

DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

FINAL ASSESSMENT

ASELSAN A.Ş.

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	4/8
2. Internal Controls	6	4/12
3. Support to Employees	7	3/14
4. Conflict of Interest	4	1/8
5. Customer Engagement	6	4/12
6. Supply Chain Management	5	3/10
7. Agents, Intermediaries and Joint Ventures	10	2/20
8. Offsets	4	1/8
9. High Risk Markets	4	6/8
10. State-Owned Enterprises	5	9/10
TOTAL		37 / 110
BAND		D

*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.

1. Leadership and Organisational Culture

Question
1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?
Score
1
Comments
There is evidence that the company's Chairman and CEO publicly endorses the company's 2018 Sustainability Report, which includes a commitment to anti-bribery and corruption. However, the company scores '1' because this statement does not directly include a commitment to anti-bribery and corruption.
Evidence
<p>[20] 2018 Sustainability Report (Document) Accessed 26/06/2020 https://www.aselsan.com.tr/ASELSAN_Sustainability_Report_2018_8121.pdf</p> <p>[p.8] Ever since the day we were founded, we carried out our operations in our sector with an approach of gaining the trust of our society while contributing to their prosperity and development. We have greatly contributed to the economic growth of our country through our prioritized local supply practices and local employment. We aimed to boost the prosperity of our society through the infrastructure projects we implemented in 2018.</p> <p>[...]</p> <p>I am confident that ASELSAN will take firm steps towards its goals and execute projects with high total value with the same consistency in 2019. Going forward, we will continue our hard work by keeping our excitement and motivation at a high level while working in a more determined way to achieve more.</p> <p>We have been reporting on sustainability since 2014, the year which BIST Sustainability Index was launched, to share with our valuable stakeholders.</p> <p>We wish you a pleasant read of our Sustainability Report and I would like to thank you on behalf of ASELSAN who will firmly continue its operations with the support and pride of its valuable stakeholders.</p> <p>Best Regards, Prof. Dr. Haluk GÖRGÜN Chairman of the Board and CEO</p> <p>[p.27] 1.1.3. Combatting Bribery & Corruption</p> <p>Among the values that constitute the corporate culture are preventing conflict of interest, managing relations with stakeholders in a professional manner while fulfilling all legal obligations. ASELSAN considers bribery and corruption as one of the most significant moral threats in society and establishes transparent communication with customers and shares these communication methods in the Directive of Behavior Rules on its corporate website.</p>

Question
1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories: a) All employees, including staff and leadership of subsidiaries and other controlled entities; b) All board members, including non-executive directors.
Score
1
Comments
<p>There is evidence that the company publishes an anti-bribery and corruption policy which applies to all groups as specified in (a) and (b) in the question. This policy explicitly prohibits bribery and payments to public officials.</p> <p>However, the company receives a score of '1' because this policy does not explicitly prohibit facilitation payments.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.1] 1. AIM</p> <p>The aim of this Anti-Bribery and Anti-Corruption Policy, which has been developed as a component of the ethical principles and sustainability goals of ASELSAN, is to reveal the commitments of ASELSAN to prevent bribery and corruption in all activities of ASELSAN in accordance with the relevant legislative regulations and the national and international ethical values, to provide the necessary information, to determine the respective responsibilities and rules, and to share these with all stakeholders.</p> <p>2. SCOPE</p> <p>This Policy covers all ASELSAN employees including the Board Members and the senior executives, shareholders, subcontractors/suppliers serving ASELSAN, and companies providing consultancy and audit services to ASELSAN, including but not limited to all other stakeholders in commercial and social relation with ASELSAN.</p> <p>The Policy applies to all companies, joint ventures and partnerships more than 49% of shares or voting rights of which belong to ASELSAN either directly or indirectly. All companies included in the aforementioned group are obliged either to accept this Policy or develop a country-specific policy which adheres strictly to the principles of this Policy.</p> <p>For any company, joint venture or partnership, less than 49% of the shares of which are owned directly or indirectly by ASELSAN and ASELSAN has no control authority through voting rights, ASELSAN representatives carry out the necessary processes to make all officials and employees are subjected to effective rules, practices and procedures in compliance with this Policy.</p> <p>[p.2] ASELSAN respects the anti- bribery and anti- corruption legislative regulations and principles in force in any country, in which ASELSAN operates and is represented, and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions which was signed by Turkey on 17.12.1997. ASELSAN applies a "zero tolerance" approach against bribery and corruption under this basic principle, and commits to carry out operations fairly, honestly, legally and in compliance with ethical rules.</p> <p>[p.4] 5.1. Board of Directors</p> <p>The Board of Directors is primarily responsible for the anti-bribery and anti-corruption activities of ASELSAN. The Board of Directors adopts the principles covered in this policy and provides the necessary environment for the implementation thereof.</p> <p>[p.5] 5.2. Executives and Employees</p> <p>The employees of ASELSAN, including the members of the Board of Directors and the executives are not allowed to offer bribe or accept bribe to/from any natural/legal person or public institution or be in corruption.</p>

[1] Ethical Principles (Document)

Accessed 10/09/2019

https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf

[p.2] 1. BASIC PRINCIPLES

In development of ASELSAN's long term interests in such a manner and to such an extent ensuring that they shall also respond to the requirements of the society / country, customers, employees, public / state, shareholders, investors and suppliers, our basic principles are:

- Reflection of the values of honesty and integrity in business,

[p.6] 10. CONDUCT TOWARDS GOVERNMENTAL ENTITIES AND OFFICERS ASELSAN

Employees:

[p.7] • Do not offer and receive bribe to and from any natural / legal entities or bodies and engage in any corruption while performing their tasks.

Question
1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?
Score
2
Comments
<p>Based on publicly available information, there is evidence that the company's board is ultimately responsible for the oversight of the company's anti-bribery and corruption programme. This includes reviewing reports from management on the programme's performance. There is evidence that the board has the authority to require that changes are made. The company also has a managerial-level committee, the Ethical Principles Committee, which is responsible for the design and measurement of the programme.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf</p> <p>[p.4] The Board of Directors is primarily responsible for the anti-bribery and anti-corruption activities of ASELSAN. The Board of Directors adopts the principles covered in this policy and provides the necessary environment for the implementation thereof.</p> <p>The Board of Directors provides the performance of audits ensures the corrective measures in order to achieve the compliance with legal legislations and regulations, processes and policies.</p> <p>The Anti-Bribery and Anti-Corruption Policy of ASELSAN has been approved by the Board of Directors. Establishment, implementation of the policy as well as updating thereof when necessary are under the responsibility of the Board of Directors.</p> <p>The Internal Audit Department functioning under the Board of Directors in accordance with preventive regulations designed in directives within the scope of the internal audit system reviews bribery and corruption risks systematically.</p> <p>[p.5] 5.3. ASELSAN Ethical Principles Committee</p> <p>The ASELSAN Ethical Principles Committee is a committee, which is trusted in terms of objectivity and self-dependence for the sake of improving and integrating the ethical principles of ASELSAN to the practice, established in order to meet guidance, consultancy and recommendation requirements and create a common body of knowledge.</p> <p>The Committee is responsible for designing an anti-corruption program and measuring the compliance with the program.</p> <p>The Ethical Principles Committee meets depending on the frequency of applications and denunciations, but once for every four months at minimum.</p> <p>Within the context of ASELSAN Ethical Principles Directive, those intending to enunciate bribery and corruption denunciations; – may directly communicate with ASELSAN Ethical Rules Board Members or Ethical Consultants or initiate a request via the Ethical Principles Board Help Desk inside ASELSAN – may send an e-mail to etik@aselsan.com.tr or a message to Fax No +(90) 312 3541302 outside ASELSAN – may send a letter to:</p> <p>“ASELSAN Etik İlkeleri Kurulu; ASELSAN Elektronik San ve Tic. A.Ş. Mehmet Akif Ersoy Mahallesi 296. Cad. No:16 06370 Yenimahalle/Ankara” by mail.</p> <p>[4] Annual Report 2018 (Document) Accessed 11/09/2019 https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf</p> <p>[p.134] 4.4. Ethical Rules and Social Responsibility</p>

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, Values and Conduct Rules" 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 six 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, Central Procurement Department or Financial Management Vice Presidency, Internal Audit Chairmanship, who are assigned by the suggestion of the CEO and the approval of the Board of Directors, plus two personnel who are assigned by the Board of Directors, whereas one shall have at least 15 years and the other shall have at least 5 years of ASELSAN experience, chosen among the Top 5 ranked nominees with the votes of ASELSAN personnel . 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.

Question
1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?
Score
0
Comments
Based on publicly available information, there is no evidence that a designated senior executive or managerial-level employee has ultimate responsibility for implementing and managing the company's anti-bribery and corruption programme.
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf</p> <p>[p.4] The Board of Directors is primarily responsible for the anti-bribery and anti-corruption activities of ASELSAN. The Board of Directors adopts the principles covered in this policy and provides the necessary environment for the implementation thereof.</p> <p>The Board of Directors provides the performance of audits ensures the corrective measures in order to achieve the compliance with legal legislations and regulations, processes and policies.</p> <p>The Anti-Bribery and Anti-Corruption Policy of ASELSAN has been approved by the Board of Directors. Establishment, implementation of the policy as well as updating thereof when necessary are under the responsibility of the Board of Directors.</p> <p>The Internal Audit Department functioning under the Board of Directors in accordance with preventive regulations designed in directives within the scope of the internal audit system reviews bribery and corruption risks systematically.</p> <p>[p.5] 5.3. ASELSAN Ethical Principles Committee</p> <p>The ASELSAN Ethical Principles Committee is a committee, which is trusted in terms of objectivity and self-dependence for the sake of improving and integrating the ethical principles of ASELSAN to the practice, established in order to meet guidance, consultancy and recommendation requirements and create a common body of knowledge.</p>

2. Internal Controls

Question
2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?
Score
1
Comments
<p>There is publicly available evidence that the company's Internal Audit Department systematically reviews bribery and corruption risks. The company also states that executives are responsible for evaluating and implementing controls in response to potential risks.</p> <p>However, the company receives a score of '1' because it is not clear whether the company has a formal bribery and corruption risk assessment procedure in place that informs the design of its entire anti-bribery and corruption programme. There is evidence that the company has an enterprise risk management process where the results are reviewed by the board on an annual basis; however, the company does not explicitly state that an assessment of bribery and corruption risk forms part of this process.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.4] The Internal Audit Department functioning under the Board of Directors in accordance with preventive regulations designed in directives within the scope of the internal audit system reviews bribery and corruption risks systematically.</p> <p>[p.5] Top executives ensure the comprehension, implementation and continuance of the principles specified in the text of this Policy by the employees under their administration; evaluate potential risks and their impacts in terms of reputation and finance, and take necessary measures for establishing and implementing the control mechanisms for the management of the determined risks.</p> <p>[21] Corporate Governance Compliance Report 2019 (Document) Accessed 26/06/2020 https://www.aselsan.com.tr/2019_Report_on_Compliance_with_CGP_6684.pdf [p.17] EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE</p> <p>ASELSAN Board of Directors established the "Early Detection and Management of Risk Committee" with the resolution dated 10.04.2012 and numbered 720/1.</p> <p>[p.18] 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.</p> <p>Committee's activities are summarized below:</p> <ul style="list-style-type: none"> - "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; <ul style="list-style-type: none"> • 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.

Question
2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company's anti-bribery and corruption programme is subject to regular review by its Internal Audit Department. The company states that results of these reviews are presented to the board, which is responsible for ensuring that required changes are made.</p> <p>However, the company receives a score of '1' because it is unclear how frequently audits are conducted. There is no clear evidence that the company's entire programme is audited at least every two years to ensure that it is consistent with high standards of best practice and the business risks facing the company.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf</p> <p>[p.4] The Board of Directors is primarily responsible for the anti-bribery and anti-corruption activities of ASELSAN.</p> <p>The Board of Directors adopts the principles covered in this policy and provides the necessary environment for the implementation thereof.</p> <p>The Board of Directors provides the performance of audits ensures the corrective measures in order to achieve the compliance with legal legislations and regulations, processes and policies.</p> <p>The Anti-Bribery and Anti-Corruption Policy of ASELSAN has been approved by the Board of Directors. Establishment, implementation of the policy as well as updating thereof when necessary are under the responsibility of the Board of Directors.</p> <p>The Internal Audit Department functioning under the Board of Directors in accordance with preventive regulations designed in directives within the scope of the internal audit system reviews bribery and corruption risks systematically.</p>

Question
2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?
Score
1
Comments
<p>There is evidence that the company publicly commits to investigating incidents, and there is a specific procedure in place to deal with whistleblowing cases. There is evidence to suggest that a central body, the Ethical Principles Committee, receives summary information on investigations. It meets on at a quarterly basis and reports investigation findings to the board on a bi-annual basis.</p> <p>However, the company does not publish information on the whole investigative process from receipt to final outcome. There is no clear evidence that investigations are handled by an independent team or report to an independent board member. The company also does not publicly commit to inform whistleblowers of the outcome of investigations.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.5] 5.3. ASELSAN Ethical Principles Committee</p> <p>[...]</p> <p>The Ethical Principles Committee meets depending on the frequency of applications and denunciations, but once for every four months at minimum.</p> <p>[p.6] 6. Policy Violations and Sanctions</p> <p>In case of any view or suspicion that any ASELSAN employee including the Board Members and the senior executives, any shareholder, subcontractor/supplier serving ASELSAN, or a company providing consultancy and audit services to ASELSAN, including but not limited to all other stakeholders in commercial and social relation with ASELSAN, breaches the principles of the Policy, the situation is reported by the relevant persons to the General Manager. The General Manager forwards the received issues to either ASELSAN Discipline Committee or ASELSAN Ethical Principles Committee to be investigated and finalized. The employee or the complainant is allowed to conceal his/her identity due to security concerns or the like reasons.</p> <p>[3] Report on Compliance with CGP 2018 (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/2018_Report_on_Compliance_with_CGP_1371.pdf [p.11] 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.</p> <p>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 six months and assessment result is reported to Board of Directors each year within the months January and July.</p> <p>In the year 2018, Disciplinary Procedures and Practices at ASELSAN were updated in order to create a harmonious and productive work environment and to be able to pursue our business targets as they should normally be. With the updated procedures, the operations and actions that require disciplinary action are defined; describing in detail how those disciplinary actions will be applied. These updates were announced to the employees through ASELSAN intranet system.</p>

[4] Annual Report 2018 (Document)

Accessed 11/09/2019

https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf

[p.134] 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, Values and Conduct Rules" 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 six 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, Central Procurement Department or Financial Management Vice Presidency, Internal Audit Chairmanship, who are assigned by the suggestion of the CEO and the approval of the Board of Directors, plus two personnel who are assigned by the Board of Directors, whereas one shall have at least 15 years and the other shall have at least 5 years of ASELSAN experience, chosen among the Top 5 ranked nominees with the votes of ASELSAN personnel . If there are no changes in the organization, the Ethical Committee members serve at least for two years.

