present at the Ordinary and Extraordinary General Assemblies shall have one right to vote for each share” and there is no privilege or no upper limit pertaining to the numbers of votes. The right to vote arises as soon as the share is acquired and there is no regulation setting forth that the vote shall be used when a certain time passes after the acquisition date of the share.

The regulations regarding the voting of the shareholders through their representatives are followed by; in the event of a legal representation, it is certified and the open proxy rule is applied.

Particular attention is paid in exercising the minority rights in our Company and the provisions of Turkish Code of Commerce and the relevant legislation regarding minority rights are applied as is. All shareholders are treated equally in our Company, including the minority and foreign shareholders.

There are no prevailing partners in our Company. In the Articles of Association, there is no provision with respect to the representation of the minority shares in the management and their accumulated casting of votes. Due to the voluntary implementation of this issue regarding the capital market legislation, provision with respect to the current General Assembly quorum is applied.

2.5. Dividend Rights

There are no privileges with respect to the participation in the profit gained by the Company. The dividend policy was last revised in 2016 and was submitted to following ordinary general assembly meeting. The dividend policy published on our website is given below.

“The dividend amounts which shall be calculated considering the sustainable growth rate, market capitalization, net working capital requirements, dividend yield and cash flows, equity ratio, with the relevant legislation and the provisions of the articles of association over the distributable profit amount calculated taking the period profit as the basis which is shown on the financial statements of our Company prepared pursuant to the existing legal regulations (after the compulsory legal reserves are reserved and the taxes, funds and financial liabilities and losses of the previous year, if any, are deducted and the donations are added), the profit distribution proposal which shall be prepared by the Board of Directors in order for the shares

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

which shall be issued by means of adding the cash or the dividend on the capital on the date(s) determined pursuant to the regulations of the Capital Markets Board to be distributed targeting at least %10 of net profit in cash in the defined amounts or as bonus shares or partly in cash, partly as bonus shares in defined amounts, shall be submitted to the approval of the General Assembly. Following the approval of the General Assembly, the determined dividends are distributed to the shareholders within the legal periods on the date determined by the General Assembly.

There is no privilege to participate to the profit of our Company. The dividends are distributed equally regardless of all the existing shares and their issue and acquiring dates.

In case of a revision made on the Dividend Policy, the resolution of Board of Directors regarding this revision and the reason for revision shall be publicly announced with respect to the legislation of Capital Markets Board.”

As per the decision taken in the General Assembly on date 26.04.2019 pursuant to the provisions of the Articles of Association and to the Capital Market Law and other legal regulations and within the legal periods, out of the profit gained from 2018 operations, the gross amount of 174.000.000 TL (15,26316 Kurus TL per 1 TL of share, gross 15,26316% over the capital) (net 147.900.000 TL – 12,97368 Kurus TL per 1 TL of share, net 12,97368% over the capital) was disclosed at PDP. 49.300.000,- TL of the dividend was distributed on 19.06.2019, 49.300.000,- TL of it was distributed on 18.09.2019 and 49.300.000,- TL of it was distributed on 18.12.2019 to our shareholders as cash dividend with 3 installments.

2.6. Transfer of Shares

The transfer of the nominated Group A shares representing majority part of the capital and which are not traded in Borsa İstanbul has been restricted with the provision of article 6 of the Articles of Association stating “As the company operates in security and defense sector; Group A shares shall not be sold or transferred without the consent of the Board of Directors; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records”.

CHAPTER III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company Website and its Content

In order to inform our shareholders in a timely and accurate manner within the context of public disclosure and transparency; the website of the Company at the address www.aselsan.com.tr in Turkish and English is actively used and the information published on the web are updated regularly.

The section “Investor Relations” is included on our website also comprising the issues listed in article 2.1.1 of the corporate governance principles of Communiqué on Corporate Governance numbered II-17.1 issued by CMB on 03.01.2014.

Under “Investor Relations” section;

1. Corporate Governance
 - 1.1 Shareholder Structure and Privileged Shares
 - 1.2 Board of Directors
 - 1.3 Key Resolutions of Board of Directors
 - 1.4 Board Committees

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

- 1.5 Articles of Association
- 1.6 Company Profile and Trade Register Information
- 1.7 Policies
- 1.8 Ethical Principles
- 1.9 Corporate Governance Rating
- 1.10 General Assembly Meeting
- 1.11 Compliance with Corporate Governance Principles
- 1.12 Sustainability
- 2. Financial and Operational Data
 - 2.1 Financial Reports
 - 2.2 Financial Highlights
 - 2.3 Investor Presentations
 - 2.4 Board of Directors Reports
 - 2.5 Earnings Release
- 3. Stock Info
 - 3.1 Stock ID
 - 3.2 Capital Increases
 - 3.3 Analyst Coverage
 - 3.4 Dividen Info
 - 3.5 Investor Tools
- 4. BIST Disclosures
- 5. Annual Reports
- 6. Investor Calendar
- 7. FAQ
- 8. Contact

chapters exist. Necessary records and information are included under these titles. The information given on the Turkish website under “Investor Relations” section is included entirely on the English website.

3.2. Annual Report

The Board of Directors prepare the annual report in detail regarding the operations of the Company and enable the public to reach complete and accurate information that can be comprehensive. The 2018 annual report of our Company was prepared as per the Turkish Code of Commerce numbered 6102, the Regulation Regarding the Determination of the Minimum Content of the Annual Reports of Companies issued by the Ministry of Customs and Trade, the Communiqué Regarding the Principles Related to Financial Reporting in the Capital Market and the Communiqué Regarding the Determination and Implementation of the Corporate Governance Principles, both issued by the CMB.

