

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2016

CHAPTER I- STATEMENT FOR COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

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

ASELSAN, adopting the corporate governance understanding as a principle, was rated with a grade of 8,77 out of 10 as the result of the Corporate Rating Studies carried out by SAHA Corporate Governance and Credit Rating Services Inc (SAHA) in 2012 and therefore was included in the Borsa İstanbul Corporate Governance Index. As a result of the importance given to corporate governance principles, carrying out this effort as a continuous, dynamic process and making improvements accordingly; according to the report of SAHA, which was published on 12 December 2016, ASELSAN's corporate governance rating grade was updated to 9,15 out of 10 points from 9,13 in 2015.

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

ASELSAN also stands in the first group at World Corporate Governance Index (WCGI) that was published on 1 July 2016 by SAHA. As a result of the efforts made for improving Corporate Governance Rating during 2016, ASELSAN's corporate governance rating was updated as 9,15 over 10 on 12 December 2016 by SAHA A.Ş.

The ratings of 2015 and 2016 and the subtitles are given below:

2015 Rating Distribution	2016 Rating Distribution
Shareholders : 84,09 / 100	Shareholders : 83,62 / 100
Public Disclosure and Transparency : 98,46 / 100	Public Disclosure and Transparency : 98,46 / 100
Stakeholders : 94,48 / 100	Stakeholders : 95,87 / 100
Board of Directors : 90,07 / 100	Board of Directors : 90,32 / 100
Average 9,13 / 10,00	Average 9,15 / 10,00

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

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

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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.

- No recognition of minority rights to those who own less than twentieth of the capital indicated in the Articles of Association,
- Non-existence of a judgement in the Articles of Association; declaring that shareholders may individually demand special audit of certain incidents from the General Assembly even if it is not on the meeting agenda, under the condition that the right to ask to obtain information and examine has been used before and if the exercise of shareholders rights is necessary,
- The article "Group A shares shall not be sold or transferred without the consent of the Board of Directors because of the Company's operations in security and defence industry; in the event that these shares are transferred or sold to third parties partially or completely without the consent of the Board of Directors, the Board of Directors is entitled to abstain from recording this sale in the records" in the Articles of Association of the Company,
- Not disclosing the remuneration of Board Members and executive managers or the benefits provided to them per each individual.

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

Ercümend ARVAS

Independent Member of Board of Directors
Corporate Governance Committee Chairman

Murat ÜÇÜNCÜ

Board of Directors Vice Chairman
Member of Corporate Governance Committee

Turan EROL

Member of Board of Directors
Member of Corporate Governance Committee

Pınar ÇELEBİ

Investor Relations Manager
Member of Corporate Governance Committee

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CHAPTER II - SHAREHOLDERS

2.1. Investor Relations Department

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

Okan TURAN..... Chief Financial Officer / Vice President
Aykan ÜRETEN..... Finance Director
Pinar ÇELEBİ Investor Relations Manager
Bâni Betül GÖKÇE Investor Relations Department / Leader
Başak YÜCEKAYALI..... Investor Relations Department / Senior Specialist
Mehmet IŞILDAR..... Investor Relations Department / Assistant Specialist I

Contact Information

Phone: (312) 592 12 33 - 42 - 45 - 59 - 70

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

Investor Relations Department has submitted the report regarding the tasks carried during 2016, to Board of Directors on 14 March 2016.

Pinar ÇELEBİ, Investor Relations Manager, has Capital Markets Transactions Level-3 and Corporate Governance Rating Expertise Licenses.

Main operations carried out by Investor Relations Department during 2016 are as follows:

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

Meetings with 129 corporate investors were made in investor conferences, roadshows, visits to ASELSAN and teleconferences; additionally approximately 100 of our shareholders' questions

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regarding exercising their rights, public disclosures made, financial tables, etc. were answered either written or verbally in 2016.

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

2.2. Exercising of Information Acquisition Rights of the Shareholders

Investor Relations Department has taken care of every written and verbal inquiry of all shareholders in 2016 with the most accurate and fastest way. It has paid attention to respond to all the information demands of shareholders with complete and comprehensible responses.