[p.135] 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 six months and assessment result is reported to Board of Directors each year within the months January and July.

[1] Ethical Principles (Document)

Accessed 10/09/2019

https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf

[p.12] 23. REPORTING ABOUT MISCONDUCT

Those intending to apply to ASELSAN Ethical Principles Board and / or AEİK members or Ethical Consultants:

- may directly communicate with ASELSAN Ethical Rules Board Members or Ethical Consultants or initiate a request via the Ethical Principles Board Help Desk inside ASELSAN
- may send an e-mail to etik@aselsan.com.tr or a message to Fax No +(90) 312 3541302 outside ASELSAN
- may send a letter to: "ASELSAN Etik İlkeleri Kurulu; ASELSAN Elektronik San. ve Tic. A.Ş. Mehmet Akif Ersoy Mahallesi 296. Cad. No:16 06370 Yenimahalle/Ankara" by mail.

Question
2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?
Score
0
Comments
Based on publicly available information, there is no evidence that the company takes steps to ensure the quality of its internal investigations through ensuring that staff are properly trained or providing a mechanism to report concerns about the investigative procedure.
Evidence
<p>[3] Report on Compliance with CGP 2018 (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/2018_Report_on_Compliance_with_CGP_1371.pdf</p> <p>[p.11] 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.</p> <p>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 six months and assessment result is reported to Board of Directors each year within the months January and July.</p> <p>In the year 2018, Disciplinary Procedures and Practices at ASELSAN were updated in order to create a harmonious and productive work environment and to be able to pursue our business targets as they should normally be. With the updated procedures, the operations and actions that require disciplinary action are defined; describing in detail how those disciplinary actions will be applied. These updates were announced to the employees through ASELSAN intranet system.</p>

Question
2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company commits to report material findings of bribery and corruption from investigations to the CEO and to the board. However, there is no clear evidence that an appropriate senior individual is responsible for ensuring that the disclosure of criminal offences to relevant authorities is evaluated and acted upon if necessary.</p>
Evidence
<p>[3] Report on Compliance with CGP 2018 (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/2018_Report_on_Compliance_with_CGP_1371.pdf [p.11] 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.</p> <p>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 six months and assessment result is reported to Board of Directors each year within the months January and July.</p> <p>In the year 2018, Disciplinary Procedures and Practices at ASELSAN were updated in order to create a harmonious and productive work environment and to be able to pursue our business targets as they should normally be. With the updated procedures, the operations and actions that require disciplinary action are defined; describing in detail how those disciplinary actions will be applied. These updates were announced to the employees through ASELSAN intranet system.</p> <p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf [p.6] 10. CONDUCT TOWARDS GOVERNMENTAL ENTITIES AND OFFICERS</p> <p>ASELSAN Employees:</p> <p>[p.7] • Support any such investigations conducted by governmental authorities, correctly and fully answering any questions raised by governmental authorities.</p> <p>[p.12] 23. REPORTING ABOUT MISCONDUCT</p> <p>Those intending to apply to ASELSAN Ethical Principles Board and / or AEİK members or Ethical Consultants:</p> <ul style="list-style-type: none"> • may directly communicate with ASELSAN Ethical Rules Board Members or Ethical Consultants or initiate a request via the Ethical Principles Board Help Desk inside ASELSAN • may send an e-mail to etik@aselsan.com.tr or a message to Fax No +(90) 312 3541302 outside ASELSAN • may send a letter to: "ASELSAN Etik İlkeleri Kurulu; ASELSAN Elektronik San. ve Tic. A.Ş. Mehmet Akif Ersoy Mahallesi 296. Cad. No:16 06370 Yenimahalle/Ankara" by mail. <p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.5] 5.3. ASELSAN Ethical Principles Committee The ASELSAN Ethical Principles Committee is a committee, which is trusted in terms of objectivity and self-dependence for the sake of improving and integrating the ethical</p>

principles of ASELSAN to the practice, established in order to meet guidance, consultancy and recommendation requirements and create a common body of knowledge.

The Committee is responsible for designing an anti-corruption program and measuring the compliance with the program. The Ethical Principles Committee meets depending on the frequency of applications and denunciations, but once for every four months at minimum. Within the context of ASELSAN Ethical Principles Directive, those intending to enunciate bribery and corruption denunciations;

- may directly communicate with ASELSAN Ethical Rules Board Members or Ethical Consultants or initiate a request via the Ethical Principles Board Help Desk inside ASELSAN
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[p.6] 6. Policy Violations and Sanctions

In case of any view or suspicion that any ASELSAN employee including the Board Members and the senior executives, any shareholder, subcontractor/supplier serving ASELSAN, or a company providing consultancy and audit services to ASELSAN, including but not limited to all other stakeholders in commercial and social relation with ASELSAN, breaches the principles of the Policy, the situation is reported by the relevant persons to the General Manager. The General Manager forwards the received issues to either ASELSAN Discipline Committee or ASELSAN Ethical Principles Committee to be investigated and finalized.

Question
2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption-related investigations or disciplinary actions involving its employees.
Evidence
No evidence found.

3. Support to Employees

Question
3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company provides a training module that outlines the basic principles of its anti-bribery and corruption policy to its employees.</p> <p>However, the company receives a score of '1' because it is not clear whether this also includes an explanation of the whistleblowing options available to employees. It is also not clear how frequently training is provided, and whether it is provided across all divisions, all countries and regions of operation, or in all appropriate languages.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.5] ASELSAN employees and executives are provided with training programs to raise their awareness in anti-bribery and anti-corruption.</p> <p>[3] Report on Compliance with CGP 2018 (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/2018_Report_on_Compliance_with_CGP_1371.pdf [p.11] "ASELSAN Ethical Principles, Values and Conduct Rules" 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.</p>

Question
3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees: a) Employees in high risk positions, b) Middle management, c) Board members.
Score
0
Comments
Based on publicly available information, there is no evidence that the company provides tailored anti-bribery and corruption training to employees based on an assessment of their role and exposure to corruption risk.
Evidence
No evidence found.

Question
3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?
Score
0
Comments
Based on publicly available information, there is no evidence that the company measures or reviews the efficacy of its anti-bribery and corruption communications and training programme.
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.5] 5.3. ASELSAN Ethical Principles Committee</p> <p>The ASELSAN Ethical Principles Committee is a committee, which is trusted in terms of objectivity and self-dependence for the sake of improving and integrating the ethical principles of ASELSAN to the practice, established in order to meet guidance, consultancy and recommendation requirements and create a common body of knowledge.</p> <p>The Committee is responsible for designing an anti-corruption program and measuring the compliance with the program. The Ethical Principles Committee meets depending on the frequency of applications and denunciations, but once for every four months at minimum. Within the context of ASELSAN Ethical Principles Directive, those intending to enunciate bribery and corruption denunciations;</p>

Question
3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
Based on publicly available information, there is no evidence that the company's incentive schemes incorporate ethical or anti-bribery and corruption principles.
Evidence
No evidence found.

Question
3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?
Score
0
Comments
There is no publicly available evidence that the company makes a specific commitment to support and protect employees who refuse to act unethically, even when it might result in a loss of business.
Evidence
No evidence found.

Question
3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy of non-retaliation against all employees who report bribery and corruption incidents. There is some evidence to suggest that this commitment extends to third parties engaged by the company.</p> <p>However, the company receives a score of '1' because there is no evidence that the company assures itself of its employees' confidence in this commitment through surveys, usage data, or other clearly stated means.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.6] 6. Policy Violations and Sanctions</p> <p>[...]</p> <p>No employee can be exposed to maltreatment (disciplinary action, dismissal, threat, mobbing, etc.) because of denying involving in bribery or corruption or reporting with good faith an actual or potential bribery or corruption incident.</p> <p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf [p.7] 13. PROTECTION OF APPLICANT'S RIGHTS ASELSAN</p> <p>hereby undertakes to protect the rights of such Employees reporting about their problems and grievances in good faith and not to retaliate against such persons engaged in such good faith conduct. However, any such reporting and allegations made and raised contrary to truths are subject to sanctions under the Disciplinary Monitor.</p> <p>[p.8] 14. PREVENTION OF DISCRIMINATION AND HARASSMENT</p> <p>[...]</p> <ul style="list-style-type: none"> Any misconduct and misdemeanors of ASELSAN employees violating this principle are not tolerated and any persons harassing another employee or a third person are subject to sanctions under the Disciplinary Monitor.

Question
3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company provides multiple whistleblowing channels for its employees, which allow for anonymous reporting.</p> <p>However, the company receives a score of '1' because there is no evidence that the company offers a channel operated by an independent third party to allow external reporting, or is there clear evidence that the company also offers advice channels. Additionally, the company does not explicitly state that its channels are available to all employees in any country of operation, or in multiple languages, or to employees of third parties, suppliers or joint venture partners.</p>
Evidence
<p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf [p.12] 23. REPORTING ABOUT MISCONDUCT</p> <p>Those intending to apply to ASELSAN Ethical Principles Board and / or AEİK members or Ethical Consultants:</p> <ul style="list-style-type: none"> • may directly communicate with ASELSAN Ethical Rules Board Members or Ethical Consultants or initiate a request via the Ethical Principles Board Help Desk inside ASELSAN • may send an e-mail to etik@aselsan.com.tr or a message to Fax No +(90) 312 3541302 outside ASELSAN • may send a letter to: "ASELSAN Etik İlkeleri Kurulu; ASELSAN Elektronik San. ve Tic. A.Ş. Mehmet Akif Ersoy Mahallesi 296. Cad. No:16 06370 Yenimahalle/Ankara" by mail. <p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.5] 5.3. ASELSAN Ethical Principles Committee The ASELSAN Ethical Principles Committee is a committee, which is trusted in terms of objectivity and self-dependence for the sake of improving and integrating the ethical principles of ASELSAN to the practice, established in order to meet guidance, consultancy and recommendation requirements and create a common body of knowledge.</p> <p>The Committee is responsible for designing an anti-corruption program and measuring the compliance with the program. The Ethical Principles Committee meets depending on the frequency of applications and denunciations, but once for every four months at minimum. Within the context of ASELSAN Ethical Principles Directive, those intending to enunciate bribery and corruption denunciations;</p> <ul style="list-style-type: none"> – may directly communicate with ASELSAN Ethical Rules Board Members or Ethical Consultants or initiate a request via the Ethical Principles Board Help Desk inside ASELSAN – may send an e-mail to etik@aselsan.com.tr or a message to Fax No +(90) 312 3541302 outside ASELSAN – may send a letter to: "ASELSAN Etik İlkeleri Kurulu; ASELSAN Elektronik San ve Tic. A.Ş. Mehmet Akif Ersoy Mahallesi 296. Cad. No:16 06370 Yenimahalle/Ankara" by mail. <p>[p.6] 6. Policy Violations and Sanctions</p> <p>In case of any view or suspicion that any ASELSAN employee including the Board Members and the senior executives, any shareholder, subcontractor/supplier serving ASELSAN, or a company providing consultancy and audit services to ASELSAN, including but not limited to all other stakeholders in commercial and social relation with ASELSAN, breaches the principles of the Policy, the situation is reported by the relevant persons to the General Manager. The General Manager forwards the received issues to either ASELSAN Discipline Committee or ASELSAN Ethical Principles Committee to be investigated and finalized.</p>

The employee or the complainant is allowed to conceal his/her identity due to security concerns or the like reasons. No employee can be exposed to maltreatment (disciplinary action, dismissal, threat, mobbing, etc.) because of denying involving in bribery or corruption or reporting with good faith an actual or potential bribery or corruption incident.