CHAPTER IV- STAKEHOLDERS

4.1. Informing the Stakeholders

The information requests of stakeholders are keenly handled and attention is paid in responding these accurately and in an understandable manner. Our employees are informed with an employee hand book and informative presentations over the intranet; continuous access to data and support is provided through help desk application over the intranet. Nonetheless, general and personal data that can be necessary outside the company are provided to access over the internet.

On the supplier side, ASELSAN Supplier Portal, which was already developed in order to provide efficient information transfer, dissemination facilities, are promoted. Besides supplier

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

communication and improvement operations are combined into a supplier specific web-based platform, "Gücümüz Bir". The infrastructure is completed and the platform will be active in the first quarter of 2020. Products that are selected for localization process are shared and coordinated with our suppliers via informative brochures. Moreover, information is also shared by ASELSAN website, joint organizations/workshops and face to face meetings.

High quality standards and high technological solutions are offered for services or delivered products with regard to customer needs and expectations so as to meet customer satisfaction. Requirements of these quality standards are met and inspections, tests are applied through every process from projects' start till the delivery phases. Our all processes are administered by directives, quality plans, standards, audits and test instructions. Our processes have been certified by internationally accepted standards such as AS9100, ISO 9001, AQAP and CMMI so that our products and services are secured to protect quality standards. These certificates are renewed every year with the audits performed. Changes and improvements of international standards are being followed and our processes are developed accordingly. Customer satisfaction, which is the primary objective, is evaluated and reported for the access of related executives. In addition, results and trends are evaluated by the senior management on an annual basis and required improvement activities are planned.

It is possible to increase the quality of product and service correspondingly increasing customer satisfaction by supplying the materials used in products from the right and trusted sources. For this purpose, suppliers are subject to product and/or field of activity based selection and evaluation processes. These activities that target continuous improvement and high quality standards for suppliers are regarded as playing an important role in eventual product quality. In this direction, trainings, technology/equipment transfers, on the job trainings are for creating a high quality supplier portfolio. All information is shared within the context of confidentiality with our suppliers, who have the status of our business partners, and it is not permitted to share this information with unauthorized persons and third party firms. Through related directives, handling any kind of relations between ASELSAN and the suppliers within the scope of law and ethical values, minimizing the occurrence of unsuitable conditions for protecting parties and securing the justice and transparency.

ASELSAN Magazine, published in Turkish and English every 3 months and A Bülten published in Turkish every month, provide information regarding the activities, technical issues and up-to-date social events. Hard copies of ASELSAN Magazine is delivered to the end users of products, shareholders who participated to the General Assembly Meeting, company employees and other related parties. A Bülten is uploaded to the social media, Turkcell Dergilik application and the corporate website right after it is publication.

The Compensation Policy can be accessed from our Company's website under Corporate Governance title.

The members of the Board of Directors and the executives do not perform any activities that may cause shareholders to incur losses or may diminish the Company assets. The subject that no debt shall be given, no loans shall be granted or no pledges such as guarantees in favor thereof may be extended to any members of the Board of Directors or to any employees through the use of ASELSAN assets, is declared within the "ASELSAN Ethical Principles, Values and Conduct Rules Document", which is available on our Company's website.

The e-mail mechanism for the stakeholders to report their complaints regarding the transactions of the company, which are against the legislation or deemed unethical, is stated

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

in the ASELSAN Ethical Principles Policy. The policy has been published on the Turkish and English web site following the approval of the policy. Within the context of the policy, the Ethics Committee is informing the Corporate Governance Committee.

4.2. Participation of Stakeholders in the Management

In the Articles of Association, there are no provisions regulating the participation of the stakeholders in the management. However, their participation to management shall be supported provided that it does not corrupt the Company activities.

The corporate governance structure of the Company gives the opportunity to all stakeholders including the employees and representatives to convey their worries with regard to transactions, which are inappropriate in terms of legality and ethics.

Within the scope of the workshops that started in 2018 and continued in 2019, our employees in different tracks came together. In each of these organizations where 2,665 employees from the engineering lane, 390 from the administrative and office jobs, and 359 from the technician lane, and our 193 managers, have attended; opinions of our employees on issues and areas of development were received in many topics related to performance, compensation and career management, loyalty, satisfaction, and ASELSAN working experience. The Chairman of the Board of Directors and Chief Executive Officer attended the meetings and listened to the opinions of the employees personally. During the meetings, the rapporteurs in the halls noted every opinion, prepared detailed reports in line with the opinions, and presented to the Chairman of the Board of Directors and Chief Executive Officer. The Chairman of the Board of Directors shared his evaluations regarding the collected opinions, the actions taken and the planned activities based on the opinions with all ASELSAN employees. The data obtained as a result of the completion of all workshops were handled together with all the feedback mechanisms (satisfaction surveys, exit interviews, one-on-one interviews with employees)) used in ASELSAN, concrete solutions and action plans were produced and some of the projects were implemented. Therefore, the opinions of the employees have been turned into action plans.

In addition, our company has a Personnel Representation system. Our Personnel Representatives also work as one of the channels through which opinions and suggestions collected from our employees are transferred to the Senior Management.

4.3. Human Resources Policy

The human resources policy of our Company is to adopt an understanding which adds successful and dynamic talents to ASELSAN family required pursuant to the vision of ASELSAN, which contributes to the sustainable success of ASELSAN with employee oriented approaches, adds value and which takes side of its employee at all times.

Within this scope and pursuant to the vision, mission and the principles of the Company, regulations have been set out pertaining to the working conditions of the personnel, their qualifications, recruitment, promoting, remuneration, rewarding, dismissal, disciplinary treatments, rights, tasks and liabilities and other personal rights.

60% of our employees stand for the engineering group, 28% for the technician group, 7% for the administrative group, 3% for the office personnel and 2% of the worker group.

There were no complaints related to discrimination from the employees in 2019. Performance and rewarding policies are announced to all of our employees through Company directives.