Investor Relations Department has been using Turkish and English website www.aselsan.com.tr actively in order to inform ASELSAN's investors on a timely and accurate basis and has been updating the information given on the web constantly. The electronic platform is being effectively used regarding the issues that may affect exercising of the shareholders rights. The material event disclosures made through Public Disclosure Platform (KAP) incorporated under Borsa İstanbul are being disclosed in Turkish and also in English along with it starting from 26 October 2015, the material event disclosure and other notifications are being published on our corporate website in Turkish and in English on the same day. In general, any changes occurred in the Company structure are immediately announced on our website and the investor presentations are constantly updated. Capital increases and dividend distribution information are also submitted to our investors' knowledge on the website. In addition, notifications regarding the attendance of shareholders to the General Assembly and electronic general assembly principles within the context of the new Turkish Code of Commerce (TCC) are being made.

Full compliance of both Turkish and English chapters on "Investor Relations" on the website with the regulations was achieved.

Within the context of regulations of CMB, in 2016;

- General Assembly documents within legal deadlines,
- General Assembly minutes and participants list,
- 2015 Annual Report,
- The report for the 1st six months' period for 2016,
- The investor presentations which are updated every 3 months ,
- Disclosure of material events made in 2016,
- Our Company's Consolidated Financial Statements and Basic Performance Indicators for the last 5 years along with the Financial Report,
- Investor Calendar updates

were published on the website in Turkish and English.

Due to the reason that a regulation is present within the TCC numbered 6102 according to which the shareholders will be able to request from the General Assembly the assignment of a special auditor for the inspection and disclosure of the financial status, and due to the reason that the law and the relevant legislation are considered for the issues not present in the Articles of Association of the Company, there is no respective provision with regard to this issue in the Articles of Association. There was no request of any shareholders with respect to the assignment of a special auditor in 2016.

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2.3. General Assembly Meetings

The agenda and invitation related to the 41st Ordinary General Assembly Meeting dated 31 March 2016 with regard to 2015 operations realized at the Company headquarters were duly announced comprising all the necessary information in a daily newspaper published in Turkey and on the website on 8 March 2016 and in the Turkish Trade Registry Gazette dated 10 March 2016. Furthermore the invitation was sent to the main shareholders and the shareholders attended to the previous meeting by post two weeks before the General Assembly. The General Assembly was held with the attendance of 121 shareholders, 8 physically, 113 electronically representing 45.378.874.765 shares (TL 453.788.747,651 nominal) of 50.000.000.000 total shares. Media members did not participate in the General Assembly Meeting, which was held simultaneously both physically and electronically.

In scope of the Communiqué on Corporate Governance numbered II.17-1 of CMB, three weeks before the Ordinary General Assembly on date 8 March 2016, the Ordinary General Assembly Document including the meeting agenda, place, time, copy of the power of attorney, total number of shares as of 8 March 2016 and the voting rights, the number of shares representing the privileged shares and their voting rights, the reasons for the changes in the members of Board of Directors, which is present in the agenda, the list of independent members of the Board of Directors, the proposal of the Board of Directors with respect to the year 2015 dividend distribution, the CV's of the independent members of the Board of Directors and their statements of independence and explanations regarding the agenda items were disclosed on Public Disclosure Platform and were published on our Company website. The annual report was made available for the review of the shareholders at the headquarters 15 days before the General Assembly and handed to the shareholders participating in the General Assembly and to the ones who made requests.

For the facilitation of physical attendance to General Assembly Meeting in 2016, transportation from central spots to our Akyurt facility was provided for our shareholders, and our shareholders who attended the General Assembly had a site visit.

In the Ordinary General Assembly Meeting in 2016, the shareholders were informed regarding the presence of managing members, all the Board of Directors members and auditors at the meeting. No proposals were set forth by the shareholders during the meeting regarding the agenda. The shareholders exercised their rights to ask questions regarding the topics in the agenda and the answers to the questions took place in the General Assembly Meeting minutes. There are no questions which has not been answered in the Ordinary General Assembly Meeting and answered by the Investor Relations Department later on. Within the period, there have not been any transactions of which their resolutions were submitted to General Assembly because the confirmative vote of the majority of the independent board members are required where as they have voted negatively. The minutes of the General Assembly Meeting held in 2016 can be accessed from the website of our Company.

No Extraordinary General Assembly Meeting was held during the year 2016.

The shareholders were informed about donations and aids were made in 2015, with a separate agenda item at the 41st Ordinary General Assembly Meeting.