Contact Information:

Telephone: +90 (312) 592 10 00

Address: ASELSAN Elektronik Sanayi ve Ticaret A.Ş. Mehmet Akif Ersoy Mahallesi 296. Cadde No: 16 06370 Yenimahalle-Ankara, Turkey

4. Conflict of Interest

Question
4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a conflicts of interest policy, which applies to all employees and board members, and covers actual, potential and perceived conflicts of interest. This policy covers conflicts relating to personal relationships, financial interests and outside employment.</p> <p>However, the company receives a score of '1' because its policy does not address conflicts of interest associated with government relationships.</p>
Evidence
<p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf</p> <p>[p.2] Our employees ensure optimum conformance to the rules contained in this document. Consultant Board of Directors Members adopt the Rules of Conduct defined in this document.</p> <p>[p.3] 3. PREVENTION OF CONFLICTS OF INTEREST</p> <ul style="list-style-type: none"> • ASELSAN employees do not engage in any activity or approach which would create a conflict of interest with ASELSAN. • ASELSAN employees do not use ASELSAN assets for their personal interests or interests of any other persons inside or outside the Company. • It is not acceptable for ASELSAN employees to make personal agreements, which would weaken ASELSAN's potential advantages in the process of bargaining with any companies with which ASELSAN could conclude agreements, engage in any activities or conduct any financial transactions which would cause the same consequences. <p>[p.5] 7. OPPORTUNITIES PERTAINING TO ASELSAN</p> <p>It is not considered appropriate for ASELSAN employees to use any such opportunities in connection with ASELSAN's fields of operations as well as ASELSAN authorities and means for the purpose of personal gains and compete with ASELSAN.</p> <p>[p.11] 22. PERSONAL AND PRIVATE ACTIVITIES</p> <p>Full time employees follow the processes specified in the Company regulations for any second or additional occupations, ancillary activities or works in their idle times even if they do not generate any income in the following cases:</p> <ul style="list-style-type: none"> • Any such activities or works taken by Employees with them to the places of positions and likely to affect their professional performance adversely. • Any secondary activities which may conflict or appear to conflict with the Activities where ASELSAN and its affiliates operate or plan to operate. • Secondary activities conducted by using ASELSAN owned facilities or equipment or such experiences or specialty gained during employment in ASELSAN.

[4] Annual Report 2018 (Document)

Accessed 11/09/2019

https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf

[p.105] Entitled shareholders, members of the board of directors, senior executives and to their spouses as well as relatives up to second degree are not authorized to perform transactions which may cause conflict of interest or competition with the Company and/or subsidiaries.

[p.143] TO THE BOARD OF DIRECTORS OF ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş. ANKARA

Date: 19.12.2017

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;

[...]

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,

[3] Report on Compliance with CGP 2018 (Document)

Accessed 10/09/2019

https://www.aselsan.com.tr/2018_Report_on_Compliance_with_CGP_1371.pdf

[p.20] 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;

[...]

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,

[p.26]

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2018

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	-	-	-	-	

Question
4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?
Score
0
Comments
There is some evidence to indicate that the company's Corporate Governance Committee has a role in the oversight and management of conflicts of interest. However, the company receives a score of '1' because it does not provide sufficient information on its specific procedures and mechanisms for identifying, declaring and managing conflicts of interest.
Evidence
<p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf [p.3] 3. PREVENTION OF CONFLICTS OF INTEREST</p> <ul style="list-style-type: none"> • ASELSAN employees do not engage in any activity or approach which would create a conflict of interest with ASELSAN. • ASELSAN employees do not use ASELSAN assets for their personal interests or interests of any other persons inside or outside the Company. • It is not acceptable for ASELSAN employees to make personal agreements, which would weaken ASELSAN's potential advantages in the process of bargaining with any companies with which ASELSAN could conclude agreements, engage in any activities or conduct any financial transactions which would cause the same consequences. <p>[p.11] 22. PERSONAL AND PRIVATE ACTIVITIES</p> <p>Full time employees follow the processes specified in the Company regulations for any second or additional occupations, ancillary activities or works in their idle times even if they do not generate any income in the following cases:</p> <ul style="list-style-type: none"> • Any such activities or works taken by Employees with them to the places of positions and likely to affect their professional performance adversely. • Any secondary activities which may conflict or appear to conflict with the Activities where ASELSAN and its affiliates operate or plan to operate. • Secondary activities conducted by using ASELSAN owned facilities or equipment or such experiences or specialty gained during employment in ASELSAN. <p>[3] Report on Compliance with CGP 2018 (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/2018_Report_on_Compliance_with_CGP_1371.pdf [p.16] The main duties of the Corporate Governance Committee were set out in the "ASELSAN Corporate Governance Committee Work Directives" as follows:</p> <ul style="list-style-type: none"> – 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,

[4] Annual Report 2018 (Document)

Accessed 11/09/2019

https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf

[p.105] Entitled shareholders, members of the board of directors, senior executives and to their spouses as well as relatives up to second degree are not authorized to perform transactions which may cause conflict of interest or competition with the Company and/or subsidiaries.

[p.126] Report of the Board of Directors for the Period Between 1 January - 31 December 2018

The compliance with all the mandatory principles of Corporate Governance Principles was achieved. 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.

[p.139] 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,

[p.163] Corporate Governance Committee, which was formed in order to monitor our Company's compliance to Corporate Governance Principles, to conduct studies about the enhancement of compliance and to propose suggestions to the Board of Directors; have detected whether Corporate Governance Principles are applied in our Company or not, and if not, the reason for it along with the conflicts occurring because of not complying fully to these principles; have submitted proposals for improvement of Corporate Governance practices to the Board of Directors and monitored the activities of Investor Relations Department.

Question
4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?
Score
0
Comments
Based on publicly available information, there is no evidence that the company has a policy regulating the employment of current or former public officials.
Evidence
No evidence found.

Question
4.4. Does the company report details of the contracted services of serving politicians to the company?
Score
0
Comments
There is no evidence that the company publishes details of the contracted services of serving politicians.
Evidence
No evidence found.

5. Customer Engagement

5.1 Contributions, Donations and Sponsorships

Question
5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?
Score
2
Comments
<p>The company publishes a clear statement that it prohibits corporate political contributions, whether made directly or indirectly. There is evidence that this applies to all employees of the company including directors, third parties, suppliers and joint venture partners.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.3] 4.3. Political Activities</p> <p>ASELSAN, as a corporation, does not transfer funds either directly or indirectly to election campaigns of political candidates or other political campaigns under no circumstances. ASELSAN grants no political aids or donations either directly or indirectly under no circumstances.</p> <p>None of the ASELSAN employees including but not limited to the members of the Board of Directors and the senior executives are not allowed to engaged in any rallies, protest, propagandas and any other similar activities inside ASELSAN workplace, to run for political offices in local and general elections without resignation, to use any ASELSAN owned resources (vehicles, computers, e-mail, etc.) in any activities having political purposes.</p> <p>None of the ASELSAN employees including but not limited to the members of the Board of Directors and the senior executives, shareholders, subcontractors/suppliers serving ASELSAN, companies providing consultancy and audit services to ASELSAN, including but not limited to all other stakeholders in commercial and social relation with ASELSAN, as well as none of the companies, joint ventures or partnerships having more than 49% of their shares and voting rights under the ownership of ASELSAN is allowed to use the resources of ASELSAN either directly or indirectly for political purposes and campaigns under no circumstances.</p> <p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf [p.7] 17. POLITICAL ACTIVITIES</p> <p>ASELSAN does not engage in any activities supporting political parties, politicians or political candidates and make any donations to these persons and entities.</p> <p>[p.9] ASELSAN Employees:</p> <ul style="list-style-type: none"> • Are not engaged in any rallies, protests, propagandas and any other similar activities inside ASELSAN Workplace. • Do not run for political offices in local and general elections without resignation. • Do not use any ASELSAN owned resources (vehicles, computers, e-mail, etc.) in any activities having political purposes.

Question
5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?
Score
N/A
Comments
There is evidence that the company prohibits corporate political contributions so the company is exempted from scoring on this question.
Evidence
No evidence found.

Question
5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has procedures covering both charitable donations and sponsorships. There is evidence that these include measures to ensure that donations are not used as vehicles for bribery and corruption, for example, by specifying criteria for donations and a requirement for the board to sign-off on donations. In addition, the company publishes some details of donations made on an annual basis.</p> <p>However, the company receives a score of '1' because it does not disclose full details of charitable donations made, such as the entity which made the donation or details of recipient organisations.</p>
Evidence
<p>[11] Donation and Aid Policy (Document) Accessed 16/04/2020 https://www.aselsan.com.tr/Donation_and_Aid_Policy_7776.pdf [p.1] As per sub-clause "k" of article 3 of our Company's Articles of Association, provided that it is not contrary to the hidden profit distribution regulations of the Capital Market Law and that the donations, including the ones realized within the year are submitted to the information of the shareholders in the General Assembly and that the upper limit of the donations to be realized is determined by the general assembly, contributions in kind and/or financial aid and donation may be granted to/for,</p> <ul style="list-style-type: none"> - Institutions, entities, foundations and associations that conduct scientific research and development activities, - Institutions and similar organizations with social purposes, - The constructions of schools, health facilities, etc. which constitute public interest, - Other activities deemed beneficial by the Company. <p>The Board of Directors is authorized to take a resolution with respect to granting donation or aid. The donations realized within the relevant activity period in scope of the Capital Market Law are added to the distributable profit base.</p> <p>The donations and aids that shall be granted with the resolution of Board of Directors within the upper limit determined by the General Assembly shall be publicly announced as per the legislation of Capital Market Board regarding the disclosure of material events to the public.</p> <p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.3] 4.2. Donations and Aids</p> <p>The ASELSAN Donation and Aid Policy has been released to the public through the web site of ASELSAN (www.aselsan.com). All shareholders are provided with information on donations granted within the previous fiscal year during the General Assembly meetings every year. The upper limit of donations which may be granted in a year is determined during the General Assembly meetings. A resolution of the Board of Directors is required for granting any donation.</p> <p>Pursuant to the Donation and Aid Policy of ASELSAN, cash donations and aids can be granted to / for,</p> <ul style="list-style-type: none"> • Institutions, entities, foundations, and associations that conduct scientific research and development activities, • Institutions and similar organizations with social purposes, • The construction of schools, health facilities, etc. which constitute public interest, • Other activities deemed beneficial by ASELSAN.

[1] Ethical Principles (Document)

Accessed 10/09/2019

https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf

[p.4] 5. GIFTS AND DISCOUNTS

[...]

- Sponsorship by Third Parties of travel and accommodation costs as well as costs of participation in any social, cultural and sports events is not considered appropriate without justification. In case of such sponsorship, payment is made to the Third Parties as per current market rates or action is taken so that ASELSAN meets such costs.

[p.9] 18. SOCIAL RESPONSIBILITY

ASELSAN supports its Employees to become volunteers in suitable social activities in which they would take part as part of social responsibility. ASELSAN employees may undertake activities voluntarily in such non-profit organizations serving public interests such as associations or Non - Governmental Organizations (NGO's). In cases where such an activity relates to the respective employee's position in ASELSAN, the Human Resources Management Deputy General Manager's Office is informed in advance accordingly.

[4] Annual Report 2018 (Document)

Accessed 11/09/2019

https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf

[p.125] Report of the Board of Directors for the Period Between 1 January - 31 December 2018

iii. Information Regarding the Donations and Social Responsibility

Within the period of 1 January 2018 - 31 December 2018, the Group donated TL 100 Thousand to Kartal Vakfi Genel Müdürlüğü in total.

[p.146] 1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.

[Box is ticked YES, indicating that this task was fulfilled]

[12] Minutes of General Assembly 2018 (Document)

Accessed 16/04/2020

<https://www.kap.org.tr/tr/ek-indir/4028328c6233239d016287231ca56e20>

[p.3] 10) The letter of the Board of Directors regarding the information to be given with respect to the donations made in fiscal year 2017 and the income or interest gained by the guarantees, pledges, mortgages and warranties issued in favor of third parties was read. Pursuant to this, it was stated that between the dates 01.01.2017 and 31.12.2017; the group made a donation worth of TL 10.000,-, there were no income or interest gained from third parties, and TL 494.700,- for Mikroelektronik Araştırma Geliştirme Tasarım ve Ticaret Ltd. Şti.,

[p.4] TL 15.841.980,- for ASELSAN Bilkent Mikro Nano Tek. San. ve Tic. A.Ş., TL 11.288.750,- for ASELSAN Hassas Optik San. ve Tic. A.Ş. were given as per the guarantees, pledges, mortgages and warranties issued in favor of third parties, within 2017.

5.2 Lobbying

Question
5.2.1 Does the company have a policy and/or procedure covering responsible lobbying?
Score
0
Comments
There is no publicly available evidence that the company has a policy or procedure on lobbying.
Evidence
No evidence found.

Question
5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?
Score
0
Comments
There is no evidence that the company publishes any information on its lobbying aims, topics or activities.
Evidence
No evidence found.