4.4. Ethical Rules and Social Responsibility

4.4.1. Ethical Rules

The ethical rules of our Company have been written and were published on our website. Furthermore, in order to integrate and develop the ethical rules with the implementations, an Ethical Committee was established to meet the evaluation, direction, consulting and recommendation requirements and create shared knowledge.

“ASELSAN Ethical Principles Instruction” document is announced to all ASELSAN personnel with all its exhibits and the personnel makes a written commitment that s/he acknowledges the information and ethical values. When an amendment or an update is made on this document, the changes are made known to all the personnel and training programs about these changes are organized if deemed necessary.

ASELSAN Ethical Principles Committee comprises of seven members, the chairmanship of the Committee is executed by the Vice President for Corporate Management and the secretariat is handled by Human Resources Directorate. Other members consist of the representatives of Legal Affairs Department, Industrialization and Procurement Department, Internal Audit Chairmanship, Human Resources Directorate who are assigned by the suggestion of the CEO, plus two personnel whereas one shall have at least 15 years and the other shall have 5-10 years of ASELSAN experience, chosen among the top 10 ranked nominees with the votes of ASELSAN personnel. None of the members should have any disciplinary penalty or ethical issues. If there are no changes in the organization, the Ethical Committee members serve at least for two years.

Ethical Committee meets as soon as possible when there is an application. However, Committee, Board of Directors, Corporate Governance Committee, CEO or the Chairman of the Ethical Committee can call a meeting. Beyond evaluating applications, Ethical Committee represents reason and conscience of ASELSAN and works to increase the awareness about ethical values in ASELSAN family.

When there is an application, ethical committee conducts the required assessment and submit a report to the CEO. At the end of this investigation, necessary steps are taken in accordance with relative law and ASELSAN regulations and directives. The applications for last one year and assessment result is reported to Board of Directors each year in January.

In 2019, Disciplinary Procedures and Practices and Ethical Principles Instructions were updated and announced to the employees through ASELSAN intranet system.

4.4.2. Social Responsibility

An independent British institution, Carbon Disclosure Project (CDP), which reports how the companies manage the risks of climate changes, has announced the 2018 results on January 2019. ASELSAN is placed in the A- list according to 2018 results, among the firms that most successfully manage climate change risks through production process and has the highest gas emission performance on the outcome of the research conducted by evaluating big firms including firms listed on Borsa İstanbul.

In ASELSAN, where decreasing carbon emission is one of the strategic goals, carbon emission has been monitored since 2009. Also, ASELSAN is the first and only company that is ranked with the highest initial score among Defence Industry firms in Turkey by participating in CDP survey.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

Thanks to the Zero Waste Project launched in 2019, waste from the dining halls and offices across ASELSAN has been started to be collected separately to be recycled in a manner that will add value to the environment and the economy. The lunch leftovers are being shipped to animal shelters and used as organic waste composting and office waste is recycled. Garment and toy collection boxes were placed in the campus parking areas and delivered to those in need within the scope of social responsibility. With the help of vegetable waste oil cans placed in the parking lots, the vegetable waste oils brought by the personnel from their homes were sent for recycling.

ASELSAN has decreased carbon emission significantly through its efforts, and continues its operations by increasing momentum in the fields of increasing energy efficiency in production, giving priority to production technologies that decrease carbon emission, switching to use of energy that does not cause carbon emission.

Having certifications for ISO 14001:2015 Environmental and ISO 45001:2018 Occupational Health and Safety Integrated Management System; we will proceed to take part in pioneer applications through actualization of national and international initiatives. ASELSAN is one of the leading companies that has completed transition to ISO 45001:2018 Occupational Health and Safety Management System Standard in 2019.

In November 2014, Borsa Istanbul (BIST) has launched Sustainability Index that display the performance of January-March 2014 time period for BIST-30 firms in the fields of financial, environmental, social issues and corporate governance. With respect to that, as of this date, ASELSAN started publishing sustainability reports. As a result of the evaluation of our Company on the ASELSAN Sustainability Report, published in Turkish and English for the first time before the Index assessments, ASELSAN was among the 15 firms that were approved to be included in BIST Sustainability Index. In November 2019, ASELSAN kept its place in the index as a consequence of the re-evaluation of ASELSAN Sustainability Report that was published in June 2019.

Sustainability reports that are published on our website (www.aselsan.com.tr) include the details of sustainable applications in the fields of strategic governance, corporate governance, ethical principles, internal audit, bribery and corruption, risk management, communication with stakeholders, supply chain, information systems, facility management, employee development, human rights, occupational health and safety, environmental management.

In the year 2019, our company supported the following events through sponsorship:

- Turkish Armed Forces Rehabilitation and Nursing Center's Handicapped Sports Club's sport activities held in 2019,
- 180th Foundation Anniversary Celebration of Gendarmerie General Command,
- The Young Eagles Week 2019 event performed by Turkish Air Force,
- Electro-Optic Workshop held by the Presidency of Defence Industries,
- TEKNOFEST 2018, İstanbul Aerospace and Technology Festival,
- 19th Submarine Commanders Conference,
- ROBOIK 2019 Unmanned and Autonomous Land Vehicles Development Competition Award Ceremony held by Presidency of Defence Industries,
- Sniper Competition held by Gendarmerie General Command.

CHAPTER V- BOARD OF DIRECTORS**5.1. Structure and Formation of Board of Directors**

In our Company, 3 members of 9 members of Board of Directors are independent members. The duties of Nomination Committee are executed by Corporate Governance Committee. The report regarding the evaluation of the list of Independent Members of Board of Directors prepared by Corporate Governance Committee on 21.01.2019 was presented to Board of Directors on 28.01.2019. Within the scope of CMB's Communiqué on Corporate Governance numbered II.17-1, CMB has not stated any adverse opinion on the nominee list and the evaluation report. The CVs and independence statements of the 4 nominees were announced to public on our website on 19.03.2019. As a result of the voting at the General Assembly Meeting on 26.04.2019, 3 nominees were elected as Independent Members of Board of Directors. There were no cases to eliminate the independency of the Independent Members of the Board of Directors in 2019.

