

ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

Audit Committee Work Directives

1. PURPOSE

The purpose of These Directives is to determine duties, authorities, responsibilities and work principles of the Audit Committee.

2. SCOPE

These Directives cover the works and activities to be performed by the Audit Committee as per the related regulations.

3. DEFINITIONS

- 3.1 Independent Auditing Firm (IAF):** Firms meeting the requirements of the Capital Markets Board Communiqué and granted with the authority of independent audit on the capital market as per Article 22, 4/c of the Act.
- 3.2 Auditor:** Auditor titles of any seniority and rank assigned to make audits by the Independent Auditing Firms.
- 3.3 Audit Committee:** Committee appointed among the company's Board of Directors as per Capital Markets Board Communiqué Serial numbered X, numbered 22.
- 3.4 Audit Committee Secretariat:** ASELSAN personnel arranging operations and meetings of Audit Committee, archiving correspondences and coordinating communication between the members.
- 3.5 Financial Tables:** Balance sheets and incomes statements issued as interim and annual documents, including the footnotes, and tables enclosed to such documents.
- 3.6 Financial Reports:** Reports including financial tables, Board of Directors activity reports and states of responsibility.
- 3.7 Internal Auditor:** Personnel assigned for internal auditing activities.
- 3.8 Internal Audit Department (IAD):** ASELSAN Department in charge of internal audit activities.
- 3.9 Executives:** Persons having titles such as under Financial Management Vice Presidency, Vice President, Director and Managers that are authorized to represent and bind the company.
- 3.10 Stakeholders:** In achieving the objectives of the Company or with an interest in the activities of employees, creditors, customers, suppliers, various non-governmental organizations as well as individuals, institutions or interest groups.

4. RELATED REFERENCE DOCUMENTS

- 4.1** Capital Markets Board Communiqué on Independent Audit on Capital Market dated 12.06.2006, Serial numbered X and numbered 22.
- 4.2** Capital Markets Board Communiqué on Determination and Practice of Corporate Governance Principles dated 03.01.2014, Serial numbered II and numbered 17.

4.3 ASELSAN Board of Directors Work Directives numbered ASY-01-060.

4.4 Turkish Commercial Code (TCC).

5. DUTIES AND RESPONSIBILITIES

5.1. BOARD OF DIRECTORS' DUTIES AND RESPONSIBILITIES REGARDING THE AUDIT COMMITTEE

- 5.1.1.** Appointing Audit Committee members,
- 5.1.2.** Authorizing Committee Members,
- 5.1.3.** Making separate Board of Directors Resolution for approving interim and annual financial tables and reports evaluated by the Committee and submitted to the Board of Directors,
- 5.1.4.** Taking necessary actions for facilitating operations of Audit Committee members.

5.2. DUTIES, AUTHORITIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

5.2.1. GENERAL DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

- 5.2.1.1.** The Audit Committee shall ensure; company's accounting system, public disclosure of financial information, independent audit of the Company's internal control and makes supervision of the operation and effectiveness of the internal control system. Selection of independent audit company, prepared independent audit contracts and the initiation of the audit process and the independent auditors' work in each stage is carried out under the supervision of Audit Committee.
- 5.2.1.2.** The Audit Committee notify, their duties and responsibilities identified in the field and their evaluations and recommendations on the subject immediately to the Board of Directors.
- 5.2.1.3.** The Audit Committee's duties include reviewing, settling the complaints forwarded to the Company about ASELSAN's accounting, internal audit system and independent audit; determining the methods and criteria to be practiced on assessing company personnel's statements on company's accounting and independent audit as per the confidentiality principles are determined by Audit Committee.
- 5.2.1.4.** The Audit Committee might seek assistance of independent consultants on matters required for its operations provided that the costs shall be covered by ASELSAN. But in this case the person who received services / organizations with information about these people / organizations of any relationship with the company on the issue of whether information is given in the annual report.
- 5.2.1.5.** The duties and responsibilities of the Audit Committee shall not relive Board of Directors from its responsibilities imposed by the Turkish Commercial Code.

5.2.2. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING INDEPENDENT AUDIT OF ASELSAN

- 5.2.2.1.** The Audit Committee shall determine the services to be provided by the Independent Auditing Firm and services and submit to the Board of Directors approval.
- 5.2.2.2.** It shall ensure signing a contract with IAF.
- 5.2.2.3.** It shall monitor compliance with contract provisions during IAF operations.
- 5.2.2.4.** It shall always be in contact with the independent auditor for monitoring any incidents having an impact on the independency or objectivity of the independent auditor and shall ensure elimination of such incidents, if any, and efficient performance of the auditor.
- 5.2.2.5.** It shall evaluate the outcomes of audits performed by IAF and financial tables at the joint meetings to be scheduled.
- 5.2.2.6.** It shall evaluate the important findings received from IAF about ASELSAN accounting policy and practices and the auditor's suggestions.
- 5.2.2.7.** It shall obtain the correspondences made between IAF and ASELSAN Management from the Firm.
- 5.2.2.8.** It shall ensure that Independent Audit activities are included on the Board of Directors agenda minimum every 3 months for the purpose of determining efficiency of IAF operations.
- 5.2.2.9.** IAF shall immediately inform the Audit Committee in written about important issues related to ASELSAN's accounting policy and practices, alternative implementation and public disclosure options from Public Oversight Accounting and Auditing Standards Authority as per the firm's accounting standards and accounting principles previously declared to the Company management and possible outcomes, practice suggestions as well as important correspondences made with the Company management.