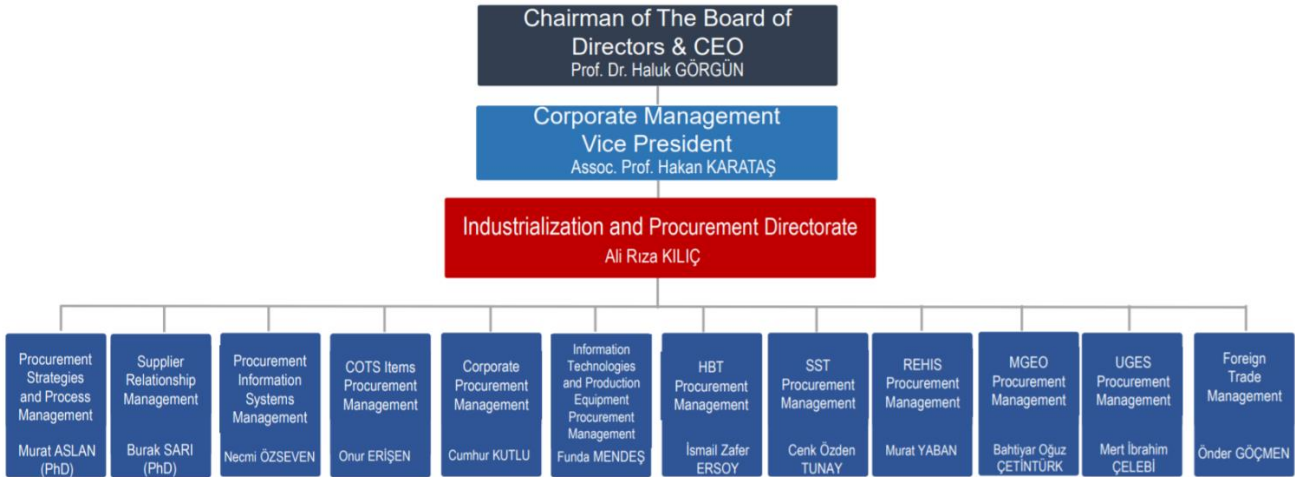
Question
5.2.3 Does the company publish full details of its global lobbying expenditure?
Score
0
Comments
There is no evidence that the company publishes any information on its global lobbying expenditure.
Evidence
No evidence found.

5.3 Gifts and Hospitality

Question
5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a policy on the giving and receipt of gifts and hospitality. There is some evidence to suggest that the company records gifts in a register.</p> <p>However, the company receives a score of '1' because the policy does not specify financial or proportional limits or different approval procedures for different types of promotional expenses, nor does it specifically address the risks associated with gifts and hospitality given to/received from public officials.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf</p> <p>[p.1] Gifts: means products not requiring a financial payment and being given by the persons who are in business relations with the Company or by the customers as a sign of appreciation or commercial courtesy;</p> <p>[p.2] 4.1. Gifts and Gaining Advantage</p> <p>None of the employees of ASELSAN including but not limited to Board Members and the senior executives as well as their immediate family members (mother, father, sister, brother, children, spouse) are allowed to request or accept any gift, commissions or monies, checks, real estate or securities, discount or advantage, personal service and support, which may directly or indirectly influence the preferences and decisions of ASELSAN, from third parties, even for charity. Personal gifts offered by undeniable authorities are conserved after being registered to the ASELSAN inventory.</p> <p>Modest promotional materials may be given as gifts by ASELSAN to third persons to contribute to the publicity of ASELSAN. Each gift is offered openly and unconditionally within the framework of good intentions.</p> <p>[p.4] 4.5. Representation and Hospitality</p> <p>ASELSAN may carry out representation and hospitality activities in order to improve its commercial relations and build a commercial communication network. ASELSAN is attentive to have these activities at a reasonable level.</p> <p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf</p> <p>[p.4] 5. GIFTS AND DISCOUNTS</p> <p>ASELSAN employees including their first degree relatives (mothers, fathers, sisters, brothers, children, spouses) may not directly or indirectly solicit and receive from customers, suppliers or any other Third Persons any such gifts (excluding gifts such as pens and calendars / diaries not exceeding one fourth of minimum wages), commissions or monies, checks, real estate or securities, discounts and advantages, personal services or support as tips even if for charity purposes, which would have impact on ASELSAN's preferences and decisions, in connection with their jobs. Any such personal gifts and prizes to be offered by such authorities towards which rejection would be inconvenient are registered in ASELSAN inventory and retained subsequently.</p> <p>Sponsorship by Third Parties of travel and accommodation costs as well as costs of participation in any social, cultural and sports events is not considered appropriate without justification. In case of such sponsorship, payment is made to the Third Parties as per current market rates or action is taken so that ASELSAN meets such costs.</p>

[p.5] Invitations directly related to business meetings or such activities having the nature of joint work (For example, lunch during the times of a meeting and a cocktail organized immediately after such a meeting or dinner as part of such events lasting for several days) may be accepted. During visits, promotional material which may contribute to promotion of ASELSAN may be distributed as gift to a moderate extent.

6. Supply Chain Management

Question
6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company's procurement department is involved in the establishment and oversight of supplier relationships, and that this department is the main body responsible for oversight of the company's supplier base.</p> <p>However, the company receives a score of '1' because there is no clear evidence that the company assures itself that proper procedures regarding the onboarding of suppliers are followed through clearly stated means, such as an audit or other assurance process, at least every three years.</p>
Evidence
<p>[13] Procurement Organization Chart (Document) Accessed 16/04/2020 https://www.aselsan.com.tr/c3c92e59-dfe3-43a2-b384-de66b144723c.pdf [p.1]</p> <p>Procurement Organization Chart aselsan</p>  <pre> graph TD A["Chairman of The Board of Directors & CEO Prof. Dr. Haluk GÖRGÜN"] --> B["Corporate Management Vice President Assoc. Prof. Hakan KARATAŞ"] B --> C["Industrialization and Procurement Directorate Ali Rıza KILIÇ"] C --> D1["Procurement Strategies and Process Management Murat ASLAN (PhD)"] C --> D2["Supplier Relationship Management Burak SARI (PhD)"] C --> D3["Procurement Information Systems Management Necmi ÖZSEVEN"] C --> D4["COTS Items Procurement Management Onur ERIŞEN"] C --> D5["Corporate Procurement Management Cumhur KUTLU"] C --> D6["Information Technologies and Production Equipment Procurement Management Funda MENDEŞ"] C --> D7["HBT Procurement Management İsmail Zafer ERSOY"] C --> D8["SST Procurement Management Cenk Özden TUNAY"] C --> D9["REHIS Procurement Management Murat YABAN"] C --> D10["MGEO Procurement Management Bahtıyar Oğuz ÇETİNTÜRK"] C --> D11["UGES Procurement Management Mert İbrahim ÇELEBİ"] C --> D12["Foreign Trade Management Önder GÖÇMEN"] </pre>
<p>[14] Supply Policies (Webpage) Accessed 16/04/2020 https://www.aselsan.com.tr/en/suppliers/aselsan-supply-policies Supplier Application and Evaluation Process</p> <p>All applications are received via the ASELSAN Supplier portal where they are evaluated based on the category which the applicant's company profile relate to. Suppliers are categorized as; Sub-contract, Manufacturer, Distributor/Seller, Service Providers and Construction and Infrastructure Suppliers. ASELSAN values the role of the suppliers in its operations and thus the supplier evaluations are carried out by equal importance as well.</p> <p>Procurement Methods</p> <p>Procurement activities are executed as specified in related ASELSAN Procedures with or without tender bid method.</p>

While the overall costs in procurement activities are of great importance to ASELSAN, high quality in production and in-time delivery criteria are regarded as well. ASELSAN aims to sustain the maximum level of competition possible depending on the required specifications and evaluates the quotations received in accordance with this criteria.

ASELSAN acts in line with the ASELSAN Ethical Principals in all the procurement activities and thus expects and supports all the suppliers to comply with these principals and work accordingly.

ASELSAN is not obligated with the Public Procurement Law.

Unless stated otherwise, all ASELSAN orders are executed in compliance with the General Purchasing Terms and Conditions.

[15] Suppliers – Homepage (Webpage)

Accessed 16/04/2020

<https://www.aselsan.com.tr/en/suppliers>

In order to better manage an extensive supply chain comprised of thousands of local and foreign firms, ASELSAN Supplier Portal is taken into use, as of December 28, 2016.

Quotation requests, order management, quality process management, supplier delivery management, supplier applications management, supply data base management and supplier performance management processes are currently carried out via the portal.

By means of this enhanced portal, participants carry out their activities via a fast, safe, traceable and a measurable platform.

[4] Annual Report 2018 (Document)

Accessed 11/09/2019

https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf

[p.32] Under the leadership of the Technology and Strategy Vice Presidency, National and Domestic Product Development Board (MYUG), consisting of Representatives of the business sectors and the Central Procurement Department, was established. All imported materials and systems that are needed in production and development processes are examined and evaluated according to the the needs of the industry, as well as those of ASELSAN, detailed plans and aims are set particularly for critical products that are imported in large amounts.

[1] Ethical Principles (Document)

Accessed 10/09/2019

https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf

[p.4] ASELSAN'S RELATIONS WITH THIRD PARTIES

- ASELSAN assesses and selects any entities, dealers, business partners, suppliers and representatives with which agreements are to be executed in such a manner and to such an extent ensuring provision of optimal services to its customers through such methods meeting the principles of transparency and equality by keeping ASELSAN interests above all.
- ASELSAN also expects its suppliers to take similar principles as a basis, supports them in connection therewith and believes that permanent cooperation may be ensured through these principles.
- It is the ultimate basis to protect ASELSAN interests in any ASELSAN commercial activities. Creation of competitiveness is safeguarded in any operations subject to present laws, Regulations and ASELSAN Regulations.

Question
6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging with its suppliers?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the company has procedures to conduct due diligence on all suppliers during the selection and appointment phase. The company states that it will not engage with any suppliers or subcontractors that have been involved in corrupt activity, though it is not clear whether this stems from the results of due diligence.</p> <p>The company receives a score of '1' because there is no evidence that due diligence includes checks on ultimate beneficial ownership, nor is there evidence to suggest that highest risk suppliers are subject to enhanced due diligence. There is also no evidence that due diligence is repeated at least every two years or in response to a change in the business relationship.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.6] 5.4. Supply Chain</p> <p>ASELSAN does not work with persons and organizations that might have negative intelligence on bribery or corruption prior to assessing the organizations, dealers, business partners, and suppliers to be contracted. To that end, ASELSAN assesses and selects the organizations, dealers, business partners, and suppliers to be contracted by using methods in compliance with transparency and equality principles in order to provide the best service to its customers and prioritize the interests of ASELSAN.</p> <p>Firms found to involve in collusive tendering through fraud, promise, threat, influence, misappropriation, collusion, extortion, bribe, etc. are included in the list of prohibited firms.</p> <p>The members of the Board of Directors, the executives and the employees are not allowed to make personal agreements, which weaken the bargaining power of ASELSAN, with firms which might be contracted by ASELSAN or engage in activities or conduct financial transactions resulting in such outcomes.</p> <p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf [p.4] ASELSAN'S RELATIONS WITH THIRD PARTIES</p> <ul style="list-style-type: none"> • ASELSAN assesses and selects any entities, dealers, business partners, suppliers and representatives with which agreements are to be executed in such a manner and to such an extent ensuring provision of optimal services to its customers through such methods meeting the principles of transparency and equality by keeping ASELSAN interests above all. • ASELSAN also expects its suppliers to take similar principles as a basis, supports them in connection therewith and believes that permanent cooperation may be ensured through these principles. • It is the ultimate basis to protect ASELSAN interests in any ASELSAN commercial activities. Creation of competitiveness is safeguarded in any operations subject to present laws, Regulations and ASELSAN Regulations.

Question
6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?
Score
1
Comments
<p>There is some evidence that the company requires its suppliers to follow similar principles to those outlined in its Ethical Principles document, which prohibits bribery.</p> <p>However, the company does not clearly state that all suppliers must prohibit facilitation payments, and have policies that cover conflicts of interest, gifts and hospitality, and whistleblowing. There is also no evidence to suggest that the company takes active steps to ensure that its suppliers have adequate anti-bribery and corruption policies and procedures in place.</p>
Evidence
<p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf [p.2] 1. BASIC PRINCIPLES</p> <p>In development of ASELSAN's long term interests in such a manner and to such an extent ensuring that they shall also respond to the requirements of the society / country, customers, employees, public / state, shareholders, investors and suppliers, our basic principles are:</p> <ul style="list-style-type: none"> • Reflection of the values of honesty and integrity in business, <p>[p.4] ASELSAN'S RELATIONS WITH THIRD PARTIES</p> <ul style="list-style-type: none"> • ASELSAN assesses and selects any entities, dealers, business partners, suppliers and representatives with which agreements are to be executed in such a manner and to such an extent ensuring provision of optimal services to its customers through such methods meeting the principles of transparency and equality by keeping ASELSAN interests above all. • ASELSAN also expects its suppliers to take similar principles as a basis, supports them in connection therewith and believes that permanent cooperation may be ensured through these principles. • It is the ultimate basis to protect ASELSAN interests in any ASELSAN commercial activities. Creation of competitiveness is safeguarded in any operations subject to present laws, Regulations and ASELSAN Regulations. <p>[p.6] 10. CONDUCT TOWARDS GOVERNMENTAL ENTITIES AND OFFICERS ASELSAN</p> <p>Employees:</p> <p>[p.7] • Do not offer and receive bribe to and from any natural / legal entities or bodies and engage in any corruption while performing their tasks.</p> <p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.1] 1. AIM</p> <p>The aim of this Anti-Bribery and Anti-Corruption Policy, which has been developed as a component of the ethical principles and sustainability goals of ASELSAN, is to reveal the commitments of ASELSAN to prevent bribery and corruption in all activities of ASELSAN in accordance with the relevant legislative regulations and the national and international ethical values, to provide the necessary information, to determine the respective responsibilities and rules, and to share these with all stakeholders.</p>

2. SCOPE

This Policy covers all ASELSAN employees including the Board Members and the senior executives, shareholders, subcontractors/suppliers serving ASELSAN, and companies providing consultancy and audit services to ASELSAN, including but not limited to all other stakeholders in commercial and social relation with ASELSAN.