The CVs of the Members of the Board of Directors are included in the annual report and the information with respect to their duty terms is provided in the table below.

Name Surname	Duty	Election Date
Haluk GÖRGÜN	Chairman / Managing Member / CEO	March 2017
Mustafa Murat ŞEKER	Vice Chairman / Managing Member	May 2013
Mehmet ARIK	Independent Member	April 2018
Ercümend ARVAS	Independent Member	March 2016
Mehmet Fatih KACIR	Member	April 2019
Alpaslan KAVAKLIOĞLU	Member	April 2019
Salih KUL	Member	April 2019
İbrahim ÖZKOL	Independent Member	March 2017
Celal Sami TÜFEKÇİ	Member	April 2018

In article 13 of the Articles of Association titled "Duties and Authorization of the Board of Directors", the duties and authorization of the Board of Directors have been defined. Besides, the Board of Directors Working Directive also describes the Duties and Authorization of the Board of Directors. With the article 14 of the Articles of Association titled "Assignment of the Authorization to the CEO", the assignment of the authorization of the Board of Directors to the CEO has been set out. The duties and authorization of the executives are described in the "Duties and Responsibilities Directive" formed within the Company.

The duties of the Members of the Board of Directors and of the CEO carried out outside the Company, information regarding the term of office and the statements of the board of members with respect to their independencies were given below.

- There is an executive member in the Board of Directors.
- The statements of independence of the Independent Members of the Board of Directors have been provided at the annex of the Compliance Report.
- The Members of the Board of Directors fulfill their duties without any interest or benefit and pursuant; to the liabilities and authorizations undertaken by the Board of Directors and to the regulations of the Turkish Code of Commerce and CMB.
- Members of the Board of Directors, in accordance with the Working Directive of Board of Directors, are liable not to enter into any commercial treatments directly or indirectly with the Company that coincides with the Company objectives, on their behalf or on behalf of others without the consent of the General Assembly.

5.2. Principles of Activity of Board of Directors

Board of Directors carries out its duties and responsibilities determined with reference to TCC, Capital Market Law and Articles of Association. In this context, the basis of duties and operations are indicated in details in ASEL SAN Board of Directors Working Directives.

The agenda of the Board of Directors meetings is formed with the proposals of the Members of the Board of Directors and the committees and the CEO, it is afterwards evaluated by the Board of Directors Chairman and finalized. The subjects emerged as urgent and which are considered worthwhile to discuss may be added to the agenda during the Board of Directors meeting.

As per article 10 of the Articles of Association, the Board of Directors assemble when required and at least once a month. The number of Board of Directors Meetings in 2019 was 34, where 22 of the decisions in the meetings are interim decisions. 90% of the Members of the Board of Directors attended 91% of the meetings.

The place, date, time and agenda of the next meeting is decided at the Board of Directors Meetings. Documents pertaining to the meeting agenda are sent to the members of Board of Directors at least 3 work days before the meeting by the Presidency.

The Members of the Board of Directors attend the meetings and fulfill their duties as per their authorization and responsibilities. The members who do not attend the meetings submit their excuses.

Board Office is established under Board of Directors in order to coordinate necessary issues in the name of the Board, particularly the relationships with the Presidency and TAFF, to execute planning and support the Board of Directors' operations.

All members have one right to vote, including the chairman. If the numbers of votes are equal, the vote of the chairman does not change the result. Abstaining is not possible, either rejection or acceptance is voted. The vote of the abstaining member is considered as a rejecting vote. The member casting a reject vote states the ground for this in the meeting minutes and undersigns it. According to the article 11 of the Articles of Association titled "Quorum of Meeting and Decision Making"; "The provisions of the TCC, Capital Market Law, regulations of the Capital Markets Board in connection with corporate governance and other relevant legislation are taken into account with respect to the meetings and decision making quorums of the Board of Directors as well as with respect to any Board of Directors members assuming duties and positions outside the Company. Any action and resolutions taken by the Board of Directors without complying with the Corporate Governance Principles, which are made mandatory as to be complied by the Capital Markets Board, are invalid and considered as in contrary to the Articles of Association". In the operation year 2019, there were no related party transactions or any other significant issue, which had to be submitted to the approval of the general assembly since they were not approved by the Independent Members of the Board of Directors.

The signed decisions are made available to the follow up of the Members of the Board of Directors and Executive Committee Members in the electronic platform.

In accordance with the article 4.2.8 of Capital Markets Board Corporate Governance Communiqué; Executive Liability Insurance Policy was signed for Board of Directors members

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

on 17.07.2019 with the total liability amount of USD 75.000.000,- which corresponds to more than 25% of the paid-in-capital of our Company, with a validity period of 1 year.

5.3. Number of Committees Formed in the Board of Directors with Their Structures and Independency

As per the title “Committees Formed in the Board of Directors” in the Communiqué Regarding Determination and Implementation of Corporate Governance Principles by the Capital Markets Board, our Company’s Board of Directors, in the meeting dated 10.04.2012, formed an Audit Committee, Corporate Governance Committee and Early Detection and Management of Risk Committee and announced this to the public. There are no Nomination and Remuneration Committees within the Board of Directors and the duties of these are carried out by the Corporate Governance Committee.

The directives of Audit Committee, Corporate Governance Committee and Early Detection and Management of Risk Committee are made available at the website of our Company. The Independent Members of the Board of Directors have duties in more than one committee. This is because it is mandatory that all members of the Audit Committee and the chairman of the other committees should be Independent Members of the Board of Directors.

Boards of Directors have made the annual evaluation of the committees composed under its structure and the evaluation report is available in Annual Report.