2.4. Right to Vote and Minority Rights

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

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

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

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

2.5. Dividend Rights

There are no privileges with respect to the participation in the profit gained by the Company. The dividend policy was revised in 2015 and was submitted to General Assembly meeting. The dividend policy published on our website is given below.

“The dividend amounts which shall be calculated considering the sustainable growth rate, market capitalization, net working capital requirements, dividend yield and cash flows, equity ratio, with the relevant legislation and the provisions of the articles of association over the distributable profit amount calculated taking the period profit as the basis which is shown on the financial statements of our Company prepared pursuant to the existing legal regulations (after the compulsory legal reserves are reserved and the taxes, funds and financial liabilities and losses of the previous year, if any, are deducted and the donations are added), the profit distribution proposal which shall be prepared by the Board of Directors in order for the shares which shall be issued by means of adding the cash or the dividend on the capital on the date(s) determined pursuant to the regulations of the Capital Markets Board to be distributed targeting at least %10 of net profit in cash in the defined amounts or as bonus shares or partly in cash, partly as bonus shares in defined amounts, shall be submitted to the approval of the General Assembly. Following the approval of the General Assembly, the determined dividends are distributed to the shareholders within the legal periods on the date determined by the General Assembly.

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

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

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As per the decision taken in the General Assembly pursuant to the provisions of the Articles of Association and to the Capital Market Law and other legal regulations in 2016 and within the legal periods, out of the profit gained from 2015 operations, the gross amount of 42.000 Thousand TL (4,2 Kurus TL per 1 TL of share, gross 4,2% over the capital) (net 35.700 Thousand TL - 3,6 Kurus TL per 1 TL of share, net 3,6% over the capital) was distributed to our shareholders as cash dividend. As a result of the Company's capital increase (from 500.000 Thousand TL to 1.000.000 Thousan TL), the amount per share has been recalculated.

2.6. Transfer of Shares

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

CHAPTER III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1. Company Website and its Content

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

The section "Investor Relations" is included on our website also comprising the issues listed in article 2.1.1 of the corporate governance principles of Communiqué on Corporate Governance numbered II-17.1 issued by CMB on 3 January 2014.

Under "Investor Relations" section;

1. Corporate Governance

- 1.1 Shareholder Structure and Privileged Shares
- 1.2 Board of Directors
- 1.3 Key Resolutions of Board of Directors
- 1.4 Board Committees
- 1.5 Articles of Association
- 1.6 Company Profile and Trade Register Information
- 1.7 Policies
- 1.8 Ethical Principles
- 1.9 Corporate Governance Rating
- 1.10 General Assembly Meeting
- 1.11 Compliance with Corporate Governance Principles

2. Sustainability

3. Stock Info

- 3.1 Stock Info
- 3.2 Capital Increases
- 3.3 Analyst Coverage
- 3.4 Registration Statement and Public Offering Circular
- 3.5 Dividend Info

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- 4. Investor Calendar
- 5. Annual Reports
- 6. Financial Data
 - 6.1 Financial Reports
 - 6.2 Financial Highlights
 - 6.3 Investor Presentations
 - 6.4 Board of Directors Reports
- 7. BIST Disclosures
- 8. Frequently Asked Questions
- 9. Contact

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

3.2. Annual Report

The Board of Directors prepare the annual report in detail regarding the operations of the Company and enable the public to reach complete and accurate information that can be comprehensive. The 2015 annual report of our Company was prepared as per the Turkish Code of Commerce numbered 6102, the Regulation Regarding the Determination of the Minimum Content of the Annual Reports of Companies issued by the Ministry of Customs and Trade, the Communiqué Regarding the Principles Related to Financial Reporting in the Capital Market and the Communiqué Regarding the Determination and Implementation of the Corporate Governance Principles, both issued by the CMB.

CHAPTER IV - STAKEHOLDERS

4.1. Informing the Stakeholders

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

As for our suppliers, they are informed via internet, e-platforms and our website, in addition, information share is provided through face to face meetings. The efforts are being carried on to build the ASELSAN Suppliers Portal in order to provide efficient information transfer, thus an effective management shall be achieved by transferring, observing and reporting the data process between ASELSAN and its suppliers to the Enterprise Resource Planning (ERP) system.