[p.6] 5.4. Supply Chain

ASELSAN does not work with persons and organizations that might have negative intelligence on bribery or corruption prior to assessing the organizations, dealers, business partners, and suppliers to be contracted. To that end, ASELSAN assesses and selects the organizations, dealers, business partners, and suppliers to be contracted by using methods in compliance with transparency and equality principles in order to provide the best service to its customers and prioritize the interests of ASELSAN.

Firms found to involve in collusive tendering through fraud, promise, threat, influence, misappropriation, collusion, extortion, bribe, etc. are included in the list of prohibited firms.

The members of the Board of Directors, the executives and the employees are not allowed to make personal agreements, which weaken the bargaining power of ASELSAN, with firms which might be contracted by ASELSAN or engage in activities or conduct financial transactions resulting in such outcomes.

Question
6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?
Score
0
Comments
Based on publicly available information, there is no evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required throughout the supply chain.
Evidence
No evidence found.

Question
6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or anti-bribery and corruption-related investigations relating to its suppliers, or the associated disciplinary actions.
Evidence
No evidence found.

7. Agents, Intermediaries and Joint Ventures

7.1 Agents and Intermediaries

Question
7.1.1 Does the company have a clear policy on the use of agents?
Score
0
Comments
<p>Based on publicly available information, there is no clear evidence that the company has a policy on agents which addresses the corruption risks associated with their use. The company states that it has a policy on the 'Appointment and Management of Foreign Agents', however this document does not appear to be publicly available so it is unclear whether the company recognises the corruption risks associated with agents or has specific controls in place to mitigate these risks. In addition, there is no evidence that the company commits to establishing and verifying that the use of agents is, in each case, necessary to perform a legitimate business function.</p>
Evidence
<p>[20] 2018 Sustainability Report (Document) Accessed 26/06/2020 https://www.aselsan.com.tr/ASELSAN_Sustainability_Report_2018_8121.pdf [p.26] Anti-Bribery and Anti-Corruption Policy includes ASELSAN Board Members, Executives and other ASELSAN employees, shareholders, suppliers and subcontractors as well as companies providing consultancy and audit services to ASELSAN, all other stakeholders that ASELSAN has a commercial and social interaction with, companies, joint ventures and partnerships that ASELSAN directly or indirectly has more than 50% of shares or voting rights in. As committed in the Policy, all ASELSAN employees are trained by the Learning and Organizational Development Directorate based on the training set prepared by the Internal Audit Department to raise awareness and combat bribery and corruption.</p> <p>In the process of choosing the institutions, dealers, business partners and suppliers to be contracted, persons and organizations with an unfavorable past in terms of bribery or corruption are disqualified in the evaluation process. Firms that are identified to have engaged in fraud, false promises, threat, influence, misappropriation, collusion, extortion, bribery or other means are blacklisted in the tender process.</p> <p>In addition, ASELSAN's appointment, remuneration and approval process of agents as a part of international marketing and business development have been defined in the Appointment and Management of Foreign Agents Directive.</p> <p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf [p.4] ASELSAN'S RELATIONS WITH THIRD PARTIES</p> <ul style="list-style-type: none"> • ASELSAN assesses and selects any entities, dealers, business partners, suppliers and representatives with which agreements are to be executed in such a manner and to such an extent ensuring provision of optimal services to its customers through such methods meeting the principles of transparency and equality by keeping ASELSAN interests above all. • ASELSAN also expects its suppliers to take similar principles as a basis, supports them in connection therewith and believes that permanent cooperation may be ensured through these principles. • It is the ultimate basis to protect ASELSAN interests in any ASELSAN commercial activities. Creation of competitiveness is safeguarded in any operations subject to present laws, Regulations and ASELSAN Regulations.

Question
7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?
Score
0
Comments
<p>Based on publicly available information, there is insufficient evidence to indicate whether the company has procedures in place to conduct anti-bribery and corruption due diligence on its agents and intermediaries. The company states that it has a policy on the 'Appointment and Management of Foreign Agents', however this document does not appear to be publicly available so it is unclear whether due diligence forms a part of the selection and appointment process. Furthermore, the company states that it will not engage with firms found to have been involved in corrupt activity, but it is not clear that this stems from a due diligence process.</p>
Evidence
<p>[20] 2018 Sustainability Report (Document) Accessed 26/06/2020 https://www.aselsan.com.tr/ASELSAN_Sustainability_Report_2018_8121.pdf [p.26] Anti-Bribery and Anti-Corruption Policy includes ASELSAN Board Members, Executives and other ASELSAN employees, shareholders, suppliers and subcontractors as well as companies providing consultancy and audit services to ASELSAN, all other stakeholders that ASELSAN has a commercial and social interaction with, companies, joint ventures and partnerships that ASELSAN directly or indirectly has more than 50% of shares or voting rights in. As committed in the Policy, all ASELSAN employees are trained by the Learning and Organizational Development Directorate based on the training set prepared by the Internal Audit Department to raise awareness and combat bribery and corruption.</p> <p>In the process of choosing the institutions, dealers, business partners and suppliers to be contracted, persons and organizations with an unfavorable past in terms of bribery or corruption are disqualified in the evaluation process. Firms that are identified to have engaged in fraud, false promises, threat, influence, misappropriation, collusion, extortion, bribery or other means are blacklisted in the tender process.</p> <p>In addition, ASELSAN's appointment, remuneration and approval process of agents as a part of international marketing and business development have been defined in the Appointment and Management of Foreign Agents Directive.</p> <p>[1] Ethical Principles (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf [p.4] ASELSAN'S RELATIONS WITH THIRD PARTIES</p> <ul style="list-style-type: none"> ASELSAN assesses and selects any entities, dealers, business partners, suppliers and representatives with which agreements are to be executed in such a manner and to such an extent ensuring provision of optimal services to its customers through such methods meeting the principles of transparency and equality by keeping ASELSAN interests above all.

Question
7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?
Score
0
Comments
Based on publicly available information, there is no evidence that the company aims to establish the ultimate beneficial ownership of its agents and intermediaries.
Evidence
No evidence found.

Question
7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?
Score
0
Comments
Based on publicly available information, there is no evidence that the company includes anti-bribery and corruption clauses in its contracts with agents and intermediaries. There is some evidence that the company's anti-bribery and corruption policy applies to companies providing consultancy services to the company, but it is not clear that the policy applies to agents and intermediaries acting on the company's behalf.
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.1] 2. SCOPE</p> <p>This Policy covers all ASELSAN employees including the Board Members and the senior executives, shareholders, subcontractors/suppliers serving ASELSAN, and companies providing consultancy and audit services to ASELSAN, including but not limited to all other stakeholders in commercial and social relation with ASELSAN. The Policy applies to all companies, joint ventures and partnerships more than 49% of shares or voting rights of which belong to ASELSAN either directly or indirectly. All companies included in the aforementioned group are obliged either to accept this Policy or develop a country-specific policy which adheres strictly to the principles of this Policy.</p>

Question
7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?
Score
0
Comments
Based on publicly available information, there is no evidence that the company addresses incentive structures as a risk factor in agent behaviour.
Evidence
No evidence found.

Question
7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the agents currently contracted to act for and/or on behalf of the company.
Evidence
No evidence found.

Question
7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?
Score
0
Comments
There is no evidence that the company publishes any data on ethical or bribery and corruption-related investigations, incidents or the associated disciplinary actions involving agents.
Evidence
No evidence found.

7.2 Joint Ventures

Question
7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?
Score
1
Comments
<p>Based on publicly available information, there is some evidence that the company has procedures to conduct due diligence on business partners – which is understood to include joint venture partners – during the selection and appointment phase. The company states that it will not engage with any partners that have been involved in corrupt activity, though it is not clear whether this stems from the results of due diligence.</p> <p>The company receives a score of ‘1’ because there is no evidence that the selection process includes checks on ultimate beneficial ownership, nor is there evidence to suggest that highest risk partners – such as state-owned enterprises – are subject to enhanced due diligence. There is also no evidence that due diligence is repeated at least every two years or in response to a change in the business relationship.</p>
Evidence
<p>[20] 2018 Sustainability Report (Document) Accessed 26/06/2020 https://www.aselsan.com.tr/ASELSAN_Sustainability_Report_2018_8121.pdf [p.26] Anti-Bribery and Anti-Corruption Policy includes ASELSAN Board Members, Executives and other ASELSAN employees, shareholders, suppliers and subcontractors as well as companies providing consultancy and audit services to ASELSAN, all other stakeholders that ASELSAN has a commercial and social interaction with, companies, joint ventures and partnerships that ASELSAN directly or indirectly has more than 50% of shares or voting rights in. As committed in the Policy, all ASELSAN employees are trained by the Learning and Organizational Development Directorate based on the training set prepared by the Internal Audit Department to raise awareness and combat bribery and corruption.</p> <p>In the process of choosing the institutions, dealers, business partners and suppliers to be contracted, persons and organizations with an unfavorable past in terms of bribery or corruption are disqualified in the evaluation process. Firms that are identified to have engaged in fraud, false promises, threat, influence, misappropriation, collusion, extortion, bribery or other means are blacklisted in the tender process.</p> <p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.6] 5.4. Supply Chain</p> <p>ASELSAN does not work with persons and organizations that might have negative intelligence on bribery or corruption prior to assessing the organizations, dealers, business partners, and suppliers to be contracted. To that end, ASELSAN assesses and selects the organizations, dealers, business partners, and suppliers to be contracted by using methods in compliance with transparency and equality principles in order to provide the best service to its customers and prioritize the interests of ASELSAN.</p> <p>Firms found to involve in collusive tendering through fraud, promise, threat, influence, misappropriation, collusion, extortion, bribe, etc. are included in the list of prohibited firms.</p> <p>The members of the Board of Directors, the executives and the employees are not allowed to make personal agreements, which weaken the bargaining power of ASELSAN, with firms which might be contracted by ASELSAN or engage in activities or conduct financial transactions resulting in such outcomes.</p>

Question
7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture partnerships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?
Score
1
Comments
<p>There is evidence that the company's anti-bribery and corruption policy applies to joint ventures in which the company holds more than 49% of shares or voting rights. The company also indicates that it takes steps to ensure compliance with the policy in joint ventures where it holds less than 49% of shares or voting rights by conducting certain checks on the entity.</p> <p>However, the company receives a score of '1' because it is not clear that the company includes anti-bribery and corruption clauses in its contracts with joint venture partners to detect, control and prevent breaches. The nature of the checks that the company conducts to ensure compliance in minority-owned joint ventures is also unclear.</p>
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.1] 1. AIM</p> <p>The aim of this Anti-Bribery and Anti-Corruption Policy, which has been developed as a component of the ethical principles and sustainability goals of ASELSAN, is to reveal the commitments of ASELSAN to prevent bribery and corruption in all activities of ASELSAN in accordance with the relevant legislative regulations and the national and international ethical values, to provide the necessary information, to determine the respective responsibilities and rules, and to share these with all stakeholders.</p> <p>2. SCOPE</p> <p>This Policy covers all ASELSAN employees including the Board Members and the senior executives, shareholders, subcontractors/suppliers serving ASELSAN, and companies providing consultancy and audit services to ASELSAN, including but not limited to all other stakeholders in commercial and social relation with ASELSAN.</p> <p>The Policy applies to all companies, joint ventures and partnerships more than 49% of shares or voting rights of which belong to ASELSAN either directly or indirectly. All companies included in the aforementioned group are obliged either to accept this Policy or develop a country-specific policy which adheres strictly to the principles of this Policy.</p> <p>For any company, joint venture or partnership, less than 49% of the shares of which are owned directly or indirectly by ASELSAN and ASELSAN has no control authority through voting rights, ASELSAN representatives carry out the necessary processes to make all officials and employees are subjected to effective rules, practices and procedures in compliance with this Policy.</p> <p>[20] 2018 Sustainability Report (Document) Accessed 26/06/2020 https://www.aselsan.com.tr/ASELSAN_Sustainability_Report_2018_8121.pdf [p.26] Anti-Bribery and Anti-Corruption Policy includes ASELSAN Board Members, Executives and other ASELSAN employees, shareholders, suppliers and subcontractors as well as companies providing consultancy and audit services to ASELSAN, all other stakeholders that ASELSAN has a commercial and social interaction with, companies, joint ventures and partnerships that ASELSAN directly or indirectly has more than 50% of shares or voting rights in. As committed in the Policy, all ASELSAN employees are trained by the Learning and Organizational Development Directorate based on the training set prepared by the Internal Audit Department to raise awareness and combat bribery and corruption.</p>

Question
7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?
Score
0
Comments
Based on publicly available information, there is no clear evidence that the company commits to taking an active role in preventing bribery and corruption in all its joint ventures. There is evidence that the company's policy applies to majority-owned joint ventures and that it takes steps to ensure compliance in minority-owned joint ventures, but the publicly available details of the steps taken to ensure this is not sufficiently detailed to receive a score of '1'.
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.1] 1. AIM</p> <p>The aim of this Anti-Bribery and Anti-Corruption Policy, which has been developed as a component of the ethical principles and sustainability goals of ASELSAN, is to reveal the commitments of ASELSAN to prevent bribery and corruption in all activities of ASELSAN in accordance with the relevant legislative regulations and the national and international ethical values, to provide the necessary information, to determine the respective responsibilities and rules, and to share these with all stakeholders.</p> <p>2. SCOPE</p> <p>This Policy covers all ASELSAN employees including the Board Members and the senior executives, shareholders, subcontractors/suppliers serving ASELSAN, and companies providing consultancy and audit services to ASELSAN, including but not limited to all other stakeholders in commercial and social relation with ASELSAN.</p> <p>The Policy applies to all companies, joint ventures and partnerships more than 49% of shares or voting rights of which belong to ASELSAN either directly or indirectly. All companies included in the aforementioned group are obliged either to accept this Policy or develop a country-specific policy which adheres strictly to the principles of this Policy.</p> <p>For any company, joint venture or partnership, less than 49% of the shares of which are owned directly or indirectly by ASELSAN and ASELSAN has no control authority through voting rights, ASELSAN representatives carry out the necessary processes to make all officials and employees are subjected to effective rules, practices and procedures in compliance with this Policy.</p>

8. Offsets

Question
8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?
Score
0
Comments
Based on publicly available information, there is no evidence that the company addresses the corruption risks associated with offset contracting or that a dedicated body, department or team is responsible for monitoring the company's offset activities.
Evidence
No evidence found.