AUDIT COMMITTEE

Committee Members (January – December 2019)

İbrahim ÖZKOL : Chairman / Independent Member of Board of Directors

Ercümend ARVAS : Member / Independent Member of Board of Directors

Mehmet ARIK : Member / Independent Member of Board of Directors

The main duties of the Audit Committee that were set out in the “ASELSAN Audit Committee Work Directives” regulating the working principles of Audit Committee are as follows;

- To enable the disclosure of the financial data of ASELSAN, to pursue the operation and efficiency of the accounting system, independent audit, internal audit and internal control system of the company,
- To assemble at least every 3 months, to share the meeting minutes with the Board of Directors

Meetings were held by Audit Committee on dates 26.02.2019, 07.05.2019, 06.08.2019 and 05.11.2019 regarding the financial statements with the participation of the related independent audit company in 2019.

In order to increase the efficiency of internal audit, attention was paid to strengthen the cooperation with Internal Audit Presidency and to the supervision of internal audit activities, direct and continuous communication was established between Audit Committee and Internal Audit Presidency. A dimension of this communication; Audit Committee-Internal Audit Presidency coordination meetings in 2019, were held 8 times on dates 22.01.2019, 20.02.2019, 13.03.2019, 21.05.2019, 16.07.2019, 16.09.2019, 14.10.2019 and 19.12.2019.

The Committee was active in two main topics in 2019.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

i. Independent Audit Activities and Works Regarding the Audited Financial Statements:

“Communiqué on Financial Reporting in Capital Markets” Serial: II, 14.1 regulated the preparation of financial reports and their basis, principles of presentation to the relevant parties. December 2017, March 2018, June 2018 and September 2018 financials and Board of Directors reports were prepared in accordance with the communiqué numbered II, 14.1, and submitted to Board of Directors by Audit Committee and presented to the public via Public Disclosure Platform.

The procurement process for independent audit services for the year 2019 as per the CMB’S communiqué numbered II-14:1, was handled by the Industrialization and Procurement Directorate and the procurement proposal resolution of the Board of Directors regarding procurement of services from “YEDİTEPE Bağımsız Denetim A.Ş.” was submitted for approval on the General Assembly Meeting dated 26.04.2019 and was accepted.

ii. Internal Audit Presidency:

Within the scope of the internal audit activities of the Company, the relations between the Internal Audit Presidency and the Board of Directors have been carried out through Audit Committee. A direct and continuous contact between Audit Committee and Internal Audit Presidency is present.

CORPORATE GOVERNANCE COMMITTEE

Committee Members (January – April 2019)

Ercümend ARVAS : Chairman / Independent Member of the Board of Directors

Celal Sami TÜFEKÇİ : Member / Member of the Board of Directors

Murat ÜÇÜNCÜ : Member / Member of the Board of Directors

Pınar ÇELEBİ : Member / Investor Relations Manager

Committee Members (April- December 2019)

Ercümend ARVAS : Chairman / Independent Member of the Board of Directors

Salih KUL : Member / Member of the Board of Directors

Celal Sami TÜFEKÇİ : Member / Member of the Board of Directors

Pınar ÇELEBİ : Member / Investor Relations Manager

The main duties of the Corporate Governance Committee were set out in the “ASELSAN Corporate Governance Committee Work Directives” as follows:

- To carry out studies for the implementation of Corporate Governance Principles in the Company,
- To observe whether the Corporate Governance Principles have been implemented or not and if not implemented to determine the grounds for this and the conflicts of interest arising due to not complying with these principles and to make proposals for improving the status,
- To monitor the activities of the Investor Relations Department.
- Corporate Governance Committee assembles every 3 months and in every situation when necessary. The meeting minutes are submitted to the Board of Directors.

The Corporate Governance Committee assembled 4 times within the activity year 2019 on dates, 28.01.2019, 24.06.2019, 22.07.2019, and 12.12.2019. The meeting minutes of the Committee may be reached on our website. The committee was active in 3 respective tasks in 2019:

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

i. Operations of Investor Relations Department:

Investor Relations Department have attended all the meetings in 2019 and performed secretariat procedures of the committee with regard to “ASELSAN Corporate Governance Committee Working Directive”. Information was provided to the committee about the activities of the Investor Relations Department in the Committee meetings.

In 2019, the subjects discussed and tasks carried by the Corporate Governance Committee within the context of the meetings are given below:

- Corporate Governance Committee Evaluation Report,
- Preparation of ASELSAN Corporate Governance Principles Compliance Report and the submission of the report to Board of Directors,
- Independent Board Members selection process,
- Corporate Governance Rating,
- Preparation of Corporate Governance Committee Evaluation Report and the submission of the report to Board of Directors,
- Presentation regarding the compliance of ASELSAN Strategic Plan, Technology Roadmap and Master Plan by the Vice Presidency of Technology and Strategy Management,
- Discussing the proposed amendments in the ASELSAN Ethical Principles Directive,
- Discussing the amendment of the ASELSAN Disciplinary Procedures and Practices Functor as a directive and updating the “ASELSAN Allowance Directive” offered by the Vice Presidency of Corporate Governance as a functor.

ii. Corporate Governance Rating:

The evaluation of corporate governance rating performed by SAHA Corporate Governance and Credit Rating Services were concluded during the last quarter of 2019. According to the review, the score of 12.12.2018, 9,20 was updated as 9,29 out of 10 on 12.12.2019.

Our Company’s share has been listed in the corporate governance index since the date 14.12.2012, which it first entered the index. Rating reports can be accessed on the company website.

iii. Election of Independent Board Members

As given by Corporate Governance Principles, the responsibility of evaluating and reporting the nominations and their independency status is given to the Nomination Committee, in companies where this committee is not formed because of the structure of the Board of Directors, the responsibility is given to Corporate Governance Committee. Within this context, the evaluation of nominations was carried on by the Committee and the resulting nominee list was presented at the Board of Directors meetings on date 28.01.2019.