High quality standarts and high technological solutions are offered for services or delivered products with regard to customer needs and expectations so as to meet customer satisfaction. Requirements of these quality standarts are met and inspections, tests are applied through every process from projects’ start till the delivery phases. Our all processes are administered by directives, quality plans, standarts, audits and test instructions. Our processes have been certified by internationally accepted standards such as AS9100, ISO 9001, AQAP and CMMI so that our products and services are secured to protect quality standarts. These certificates are renewed every year with the audits performed. Changes and improvements of international

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standards are being followed and our processes are developed accordingly. Customer satisfaction, which is the primary objective, is evaluated and reported for the access of related executives. In addition, results and trends are evaluated by the upper management in an annual basis and required recovery activities are planned.

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

ASELSAN Magazine, published every 4 months, provides information regarding the activities, technical issues and up-to-date social events. Hardcopies of ASELSAN Magazine is delivered to the end users of ASELSAN products, shareholders who participated to the General Assembly Meeting, company employees and other related parties and uploaded to the website right after it is published.

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

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

The e-mail mechanism for the stakeholders to report their complaints regarding the transactions of the company which are against the legislation or deemed unethical, is stated in the ASELSAN Ethical Principles Policy, which was revised last on 7 January 2016. The policy has been published on the Turkish and English web site following the approval of the policy. Within the context of the policy, the Ethics Committee is informing the Corporate Governance Committee.

4.2. Participation of Stakeholders in the Management

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

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

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Our Board of Directors resolved on 30 September 2015 that; employee representatives shall attend to the Board of Directors meetings at least once a year for submitting their opinions, suggestions and requests, in order to further comply with the article “Supporting the Participation of the Stakeholders in the Corporation’s Management” of Corporate Governance Principles of Capital Board, numbered II-17.1. Within this context, by the coordination of the Corporate Governance Committee, the employee representatives have attended to the Board of Directors meeting on 29.12.2016 and have submitted their opinions, suggestions and requests.

In ASELSAN, an Employee Representative is formed in order to increase the motivation and the sense of identity through providing the ASELSAN employees with the opportunities to,

- Submit their expectations and problems to upper management,
- Share the decisions related with themselves timely and accurately,
- To participate in the decision making processes
- Increase communication with upper management.

The resolution of our Board of Directors dated 30 September 2015 is included in the Employee Representative Directive, which became effective on 17 November 2015. As per the directive published, within the new structure;

- Electing of representatives shall be made by the involvement of all employees to the election process once in every two years via Intranet Portal,
- 1 personel representative shall be representing every 100 employees,
- A fractional bottom-up structure shall be formed that includes sub-committees and a supreme board,
- Problems shall be first solved by the relevant units in-house, and only the ones that could not be solved shall be transferred to the Supreme Board,
- Filter mechanisms shall be developed for agenda setting,
- Representatives shall attend to the Board of Directors meeting at least once a year.

Coordination of representative meetings is held by the Corporate Services Vice Presidency, where the meeting chairman is the CEO. Nevertheless, Human Resources Management Vice Presidency is represented at least at the level of Director.

The elections for the Employee Representative was made in April 2016, and the tasks of the sub-committees and supreme boards are being performed in compliance with the related internal regulations.

4.3. Human Resources Policy

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

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

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58% of our employees stand for the engineering group, 29% for the technician group, 7% for the administrative group, 3% for the office personnel and 3% of the worker group.

There were no complaints related to discrimination from the employees in 2016. Performance and rewarding policies are announced to all of our employees through Company directives.

4.4. Ethical Rules and Social Responsibility

4.4.1. Ethical Rules

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

“ASELSAN Ethical Principles, 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.

Ethical Committee comprises of five members, the chairmanship of the Committee is executed by the Human Resources Management Vice President and the secretariat is handled by Human Resources Director. Other members consist of the representatives of Legal Affairs Department, Central Procurement Department or Financial Management Vice Presidency, charged by the approval of the CEO, and two personnel; one shall have at least 15 years, other shall have at least 5 years of ASELSAN experience among the Top 5 ranked nominees with the votes of ASELSAN personnel and assigned by the Board of Directors. If there are no changes in the organization, the Ethical Committee members serve at least for two years.

Ethical Committee meets once a month unless an application or disobedience is present. However, Committee, Board of Directors, Corporate Governance Committee, CEO or the Chairman of the Ethical Committee can call a meeting. Beyond evaluating applications, Ethical Committee represents reason and conscience of ASELSAN and works to increase the awareness about ethical values in ASELSAN family.