Question
8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?
Score
0
Comments
Based on publicly available information, there is no evidence that the company has formal procedures in place to conduct risk-based anti-bribery and corruption due diligence on its offset obligations.
Evidence
No evidence found.

Question
8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?
Score
0
Comments
There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with and on behalf of the company's offset programme.
Evidence
No evidence found.

Question
8.4 Does the company publish details about the beneficiaries of its indirect offset projects?
Score
1
Comments
<p>There is evidence that the company publishes some information about the beneficiaries of its offset projects. The company indicates that its main offset or industrial participation commitments stem from the Presidency of Defense Industries in Turkey; the company provides some other information about its industrial cooperation projects associated with the Electronic Warfare Business but it is not clear whether these represent direct or indirect offsets.</p> <p>The company receives a score of '1' because it does not provide full details about the beneficiaries of its indirect offsets in a clear way; for example, the company does not list the name of the company or organisation receiving the investment and the country in which the recipient entity is based. The information provided is briefly mentioned in the Annual Report, so there is also no evidence that this represents a complete list of all the company's indirect offset projects.</p>
Evidence
<p>[4] Annual Report 2018 (Document) Accessed 11/09/2019 https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf [p.86] Electro-Optical Product Programs Activities for Kazakhstan ASELSAN Engineering (KAE) LLP, a joint venture company established in Kazakhstan, have continued. Within the scope of KAE Industrial Cooperation and Kit Procurement Project, night vision kits were delivered.</p> <p>The Lens Production Line, qualification studies of which was initiated with the cooperation agreement signed with KAE in 2012, was put into operation and the first optical product / thermal lens of the Republic of Kazakhstan was produced in KAE facilities. Moreover, to support MGEO requirements, the first lens purchase order was delivered to KAE.</p> <p>Under the Industrial Cooperation and Kit Procurement Project carried out with the joint venture company ASELSAN MIDDLE EAST (AME) LTD in Jordan, a procurement contract for thermal camera and sight requirements has been signed for various areas of use. A contract was signed with Qatar for the establishment of a joint venture company to produce electro-optical products.</p> <p>[p.100] As part of the contracts signed with the Presidency of Defense Industries, ASELSAN has been working with several Small and Medium-sized Enterprises (SMEs) and sub-industry companies to meet ASELSAN's Industrial Participation/ Offset (IP/O) commitments. In line with the strategic plans of ASELSAN, Electronic Warfare Business Line has been fully cooperating with domestic sub-contractors to promote domestic production by preferring domestic producers when for the procurement of necessary materials and services. These include power generators, air conditioning units, power distribution units, power amplifier modules, antenna adaptation units, power supplies, easy-to-install antenna mechanisms and masts.</p>

9. High Risk Markets

Question
9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?
Score
0
Comments
Based on publicly available information, there is no evidence that the company acknowledges the corruption risks of operating in different markets, nor that risk assessment procedures are used to inform the company's operations in high risk markets.
Evidence
<p>[2] Anti-Bribery And Anti-Corruption Policy (Document) Accessed 10/09/2019 https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf [p.1] 1. AIM</p> <p>The aim of this Anti-Bribery and Anti-Corruption Policy, which has been developed as a component of the ethical principles and sustainability goals of ASELSAN, is to reveal the commitments of ASELSAN to prevent bribery and corruption in all activities of ASELSAN in accordance with the relevant legislative regulations and the national and international ethical values, to provide the necessary information, to determine the respective responsibilities and rules, and to share these with all stakeholders.</p> <p>[p.2] 4. BASIC PRINCIPLES</p> <p>ASELSAN respects the anti- bribery and anti- corruption legislative regulations and principles in force in any country, in which ASELSAN operates and is represented, and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions which was signed by Turkey on 17.12.1997</p>

Question

9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?

Score

2

Comments

The company publishes details of its fully consolidated subsidiaries and non-fully consolidated holdings, including associates, joint ventures and other related entities. For each entity, the company discloses its percentage ownership and the country of incorporation, while also providing descriptions to indicate the country of operation. There is evidence that this list is current and updated on at least an annual basis.

Evidence**[23] 2020 Investor Presentation (Document)**

Accessed 26/06/2020

https://www.aselsan.com.tr/032020_8177.pdf

[p.5]

Our Affiliates

**[4] Annual Report 2018 (Document)**

Accessed 11/09/2019

https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf

[p.4] Local Affiliates

MICROELECTRONICS R&D DESIGN AND TRADING LTD. CO İstanbul

Established to design and develop integrated circuits and electronic systems in Istanbul, ASELSAN became a partner in MICROELECTRONICS in 2010 with an 85% stake.

[Document gives brief descriptions of each local affiliate over pages 4 and 5]

[p.5]

LOCAL SUBSIDIARIES, AFFILIATES AND MARKETABLE SECURITIES

Local Subsidiaries	Share Amount		ASELSAN's Share (%)
ASELSANNET Electronic and Communication Systems Industry, Trade, Construction and Contracting Ltd. Co.	3,300,000	Turkish Lira	100.00
Microelectronics R&D Design and Trading Ltd. Co	1,700,000	Turkish Lira	85.00
YİTAL Microelectronics Industry and Trade Inc.	8,905,875	Turkish Lira	51.00
ASELSAN Konya Weapon Systems Inc.	44,472,000	Turkish Lira	51.00
ULAK Inc.	1,530,000	Turkish Lira	51.00
ASELSAN Precision Optics Industry and Trade Inc.	6,500,000	Turkish Lira	50.00
ASELSAN Bilkent Micro Nano Technologies Industry and Trade Inc.	9,000,000	Turkish Lira	50.00
Teknohab Inc.	3,000,000	Turkish Lira	30.00
Roketsan Rocket Industry and Trade Inc.	21,906,223	Turkish Lira	14.897
ASPIŁSAN Energy Industry and Trade Inc.	320,000	Turkish Lira	1.00

[p.6] Global Affiliates

ASELSAN BAKU COMPANY

Baku-Azerbaijan Established in 1998 to carry out the promotion/marketing and sales activities of military and civil communication devices, the company is a 100% participation of ASELSAN

ASELSAN MIDDLE EAST PRIVATE SHAREHOLDING COMPANY LIMITED – AME

Amman-Jordan

The company was established in 2012 with ASELSAN holding a 49% stake in the company and the KADDB Investment Group (KIG) holding a 51% stake. The company is engaged in the design, production, development and marketing activities of night vision and thermal imaging devices to meet the requirements of the Jordanian Armed Forces.

GLOBAL SUBSIDIARIES, AFFILIATES, BRANCHES AND OFFICES

Global Subsidiaries	Share Amount		Share (%)
ASELSAN Baku Company	1,601,978	Azerbaijani Manat	100.00
ASELSAN Malaysia Sdn. Bhd.	100	Malaysian Ringgit	100.00
SADEC LLC. (Saudi Defense Electronics Company)	11,250,000	Saudi Arabian Riyal	50.00
ASELSAN Middle East PSC. Ltd.	1,225,000	Jordanian Dinar	49.00
IGG ASELSAN Integrated Systems LLC.	9,800,000	UAE Dirham	49.00
Kazakhstan ASELSAN Engineering LLP.	3,464,300,000	Kazakhstan Tenge	49.00
BARQ QSTP LLC.	480,000	Qatari Riyal	48.00
Branches and Offices			
ASELSAN South Africa (ASA)			
ASELSAN Macedonia			
ASELSAN Indonesia			
ASELSAN Philippines			

ASELSAN EXTERNAL PROFIT COMPANY-ASELSAN SOUTH AFRICA/ASA

Pretoria-South Africa Republic The company was established in 2011 to design optical systems and to operate in the promotion and marketing of ASELSAN products in South Africa and neighboring countries.

[The document provides further descriptions of all other global affiliates listed in the table]

[p.15] Joint Ventures

The details of the Group's interests in joint ventures as of 31 December 2018 and 2017 are as follows:

Joint Ventures	Principal Activity	Country of incorporation and operation	Group's proportion of ownership and voting power held (%)	
			2018	2017
Hassas Optik Sanayi ve Ticaret Anonim Şirketi ("ASELSAN Optik")	Sensitive optic technologies	Turkey	50	50
Mikro Nano Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("ASELSAN Bilkent")	Production of micro and nano sized devices which contains semi-conductive and similar technological materials	Turkey	50	50
International Golden Group ("IGG") ASELSAN Integrated Systems LLC ("IGG ASELSAN")	Production, integration, sales and technical maintenance service of high technology product	United Arab Emirates	49	49
Kazakhstan ASELSAN Engineering LLP ("ASELSAN Kazakhstan")	Production, sales and technical maintenance service of electronic and electro-optic devices and systems	Kazakhstan	49	49
ASELSAN Middle East PSC ("ASELSAN Ürdün")	Production, sales and technical maintenance service of electronic and electro-optic devices and systems	Jordan	49	49

Saudi Arabian Defense Electronics Corporation ("SADEC LLC")	Production and sale of radar, electronics, warfare and electro-optic products	Saudi Arabia	50	50
YİTAL Mikroelektronik Sanayi ve Ticaret Anonim Şirketi ("YİTAL")	Production of micro and nano-sized devices containing semiconductor	Turkey	51	51
BARQ QSTP LLC ("BARQ QSTP LLC")	Command and control systems, thermal and night vision camera, crypto, remote-controlled weapon systems	Qatar	48	--
Teknohab Teknoloji Geliştirme Bölgesi Yönetici Anonim Şirketi ("TEKNOHAB")	To create investment opportunities in technology intensive areas, provide job opportunities to researchers and skilled people, help technology transfers and facilitate foreign capital to enter our country that will enable high technology	Turkey	30	--

[p.38] 4. INTERESTS IN OTHER ENTITIES

a) Subsidiaries Details of the Group's material subsidiaries as of 31 December are as follow:

Name of Subsidiary	Place of incorporation and operation	Currency	Group's proportion of ownership and voting power held (%)		Principal Activity
			31 December 2018	31 December 2017	
ASELSANNET	Turkey	TL	100	100	Communication systems
ASELSAN Baku	Azerbaijan	AZN	100	100	Marketing and sales of group products
Mikro AR-GE	Turkey	TL	85	85	R&D on microelectronic projects
ASELSAN Malaysia	Malaysia	MYR	100	100	Remote controlled weapon systems
ASELSAN KONYA	Turkey	TL	51	--	Weapons and weapon systems

[p.132] 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 2017 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.

[p.161] BOARD OF DIRECTORS MEETING ON APPROVAL OF FINANCIAL TABLES AND ANNUAL REPORTS

DATE OF RESOLUTION: 26/02/2018

We hereby declare that;

[...] 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.

Question**9.3 Does the company disclose its beneficial ownership and control structure?****Score****2****Comments**

There is evidence that the company discloses information about its beneficial ownership. The company is partially listed on the Istanbul Stock Exchange and discloses all shareholders on its website with a stake of 25% or higher. There is evidence that the company's major shareholder is the Turkish Armed Forces Foundation, which is associated with the Turkish government. The company also discloses its shareholders in a publicly accessible central register in Turkey.

Evidence**[10] Financial Times Markets Data (Webpage)**

Accessed 16/04/2020

<https://markets.ft.com/data/equities/tearsheet/summary?s=ASELS:IST>

Aselsan Elektronik Sanayi ve Ticaret AS

ASELS:IST

Technology > Technology Hardware & Equipment

PRICE (TRY)	TODAY'S CHANGE	SHARES TRADED	1 YEAR CHANGE	BETA
26.28	↓ -1.00 / -3.67%	59.76m	↑ 25.38%	0.7048

Data delayed at least 15 minutes, as of Apr 15 2020 14:47 BST.