CMB has not stated any opposing opinions regarding the nominees’ list and evaluation report which was submitted by the Board of Directors. The final list was submitted to shareholders’ voting on General Assembly Meeting on 26.04.2019 and as a result, Ercümen ARVAS, Mehmet ARIK and İbrahim ÖZKOL were elected as independent members to serve for 1 year.

EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE

ASELSAN Board of Directors established the “Early Detection and Management of Risk Committee” with the resolution dated 10.04.2012 and numbered 720/1. The Committee executes as per the directive numbered ASY-01-066.

Committee Members (January – April 2019)

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

Mehmet ARIK : Chairman / Independent Member of the Board of Directors
Bayram GENÇCAN : Member / Member of the Board of Directors

Committee Members (April – December 2019)

Mehmet ARIK : Chairman / Independent Member of the Board of Directors
Salih KUL : Member / Member of the Board of Directors

In 2019 the Committee continued to identify the risks which prevent ASELSAN from reaching its goals; manage the risks in accordance with the company's risk-taking profile; report the risk activities; build risk aware decision mechanisms and internal control. Risks identified through risk management processes are prioritized depending on their probability and impact. It is ensured that important risks are monitored and reported. In this context, in 2018 the Committee held 6 meetings on 09.01.2019, 07.03.2019, 23.05.2019, 16.07.2019, 17.09.2019 and 26.11.2019.

Committee's activities are summarized below:

- "2018 Evaluation Report" was prepared and submitted to Board of Directors in January 2019.
- "Corporate Risk Evaluation Report" was prepared and submitted to Board of Directors in January 2019, March 2019, May 2019, July 2019, October 2019 and November 2019. In the reports;
 - Important risks of ASELSAN were evaluated and monitored. The risk classification, explanation, rating, strategy, owner/responsible, current control operations and relevant indicators and mitigating actions were included in the report.
 - Warning levels of benchmarks for risk indicators were determined and the risk indicators which divert from the benchmark and can signal the poor performance of a goal during the reporting period were also reported.
- Risk management chapters in the annual report and the other reports set by the legal authorities were prepared.

The secretariat formalities of the Committee were performed by Enterprise Risk and Process Management Department of Finance Directorate.

5.4. Risk Management and Internal Control Mechanism

In ASELSAN, the effectiveness of internal audit activities, corporate governance, risk management and internal control processes are improved and the Company contributes to the achievement of the Company's targets. The most important role of the internal audit activities, which is an important component of the internal control system, is the provision of assurance and consultancy services to the Audit Committee and the Board of Directors on the internal control system and enterprise risk management. The 3-year audit plan and work programs are prepared on a risk-based basis and the results of the audit are reported to the Audit Committee and regular meetings are held with the Committee. By the Internal Audit Department; compliance with legal regulations and company regulations, the application of ethical principles and the adequacy of controls to eliminate risks are evaluated.

5.5. Strategic Objectives of the Company

The Board of Directors is the top level body to make strategic decisions and to execute and represent. As per the Articles of Association of the Company, the Board of Directors is responsible to determine the strategic plans and control its implementations.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

Strategic Management Process is a part of Corporate Governance and is managed by the Chairmand and CEO in the name of Board of Directors, following the approval of the Strategic Plan which is prepared with the coordination of Strategic Management Directorate. Reaching ASELSAN's long term goals and sustaining success can be achieved through environment friendly strategies.

ASELSAN's vision is to be a reliable, competitively preferred, environment-friendly and human conscious technology firm, which preserves its sustainable growth in the global market via the values created for stakeholders, as well as serving its establishment purposes. Within this concept, annually updated 5-year Strategic Plan and 3-year Budgets are prepared. With this methodology, short and medium term targets are specified by considering long term goals. The operations to be carried out for these targets are executed by Sector Presidencies/Vice Presidencies and performance evaluations are made based on Balanced Scorecard method, which is widely used in the world.

5.6. Financial Rights

Remuneration procedures for Board of Directors Members and Managers with Executive Responsibility, which are set in written form in accordance with the Corporate Governance Principles, are published on our Company's website.

The remuneration and all other benefits provided to board members are explained on an individual basis in the annual report.

Monthly remunerations provided to our Members of the Board of Directors are determined by the General Assembly and no other benefits are granted apart from the monthly remuneration. Pursuant to the resolution taken at the 44th Ordinary General Assembly held on 26.04.2019, the Members of the Board of Directors are paid TL 3.000,- per month. As for the determination of the financial rights of the board members, no reward system is applied to reflect the Company performance and which is based on the performance of the Members of the Board of Directors.

Statement of Independence

TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.
ANKARA

Date: 18.01.2019

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, in order for me to be selected as an Independent Board Member of ASELSAN Elektronik Sanayi ve Ticaret (Company), I hereby agree, represent and undertake that I;

- a) do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- b) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- c) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- d) will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- e) am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- f) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- h) have not conducted membership of board of directors more than a term of six years in the last ten years,
- i) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- j) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,

Ercüment ARVAS



CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

Statement of Independence

TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.
ANKARA

Date: 18.01.2019

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, in order for me to be selected as an Independent Board Member of ASELSAN Elektronik Sanayi ve Ticaret (Company), I hereby agree, represent and undertake that I;

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- b) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- c) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- d) will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- e) am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- f) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- h) have not conducted membership of board of directors more than a term of six years in the last ten years,
- i) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- j) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,

Prof. Dr. İbrahim ÖZKOL


CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

Statement of Independence

TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.
ANKARA

Date: 18.01.2019

With respect to the corporate governance principle numbered 4.3.6 of the Capital Markets Board's Communiqué on Corporate Governance numbered II-17.1, in order for me to be selected as an Independent Board Member of ASELSAN Elektronik Sanayi ve Ticaret (Company), I hereby agree, represent and undertake that I;

- a) do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or do not have established a significant commercial relation between the corporation, companies on which the corporation hold control of management or significant effect and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- b) have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- c) have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- d) will not be serving as a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- e) am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31.12.1960 and numbered 193,
- f) am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) am able to allocate time for the corporation's business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- h) have not conducted membership of board of directors more than a term of six years in the last ten years,
- i) am not the independent member of the board of directors in more than three of the corporations as such; the corporation or the controlling shareholders of the corporation who hold the control of management corporations and in more than five corporations in total which are admitted to the trading on the exchange,
- j) have not been registered and announced as a board member representing a legal entity.