5.2.3. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING THE FINANCIAL REPORTS

- 5.2.3.1.** The Audit Committee shall consult the company's authorized executives and IAF about interim and annual financial reports to be disclosed to the public in terms of compliance to the Company's accounting principles and to the actual figures and shall inform the Board of Directors in written with its own evaluation.
- 5.2.3.2.** It shall sign the interim and annual financial tables, activity reports controlled and undersigned by the ASELSAN's authorized executives as well as the statement of responsibility enclosed as Annex-A quarterly and ensure public disclosure of these.
- 5.2.3.3.** Financial Reports approved by the Audit Committee and Board of Directors shall be disclosed to the public on the Public Disclosure Platform and Company's website.

5.2.4.DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING TO INTERNAL CONTROLS

- 5.2.4.1** It shall monitor efficiency and adequacy of the internal control system adopted by the company and its subsidiaries and ensures its acknowledgement by the personnel and support of the management.
- 5.2.4.2.** It shall evaluate auditor and internal auditor suggestions related to internal control and whether or not the necessary ones are applied.
- 5.2.4.3.** It shall monitor the process of forming a mechanism for reviewing and settling complaints received from Stakeholders related to company transactions, which violate the regulation and are unethical, and its operations as per the confidentiality principle.

5.2.5. DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE REGARDING TO THE INTERNAL AUDITS

- 5.2.5.1.** It shall review efficiency of IAD directives, structure and activities and ensure settlement of particulars limiting the internal audit operations.
- 5.2.5.2.** It shall monitor the coordination and communication between the IAD and Company's other departments, subsidiaries and independent audits for ensuring smooth processes.
- 5.2.5.3.** It shall evaluate the audit plans and internal audit reports issued by IAD.

5.3. DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTEE SECRETARIAT

- 5.3.1.**It shall provide communication between the members, prepare committee meetings, keep meeting minutes and duly archive correspondences.
- 5.3.2.**It shall plan, realize and follow up formalities before, during and after the Committee meetings in order to ensure utmost efficiency.
- 5.3.3.**It shall ensure timely communication all of kinds of information to the committee members.
- 5.3.4.**It shall always keep the records available to the members.

6. STRUCTURE OF THE AUDIT COMMITTEE

- 6.1.** The Audit Committee shall be as a member of Board of Directors and have minimum 2 (two) members. If the committee has two members the both members shall be Board of Directors Non-executive independent members If there are more than two members, then the same rule shall be applicable for majority of the members. Members of the Audit Committee should have experience at least five (5) years at audit / accounting and finance subject.
- 6.2.** As per the Capital Markets Board regulations, the Audit Committee shall be formed and authorized on the first Board of Directors Meeting held after the Annual Ordinary ASELSAN General Assembly Meeting.

- 6.3. At least two Audit Committee members shall be required for the committee meetings and at least two members are required for decisions.
- 6.4. The Audit Committee shall convene minimum every 3 months and four times a year and outcome of the meeting connecting with the minute submitted to the Board of Directors. The audit committee's activities and about the outcome of the meeting must be disclosed in the annual report. During the period how many times the audit committee makes written notification to the Board shall indicated in the annual report.
- 6.5. The Committee's secretariat duties related to the financial tables shall be performed by the Chief Office of Capital Markets Board Financial Control and Reporting attached to the Accounting Department and the secretariat duties related to internal control and internal audit activities shall be performed by IAD.

7. ENFORCEMENT

These Directives have been approved by the Board of Directors as per the resolution dated 22.09.2003 and numbered 443/16 and came into force as of 25.09.2003

8. EXECUTION

The Audit Committee shall be responsible for executing the provisions listed on these Directives.

9. CIRCULATION PLAN

The document shall be circulated as per ASELSAN PLAN A. It shall be published to all users via intranet and internet.

10. ANNEX- STATEMENT OF RESPONSIBILITY

ANNEX-A- STATEMENT OF RESPONSIBILITY

TO THE PRESIDENCY OF
BORSA ISTANBUL

.././20xx
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ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

BOARD OF DIRECTORS MEETING ON APPROVAL OF FINANCIAL TABLES AND ANNUAL REPORTS

DATE OF RESOLUTION:

RESOLUTION NUMBER:

STATEMENT OF RESPONSIBILITY AS PER SECTION TWO, ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUÉ SERIAL NUMBERED II, NUMBERED 14

We hereby declare that;

a) We have examined the consolidated balance sheet dated .././20xx and comparative consolidated balance sheet dated .././20xx, consolidated income statement issued for the period .././20xy - .././20xy and comparative consolidated income statement issued for the period .././20xx - .././20xx, consolidated additional financial tables, all audited independently, notes dated .././20xx and annual report of the Board of Directors issued for the period ending on .././20xx,

b) As per the information we obtained in line with our duties and responsibilities at the company, the financial tables and annual report of the Board of Directors do not include any comments which materially misrepresent the facts and any missing data which might be misleading as of the announcement date,

c) As per the information we obtained in line with our duties and responsibilities at the Company, the consolidated financial statements prepared in accordance with the CMB Communiqué Serial II, No:14.1, accurately represents the assets, liabilities, financial position and profit or loss informations of the Company and the companies in the scope of consolidation; the annual report accurately represents the development and performance of the business, the financial position of the Company and the companies in the scope of consolidation and the significant risks and uncertainties which may company faces.

REGARDS,
ASELSAN A.Ş.

AuditCommittee Chairman

Audit Committee Member

Audit Committee Member

Deputy General Manager