[22] Central Securities Depository of Turkey – Aselsan Entry (Webpage)

Accessed 26/06/2020

<https://www.kap.org.tr/en/sirket-bilgileri/genel/866-aselsan-elektronik-sanayi-ve-ticaret-a-s>

Breakdown of Shareholders Holding More Than 5% of the Capital and Voting Rights

Shareholder	Share in Capital (TL)	Ratio in Capital (%)	Voting Right Ratio(%)
TÜRK SİLAHLI KUVVETLERİNİ GÜÇLENDİRME VAKFI	845.825.624,46	74,19	74,19
DİĞER	294.174.375,54	25,8	25,8
TOPLAM	1.140.000.000	100	100

[5] Shareholders – About Us (Webpage)

Accessed 11/09/2019

<https://www.aselsan.com.tr/en/about-us/company-profile/shareholders>

Home / About Us / Company Profile / Shareholders						
	Group A	Group A %	Group B	Group B %	Total Capital Share	Rate (%)
Turkish Armed Forces Foundation	605.454.545,45	100,00	240.371.079,01	44,97	845.825.624,46	74,20
Free Float (BIST)	-	-	293.018.684,65	54,82	293.018.684,65	25,70
Others	-	-	1.155.690,89	0,21	1.155.690,89	0,10
Total	605.454.545,45	-	534.545.454,55	-	1.140.000.000,00	100,00

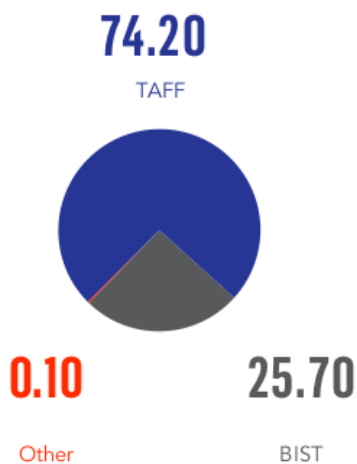
[4] Annual Report 2018 (Document)

Accessed 11/09/2019

https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf

[p.3]

OUR SHAREHOLDERS (%)



ASELSAN is a joint stock company and one of the subsidiaries of the Turkish Armed Forces Foundation (TAFF). As the main shareholder, TAFF owns 74.20% of the shares and 25.70% of the shares are listed on Borsa Istanbul (BIST).

Our Shareholders	Share Amount (TL)	Share (%)
TAFF	845,825,624.46	74.20
Quoted on the BIST	293,018,684.65	25.70
AXA Insurance Inc.	1,155,690.89	0.10
Total	1,140,000,000.00	100.00

Question

9.4 Does the company publish a percentage breakdown of its defence sales by customer?

Score

2

Comments

The company discloses that the Turkish government and several Turkish companies account for over 90% of total orders, and that non-defence orders account for 6% of total orders. Based on this evidence, there is evidence that public and private customers in Turkey represent the main customers for over 80% of the company's defence sales. There is evidence that this data is correct and up to date up to the most recently reported financial year.

Evidence
[4] Annual Report 2018 (Document)

Accessed 11/09/2019

https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf

[p.3] ASELSAN realized 59% of its total sales of TL 9 billion 9 million to the Turkish Armed Forces, 31% of its sales to private organizations or other corporate customers, and with 10% of its exports. A total of USD 4 billion 57 million of new contracts/orders were signed in 2018, where the backlog of ASELSAN is USD 9.1 billion.

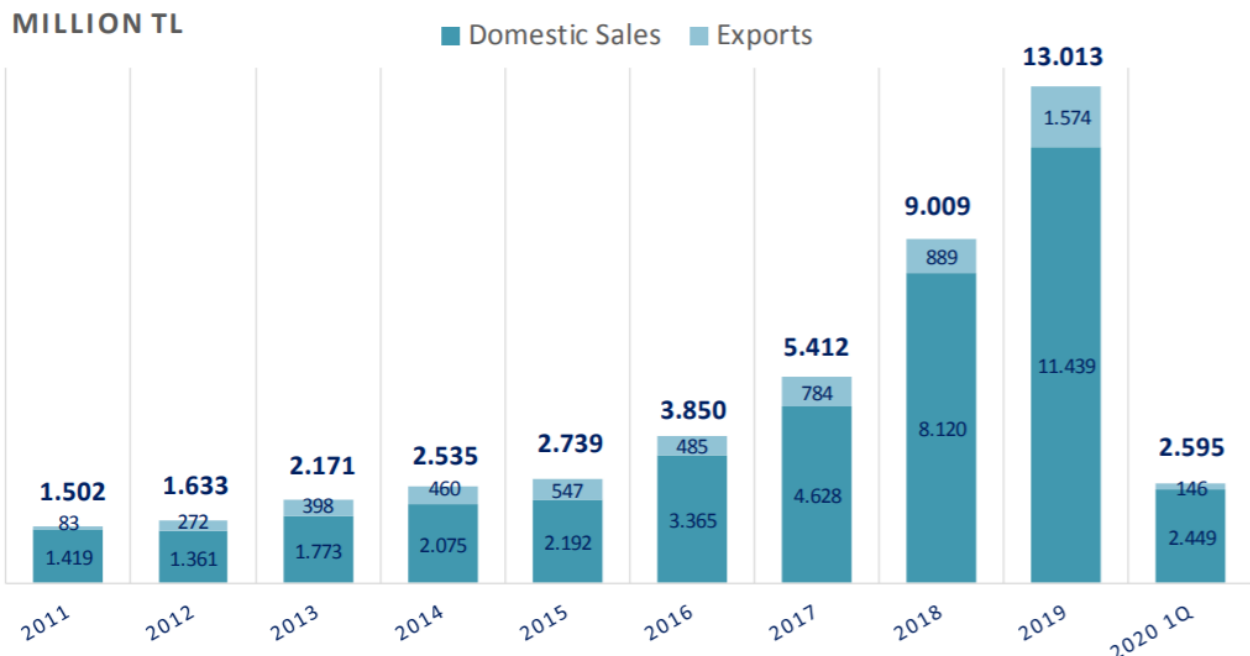
[23] 2020 Investor Presentation (Document)

Accessed 26/06/2020

https://www.aselsan.com.tr/032020_8177.pdf

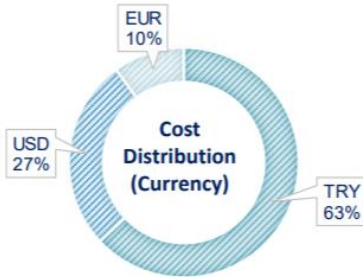
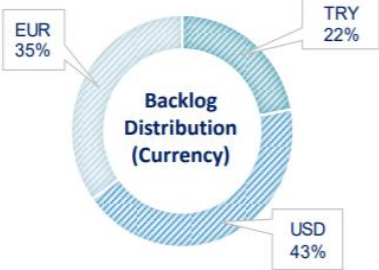
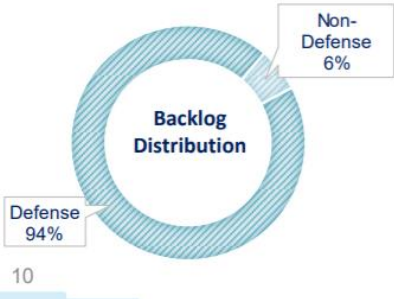
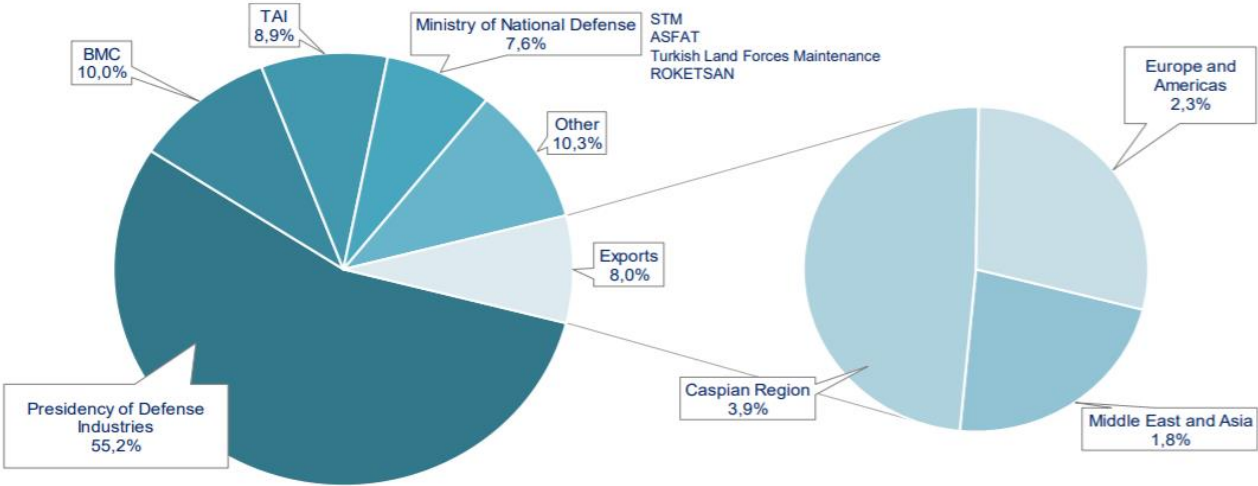
[p.7]

Domestic Sales and Exports


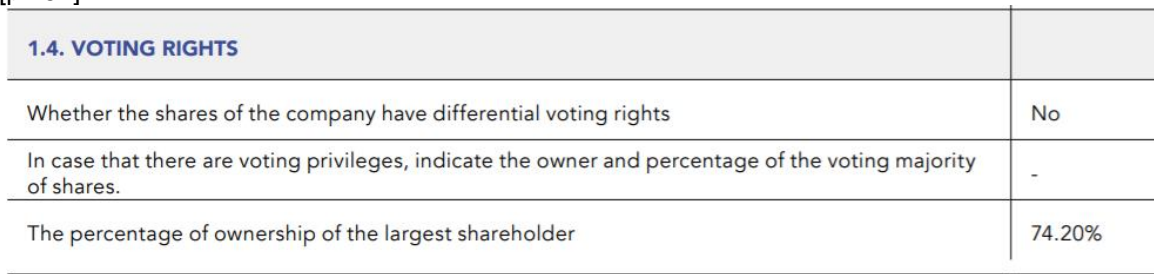


[p.10]

Our Backlog



10. State-Owned Enterprises (SOEs)

Question																																											
10.1 Does the SOE publish a breakdown of its shareholder voting rights?																																											
Score																																											
2																																											
Comments																																											
There is evidence that the company publishes information about its shareholder voting rights, broken down by the percentage allocated to each shareholder. The company publishes the beneficial ownership and voting rights of shareholders with at least 25% of voting rights.																																											
Evidence																																											
<p>[5] Shareholders – About Us (Webpage) Accessed 11/09/2019 https://www.aselsan.com.tr/en/about-us/company-profile/shareholders</p>  <p>The screenshot shows a table with the following data:</p> <table><tr><th></th><th>Group A</th><th>Group A %</th><th>Group B</th><th>Group B %</th><th>Total Capital Share</th><th>Rate (%)</th></tr><tr><td>Turkish Armed Forces Foundation</td><td>605.454.545,45</td><td>100,00</td><td>240.371.079,01</td><td>44,97</td><td>845.825.624,46</td><td>74,20</td></tr><tr><td>Free Float (BIST)</td><td>-</td><td>-</td><td>293.018.684,65</td><td>54,82</td><td>293.018.684,65</td><td>25,70</td></tr><tr><td>Others</td><td>-</td><td>-</td><td>1.155.690,89</td><td>0,21</td><td>1.155.690,89</td><td>0,10</td></tr><tr><td>Total</td><td>605.454.545,45</td><td>-</td><td>534.545.454,55</td><td>-</td><td>1.140.000.000,00</td><td>100,00</td></tr></table> <p>INFORMATION ABOUT PRIVILEGED SHARES Group A shareholders have the privilege to nominate for the Board of Directors as stated in Article 8 of Articles of Association. They do not have any other privileges including dividend distribution.</p> <p>Article 8: "The affairs and management of the Company shall be carried out by the Board of Directors comprising a total of 9 members, 6 members of which shall be elected by the General Assembly as per the provisions of the Turkish Commercial Code among the Group A preferred shareholders or the candidates nominated by them, and 3 members of which shall be elected as independent members under the regulations of the Capital Markets Board."</p> <p>[4] Annual Report 2018 (Document) Accessed 11/09/2019 https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf [p.151]</p>  <p>The screenshot shows a table with the following data:</p> <table><tr><th colspan="2">1.4. VOTING RIGHTS</th></tr><tr><td>Whether the shares of the company have differential voting rights</td><td>No</td></tr><tr><td>In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.</td><td>-</td></tr><tr><td>The percentage of ownership of the largest shareholder</td><td>74.20%</td></tr></table>		Group A	Group A %	Group B	Group B %	Total Capital Share	Rate (%)	Turkish Armed Forces Foundation	605.454.545,45	100,00	240.371.079,01	44,97	845.825.624,46	74,20	Free Float (BIST)	-	-	293.018.684,65	54,82	293.018.684,65	25,70	Others	-	-	1.155.690,89	0,21	1.155.690,89	0,10	Total	605.454.545,45	-	534.545.454,55	-	1.140.000.000,00	100,00	1.4. VOTING RIGHTS		Whether the shares of the company have differential voting rights	No	In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-	The percentage of ownership of the largest shareholder	74.20%
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In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-																																										
The percentage of ownership of the largest shareholder	74.20%																																										

Question
10.2 Are the SOE's commercial and public policy objectives publicly available?
Score
2
Comments
<p>The company publishes some information about its commercial and public policy objectives and there is evidence to suggest that these are updated on an annual basis. Although these objectives are relatively broad and high-level, they provide sufficient insight into the company's aims and objectives to receive a score of '2'.</p>
Evidence
<p>[4] Annual Report 2018 (Document) Accessed 11/09/2019 https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf [p.2] Vision:</p> <p>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.</p> <p>Mission:</p> <p>By focusing primarily on the needs of the Turkish Armed Forces; to provide high-value-added, innovative and reliable products and solutions to both local and foreign customers in the fields of electronic technologies and system integration; continuing activities in line with global targets as well as increasing brand awareness and contributing to the technological independence of Turkey.</p> <p>[16] Mission and Vision (Webpage) Accessed 16/04/2020 https://www.aselsan.com.tr/en/about-us/mission-vision Vision: To be a reliable, competitively preferred, environment-friendly and human conscious technology firm which preserves its sustainable growth in the global market via the values created for stakeholders, as well as serving its establishment purposes.</p> <p>Mission: By focusing primarily on the needs of the Turkish Armed Forces; to provide high-value-added, innovative and reliable products and solutions to both local and foreign customers in the fields of electronic technologies and system integration; continuing activities in line with global targets as well as increasing brand awareness and contributing to the technological independence of Turkey.</p>

Question

10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?