I hereby submit this to the knowledge of the Board of Directors, shareholders and all relevant parties.

Sincerely yours,



CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

APPENDIX-1

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X	-	-	-	-	
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X	-	-	-	-	
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X	-	-	-	-	
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.	-	-	-	-	X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X	-	-	-	-	
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X	-	-	-	-	
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	-	X	-	-	-	The General Assembly meeting is not open to the media.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X	-	-	-	-	
1.4.2-The company does not have shares that carry privileged voting rights.	X	-	-	-	-	
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	-	-	-	-	X	
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X	-	-	-	-	
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	-	-	X	-	-	Utmost attention is paid for the execution of minority rights in our Company and the provisions of Turkish Code of Commerce and the relevant legislation regarding minority rights are applied as is.
1.6. DIVIDEND RIGHT						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X	-	-	-	-	
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X	-	-	-	-	
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X	-	-	-	-	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X	-	-	-	-	

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	-	-	X	-	-	The transfer of the nominated Group A shares representing majority part of the capital and which are not traded in Borsa İstanbul has been restricted with the provision of article 6 of the Articles of Association stating “As the company operates in security and defense sector, Group A shares shall not be sold or transferred without the consent of the Board of Directors; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records”.
2.1. CORPORATE WEBSITE						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X	-	-	-	-	
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X	-	-	-	-	
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X	-	-	-	-	
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X	-	-	-	-	
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X	-	-	-	-	

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X	-	-	-	-	
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X	-	-	-	-	
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X	-	-	-	-	
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X	-	-	-	-	
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	-	X	-	-	-	Although the mechanisms that enable the participation of stakeholders in the management of the company are built, they are not included in the Articles of Association.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X	-	-	-	-	

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X	-	-	-	-	
3.3.2-Recruitment criteria are documented.	X	-	-	-	-	
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X	-	-	-	-	
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X	-	-	-	-	
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	-	X	-	-	-	Although there is an employee representative practice in our company, there is no union organization.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X	-	-	-	-	
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X	-	-	-	-	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	-	X	-	-	-	Establishment of associations by employees about social responsibility, social activities, etc. is encouraged and there is no regulation regarding the recognition of the right to collective bargaining agreements.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

3.3.9 - A safe working environment for employees is maintained. X - - - -

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X	-	-	-	-	
3.4.2-Customers are notified of any delays in handling their requests.	X	-	-	-	-	
3.4.3 - The company complied with the quality standards with respect to its products and services.	X	-	-	-	-	
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X	-	-	-	-	
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The Board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X	-	-	-	-	
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X	-	-	-	-	
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X	-	-	-	-	
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X	-	-	-	-	

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1- The Board of Directors documented its meetings and reported its activities to the shareholders.	X	-	-	-	-	
4.2.2-Duties and authorities of the members of the Board of Directors are disclosed in the annual report.	X	-	-	-	-	
4.2.3-The Board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X	-	-	-	-	
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X	-	-	-	-	
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X	-	-	-	-	
4.2.7 - The Board of Directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X	-	-	-	-	
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X	-	-	-	-	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	-	-	X	-	-	There are no female members in the Board of Directors, and a target was not set to keep the female member ratio at a minimum of 25%. There is no written Company policy regarding this issue.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X	-	-	-	-	

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X	-	-	-	-	
4.4.2-The Board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X	-	-	-	-	
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X	-	-	-	-	
4.4.4-Each member of the board has one vote.	X	-	-	-	-	
4.4.5-The Board has a charter/written internal rules defining the meeting procedures of the board.	X	-	-	-	-	
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X	-	-	-	-	
4.4.7-There are limits to external commitments of board members. Shareholders are informed of Board members' external commitments at the General Shareholders' Meeting.	-	X	-	-	-	There are no limitations for the members of the Board of Directors regarding them to carry duties outside the company, except the duties that are subject to prohibition of competition.
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.	-	-	X	-	-	The independent members take part in more than one committee because the number of independent members is 3.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X	-	-	-	-	
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.	-	-	-	-	X	
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X	-	-	-	-	

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE COMPLIANCE REPORT	Compliance					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	-	-	X	-	-	There is no such practice within the company.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X	-	-	-	-	
4.6.5-The individual remuneration of Board members and executives is disclosed in the annual report.	-	X	-	-	-	The salaries of the Chairman and the members of the Board of Directors are given seperately in the Board of Directors Report and the annual report but the salaries of the CEO and vice presidents are given as a sum.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE INFORMATION FILLINGS

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year	3
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1.2. Right to Obtain and Examine Information

The number of special audit request(s)	-
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The number of special audit requests that were accepted at the General Shareholders' Meeting	-
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1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/748654
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Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	https://www.kap.org.tr/en/Bildirim/748654
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The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	-
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The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	-
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The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/en/Bildirim/748654
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The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations > Corporate Governance > Policies
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The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/758499
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The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	-
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Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	The representatives of the Independent Audit Company and the Corporate Governance Rating Company attended the general assembly meeting.
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1.4. Voting Rights

Whether the shares of the company have differential voting rights	No
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In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
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The percentage of ownership of the largest shareholder	74,20%
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1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
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If yes, specify the relevant provision of the articles of association	-
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1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations > Corporate Governance > Policies
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Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	-
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PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-
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CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE INFORMATION FILLINGS General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
26/04/2019	0	80,26%	0,03%	80,23%	Investor Relations > Corporate Governance > General Assembly	Investor Relations > Corporate Governance > General Assembly > General Assembly Documents	Article 12	7	https://www.kap.org.tr/en/Bildirim/758499

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE INFORMATION FILLINGS

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations > Corporate Governance
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	-
List of languages for which the website is available	Turkish, English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the Board of directors and executives conducted out of the company and declarations on independence of board members	The information on the duties of the members of the board of directors and executives conducted out of the company is under Article 3/a of the Report of Board of Directors. Declarations on independence of board members are end of the Annual Report > Corporate Governance Principles Compliance Report.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Principles of Activity of the Board of Directors title.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	The information is under Article 7 of the Report of Board of Director.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	The information is under Financial Information Note 15 and at the same time under Article 9 of the Report of Board of Directors.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	None.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	The information is under Article 3/b of the Report of Board of Directors.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Ethical Rules and Social Responsibility title.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE INFORMATION FILLINGS

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations > Corporate Governance > Policies
The number of definitive convictions the company was subject to in relation to breach of employee rights	The information is under Article 9 of the Annual Report of Board of Directors.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	CEO
The contact detail of the company alert mechanism.	Chairman & CEO Prof. Dr. Haluk GÖRGÜN Phone Number: (0312) 592 60 00 Address: ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Mehmet Akif Ersoy Mahallesi 296. Cadde No: 16 06370 Yenimahalle ANKARA, TURKEY

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	It was regulated by internal directives and it is not open to the public.
Corporate bodies where employees are actually represented	None.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	None.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Career > Being Part of Our Team
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership program.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Career > Our Human Rights Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	The information is under Article 9 of the Annual Report of Board of Directors.

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations > Corporate Governance > Ethical Principles
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations > Corporate Governance > Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	Investor Relations > Corporate Governance > Policies

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE INFORMATION FILLINGS

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	11/02/2020
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	It was resolved at the meeting of the Board of Directors of our Company, held on 26.04.2019 that; Haluk GÖRGÜN shall be appointed as the Chairman of the Board of Directors, Mustafa Murat ŞEKER shall be appointed as the Vice Chairman and Haluk GÖRGÜN and Mustafa Murat ŞEKER shall be appointed as the Managing Members. The details regarding the context of the authorities are included in the articles of association.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	15
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	The information is under Article 3/b of the Annual Report of Board of Directors.
Name of the Chairman	Prof. Dr. Haluk GÖRGÜN
Name of the CEO	Prof. Dr. Haluk GÖRGÜN
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	None.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/775680
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	0

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE INFORMATION F

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Haluk GÖRGÜN	Executive	Not independent	15/03/2017	-	Not considered	No	Yes
Mustafa Murat ŞEKER	Non-executive	Not independent	15/05/2013	-	Not considered	No	Yes
Mehmet ARIK	Non-executive	Independent	02/04/2018	https://www.kap.org.tr/en/Bildirim/748654	Considered	No	Yes
Ercümend ARVAS	Non-executive	Independent	31/03/2016	https://www.kap.org.tr/en/Bildirim/748654	Considered	No	Yes
Mehmet Fatih KACIR	Non-executive	Not independent	26/04/2019	-	Not considered	No	Yes
Alpaslan KAVAKLIOĞLI	Non-executive	Not independent	26/04/2019	-	Not considered	No	Yes
Salih KUL	Non-executive	Not independent	26/04/2019	-	Not considered	No	Yes
İbrahim ÖZKOL	Non-executive	Independent	15/03/2017	https://www.kap.org.tr/en/Bildirim/7486540	Considered	No	Yes
Celal Sami TÜFEKÇİ	Non-executive	Not independent	02/04/2018	-	Not considered	No	Yes

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE INFORMATION FILLINGS

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	34
Director average attendance rate at board meetings	91%
Whether the board uses an electronic portal to support its work or not	Yes
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that demonstrates information about the board charter	It was regulated by internal directives and it is not open to the public.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There are no limitations for the members of the Board of Directors regarding them to carry duties outside the company, except the duties that are subject to prohibition of competition.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented.	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
Link(s) to the PDP announcement(s) with the board committee charters	The working principles of the committees are not disclosed on PDP, yet they are presented at the end of the Annual Report.

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	İbrahim ÖZKOL	Yes	Board member
Audit Committee	-	Ercümend ARVAS	No	Board member
Audit Committee	-	Mehmet ARIK	No	Board member
Corporate Governance Committee	-	Ercümend ARVAS	Yes	Board member
Corporate Governance Committee	-	Celal Sami TÜFEKÇİ	No	Board member
Corporate Governance Committee	-	Salih KUL	No	Board member
Corporate Governance Committee	-	Pınar ÇELEBİ	No	Not board member
Committee of Early Detection of Risk	-	Mehmet ARIK	Yes	Board member
Committee of Early Detection of Risk	-	Salih KUL	No	Board member

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2019

CORPORATE GOVERNANCE INFORMATION FILLINGS

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The duties of the nomination committee is carried by the Corporate Governance Committee.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	The information is in the Annual Report > Corporate Governance Principles Compliance Report > Number of Committees Formed in the Board of Directors with Their Structures and Independency title.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The duties of the remuneration committee is carried by the Corporate Governance Committee.
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	The information is given under Article 6 of the Report of Board of Directors.
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations > Corporate Governance > Policies title.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	The information is given under Article 3/a of the Report of Board of Directors.

Composition of Board Committees-II

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	4	7
Corporate Governance Committee	-	75%	25%	4	3
Committee of Early Detection of Risk	-	100%	50%	6	7