Score

2

Comments

There is evidence that the company publishes clear information about the nomination process, appointment and composition of its board and provides details of its board members. The company discloses the process by which directors are nominated by shareholders. For each board member, the company discloses whether that person has a connection to the company or the state or is an independent director.

Evidence**[7] Board of Directors (Webpage)**

Accessed 11/09/2019

<https://www.aselsan.com.tr/en/investor-relations/corporate-governance/board-of-directors>

Board of Directors	Duty	Terms of Office Start	Terms of Office End
Haluk GÖRGÜN	Chairman(Managing Member) & CEO*	26.04.2019	Until the next ordinary general assembly.
Mustafa Murat ŞEKER	Vice Chairman (Managing Member)	26.04.2019	Until the next ordinary general assembly.
Mehmet ARIK	Independent Member**	26.04.2019	Until the next ordinary general assembly.
Ercüment ARVAS	Independent Member**	26.04.2019	Until the next ordinary general assembly.
Mehmet Fatih KACIR	Member	26.04.2019	Until the next ordinary general assembly.
Alpaslan KAVAKLIOĞLU	Member	26.04.2019	Until the next ordinary general assembly.
Salih KUL	Member	26.04.2019	Until the next ordinary general assembly.
İbrahim ÖZKOL	Independent Member**	26.04.2019	Until the next ordinary general assembly.
Celal Sami TÜFEKÇİ	Member	26.04.2019	Until the next ordinary general assembly.

[6] Article of Association (Document)

Accessed 11/09/2019

https://www.aselsan.com.tr/Articles_of_Association_6716.pdf

[p.6] Board of Directors:

Article 8 –

The affairs and management of the Company shall be carried out by the Board of Directors comprising a total of 9 members, 6 members of which shall be elected by the General Assembly as per the provisions of the Turkish Commercial Code among the Group A preferred shareholders or the candidates nominated by them, and 3 members of which shall be elected as independent members under the regulations of the Capital Markets Board. The Board of Directors can elect one or two of its members as executive members.

The provisions of the Turkish Commercial Code is applied for the duty period of the members of the Board of Directors, which are elected among the Group A preferred shareholders or the candidates nominated by them. The membership criteria, duty period, working principles and field of duties of the independent members of the Board of Directors and similar issues in connection therewith shall be determined in accordance with the provisions of the Turkish Commercial Code, Capital Market Law, regulations of the Capital Markets Board in connection with corporate governance and other relevant legislation.

In the event that there is a vacant seat, the Board of Directors shall temporarily elect one person who complies with the conditions of being a member, and shall submit such person for the approval of the first General Assembly to convene. The member who is elected in this manner shall serve until the General Assembly Meeting. The regulations of the Capital Markets Board are applicable, in connection with the vacant seat of an independent member of the Board of Directors.

[17] Vice Chairman Bio (Document)

Accessed 07/05/2020

https://www.aselsan.com.tr/MustafaMuratSEKERCV_8646.pdf

[p.1] MUSTAFA MURAT ŞEKER ASELSAN

VICE CHAIRMAN OF THE BOARD OF DIRECTORS

[...]

In 2014 he has been appointed as the Head of Electronic Warfare and Radar Systems Department and during his duty, he coordinated the management of more than fifty radar and electronic warfare projects including the Early Warning Radar and Stand-off Jammer Projects.

Mustafa Murat ŞEKER was appointed as the Vice President responsible for all the system projects executed by the Presidency of Defence Industries in 2015 and is still carrying this duty. He was a Member of Board of Auditors of MIKES in 2010 and 2011, Member of Board of Auditors of HEAŞ in 2012. Mustafa Murat ŞEKER, who was elected as a Member of Board of Directors with the resolution of Board of Directors on 23 May 2013, has served as the Chairman of the Board in between March 2015 – March 2017.

He was elected as the Vice Chairman of ASELSAN with the resolution of Board of Directors on 02 April 2017.

[18] Mehmet Arik – Independent Board Member (Document)

Accessed 07/05/2020

<https://www.aselsan.com.tr/6d4237db-4e66-478d-89bc-672485c4f206.pdf>

[p.1] PROF.DR. MEHMET ARIK ASELSAN

INDEPENDENT MEMBER OF THE BOARD OF DIRECTORS

[...]

In 2011, he left his position at GE and joined Ozyegin University faculty as an Associate Professor for the Department of Mechanical Engineering (Istanbul). In 2012, he led the establishment of EnergyEfficient Electronics and Lighting Technologies R&D, Demonstration and Training Center (EVATEG) with global companies and organizations. He has also served in committees for the Turkish Ministry of Science and Technology, TUBITAK, and Turkish Undersecretariat for Defense Industries (SSM). Prof. Dr. ARIK is an honorary member of the American Society of Mechanical Engineers (ASME). He has over 120 granted and pending patents as well as more than 200 international scientific journal and conference articles, and presentations.

He serves as an assistant editor for ASME JEP and IEEE CPMT journals. Prof. Dr. Mehmet ARIK has been serving as Independent Member of Board of Directors since Ordinary General Assembly Meeting held on 2 April 2018.

[19] Fatih Kacir Board Member Biography (Document)

Accessed 07/05/2020

https://www.aselsan.com.tr/Mehmet_Fatih_KACIRCV_6728.pdf

MEHMET FATİH KACIR ASELSAN MEMBER OF THE BOARD OF DIRECTORS

[...]

In 2018, he was appointed as a member of the Scientific Committee of the Scientific and Technological Research Council of Turkey (TÜBİTAK). KACIR was appointed as the Deputy Minister of Industry and Technology by the President's decision published on the Official Gazette dated 31 July 2018 and numbered 30495 and was elected as a member of the Board of Directors at ASELSAN Ordinary General Assembly Meeting held on 26 April 2019.

[Biographies are available for all nine board members]

Question								
10.4 Is the SOE’s audit committee composed of a majority of independent directors?								
Score								
2								
Comments								
There is publicly available evidence that the company’s Audit Committee is composed entirely of independent directors.								
Evidence								
<p>[8] Audit Committee (Webpage) Accessed 11/09/2019 https://www.aselsan.com.tr/en/investor-relations/corporate-governance/board-committees/audit-committee</p> <table><tr><td></td><td>Duty</td></tr><tr><td>İbrahim ÖZKOL*</td><td>Head of Committee</td></tr><tr><td>Ercümend ARVAS*</td><td>Member of Committee</td></tr><tr><td>Mehmet ARIK*</td><td>Member of Committee</td></tr></table> <p>* Independent member</p>		Duty	İbrahim ÖZKOL*	Head of Committee	Ercümend ARVAS*	Member of Committee	Mehmet ARIK*	Member of Committee
	Duty							
İbrahim ÖZKOL*	Head of Committee							
Ercümend ARVAS*	Member of Committee							
Mehmet ARIK*	Member of Committee							
<p>[9] Audit Committee Work Directives (Document) Accessed 15/04/2020 https://www.aselsan.com.tr/Audit_Committee_Work_Directives_8862.pdf [p.4] 6. STRUCTURE OF THE AUDIT COMMITTEE</p> <p>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.</p>								

Question
10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?
Score
1
Comments
<p>Based on publicly available information, there is evidence that the company has a system in place to manage asset transactions, with responsibility held at board level.</p> <p>However, there is no clear public evidence that asset transactions are subject to scrutiny by an audit body. It is unclear whether all transactions are documented, including those between the company and government departments or the military. In addition, the financial results from asset acquisitions are not published in the company's reports.</p>
Evidence
<p>[6] Article of Association (Document) Accessed 11/09/2019 https://www.aselsan.com.tr/Articles_of_Association_6716.pdf</p> <p>[p.8] Article 13 - The Board of Directors shall decide on all matters which do not require a resolution to be obtained from the General Assembly. The Board of Directors shall have the authority to determine and control all commercial activities and all policies which concern the Company and affiliates. The approval shall be received from Turkish Armed Forces Foundation prior to taking resolution for entering into undertakings which put the company under heavy obligations such as undertaking new projects, taking on financial and/or commercial debts, commencing new fixed asset investments; in amounts that exceed 20% of the total assets (on case by case and/or in total within the related year) according to the latest published balance sheet of the Company. The Board of Directors shall perform its duty in accordance with the "Board of Directors Operation Regulation.</p> <p>The Board of Directors shall be authorized for:</p> <p>[p.9] m) Creating pledges and mortgages on the movable and immovable assets, rights and receivables of the Company. In so far the regulations of the Capital Markets Board regarding corporate governance shall be complied with, in any kind of related party transactions and in giving guarantees, pledges and mortgages for the benefit of third parties, for in terms of implementation of the Corporate Governance Principles.</p> <p>[...]</p> <p>s) Regulating the principals of purchase, sale and other transactions regarding the securities of the Company,</p> <p>t) Taking resolution on the purchase, sale, rent and lease of real estates for the Company,</p> <p>u) Granting approval for operating under other brands,</p> <p>v) Examining and granting approval for business transactions including any agreement which might be executed with another company or the shareholders or affiliates of another company.</p> <p>y) Taking resolution on matters such as establishing companies or becoming a partner to a company, buying or transferring the shares in the companies, opening representative offices etc. in foreign countries, upon receipt of the approval from Turkish Armed Forces Foundation. (Temporary acquisition of the equity shares, which are quoted on domestic and foreign stock exchanges, for the purpose of generating income or profit, shall be excluded from the scope of this provision.)</p> <p>z) In the transactions which are considered material in terms of implementation of the Corporate Governance Principles, the regulations of the Capital Market Law with respect to corporate governance shall be complied with.</p>

[3] Report on Compliance with CGP 2018 (Document)

Accessed 10/09/2019

https://www.aselsan.com.tr/2018_Report_on_Compliance_with_CGP_1371.pdf

[p.9] 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.

List of Evidence & Sources

No	Type (Webpage or Document)	Name	Download Date	Link
01	Document	Ethical Principles	10/09/2019	https://www.aselsan.com.tr/ASELSAN_Ethical_Principles_7782.pdf
02	Document	Anti-Bribery and Anti-Corruption Policy	10/09/2019	https://www.aselsan.com.tr/AntiBribery_and_AntiCorruption_Policy_3818.pdf
03	Document	Report on Compliance with CGP 2018	10/09/2019	https://www.aselsan.com.tr/2018_Report_on_Compliance_with_CGP_1371.pdf
04	Document	Annual Report 2018	11/09/2019	https://www.aselsan.com.tr/2018_ASELSAN_Annual_Report_7722.pdf
05	Webpage	Shareholders	11/09/2019	https://www.aselsan.com.tr/en/about-us/company-profile/shareholders
06	Document	Article of Association	11/09/2019	https://www.aselsan.com.tr/Articles_of_Association_6716.pdf
07	Webpage	Board of Directors	11/09/2019	https://www.aselsan.com.tr/en/investor-relations/corporate-governance/board-of-directors
08	Webpage	Audit Committee	11/09/2019	https://www.aselsan.com.tr/en/investor-relations/corporate-governance/board-committees/audit-committee
09	Document	Audit Committee Work Directives	15/04/2020	https://www.aselsan.com.tr/Audit_Committee_Work_Directives_8862.pdf
10	Webpage	FT Markets Data	16/04/2020	https://markets.ft.com/data/equities/tearsheet/summary?s=ASELS:IST
11	Document	Donation and Aid Policy	16/04/2020	https://www.aselsan.com.tr/Donation_and_Aid_Policy_7776.pdf
12	Document	Minutes of General Assembly 2018	16/04/2020	https://www.kap.org.tr/tr/ek-indir/4028328c6233239d016287231ca56e20
13	Document	Procurement Organization Chart	16/04/2020	https://www.aselsan.com.tr/c3c92e59-dfe3-43a2-b384-de66b144723c.pdf
14	Webpage	Supply Policies	16/04/2020	https://www.aselsan.com.tr/en/suppliers/aselsan-supply-policies
15	Webpage	Suppliers – Homepage	16/04/2020	https://www.aselsan.com.tr/en/suppliers
16	Webpage	Mission and Vision	16/04/2020	https://www.aselsan.com.tr/en/about-us/mission-vision
17	Document	Vice Chairman Bio	07/05/2020	https://www.aselsan.com.tr/MustafaMuratSEKERCV_8646.pdf
18	Document	Mehmet Arik – Independent Board Member	07/05/2020	https://www.aselsan.com.tr/6d4237db-4e66-478d-89bc-672485c4f206.pdf

19	Document	Fatih Kacir Board Member Biography	07/05/2020	https://www.aselsan.com.tr/Mehmet_Fatih_KACIRCV_6728.pdf
20	Document	2018 Sustainability Report	26/06/2020	https://www.aselsan.com.tr/ASELSAN_Sustainability_Report_2018_8121.pdf
21	Document	Corporate Governance Compliance Report 2019	26/06/2020	https://www.aselsan.com.tr/2019_Report_on_Compliance_with_CGP_6684.pdf
22	Webpage	Central Securities Depository of Turkey – Aselsan Entry	26/06/2020	https://www.kap.org.tr/en/sirket-bilgileri/genel/866-aselsan-elektronik-sanayi-ve-ticaret-a-s
23	Webpage	2020 Investor Presentation	26/06/2020	https://www.aselsan.com.tr/032020_8177.pdf