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

4.4.2. Social Responsibility

An independent British institution, Carbon Disclosure Project (CDP) which reports how the risks of climate changes are managed by the companies announced the 2016 results of the Turkey Carbon Transparency Project. ASELSAN is placed in the B list, among the firms that most successfully manage climate change risks through production process and has the highest gas emission performance on the outcome of the research conducted by evaluating big firms including firms listed on Borsa İstanbul.

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

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

Having certifications for ISO 14001 Environmental Management System and OHSAS 18001 Work Health and Safety Integrated Management System; we will proceed to take part in pioneer applications through actualization of national and international initiatives.

In November 2014, Borsa Istanbul (BIST) has launched Sustainability Index that display the performance of January-March 2014 time period for BIST-30 firms in the fields of financial, environmental, social issues and corporate governance. With respect to that, as of this date, ASELSAN started publishing sustainability reports. As a result of the evaluation of our Company on the ASELSAN Sustainability Report, published in Turkish and English for the first time before the Index assessments, ASELSAN was among the 15 firms that were approved to be included in BIST Sustainability Index. In November 2016, ASELSAN kept its place in the index as a consequence of the re-evaluation of ASELSAN Sustainability Report that was published in June, 2016.

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

In 2016 our company sponsored the activities of Turkish Armed Forces Rehabilitation and Care Center Handicapped Sports Club, the publishing of the books of Anıtkabir Command about Mighty Leader Veteran Mustafa Kemal ATATÜRK and his principles and reforms in order to reach to large populations, and a vehicle that is disability friendly, which was needed for the transportation of Turkish Armed Forces personel's handicapped children for Turkish Armed Forces Elele Foundation. Also, ASELSAN made donations to Anatolia Village Guards Foundation and the aid campaign for Afghanistan.

CHAPTER V - BOARD OF DIRECTORS

5.1. Structure and Formation of Board of Directors

In our Company, 3 members of 9 members of Board of Directors are independent members. The duties of Nomination Committee are executed by Corporate Governance Committee. The report regarding the evaluation of the list of Independent Members of Board of Directors prepared by Corporate Governance Committee on 28 January 2016 was presented to Board of Directors on 28 January 2016. Within the scope of CMB's Communiqué on Corporate Governance numbered II.17-1, CMB has not stated any adverse opinion on the nominees list and the evaluation report, which were submitted to CMB on 29 January 2016. The CV's and independence statements of

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the 9 nominees were announced to public on our website on 8 March 2016. As a result of the voting at the General Assembly Meeting on 31 March 2016, 3 nominees were elected as Independent Members of Board of Directors. There were no cases to eliminate the independency of the Independent Members of the Board of Directors in 2016.

The CVs of the Members of the Board of Directors are included in the 2016 annual report and the information with respect to their duty terms is provided in the table below.

Name Surname	Duty	Election Date
Mustafa Murat ŞEKER	Chairman / Managing Member	May 2013
Murat ÜÇÜNCÜ	Vice Chairman / Managing Member	May 2013
Ziya AKBAŞ	Independent Member	March 2014
Nazım ALTINTAŞ	Independent Member	March 2015
Ercümend ARVAS	Independent Member	March 2016
Turan EROL	Member	March 2016
İsmail GÜMÜŞTEKİN	Member	March 2015
Mehmet Celalettin LEKESİZ	Member	March 2016
Sedat NAZLIBİLEK	Member	June 2014
Faik EKEN	CEO	May 2014

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

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

- There are no members of Board of Directors carrying out an executive duty.
- The statements of independence of the Independent Members of the Board of Directors have been provided at the annex of the Compliance Report.
- The Members of the Board of Directors fulfill their duties without any interest or benefit and pursuant; to the liabilities and authorizations undertaken by the Board of Directors and to the regulations of the Turkish Code of Commerce and CMB.
- Members of the Board of Directors, in accordance with the Working Directive of Board of Directors, are liable not to enter into any commercial treatments directly or indirectly with

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the Company that coincides with the Company objectives, on their behalf or on behalf of others without the consent of the General Assembly.

5.2. Principles of Activity of Board of Directors

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

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

As per article 10 of the Articles of Association, the Board of Directors assemble when required and at least once a month. The number of Board of Directors Meetings in 2016 was 44, where 29 of the decisions in the meetings are interim decisions. All of the Members of the Board of Directors attended 80% of the meetings.

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

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

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

All members have one right to vote, including the chairman. If the numbers of votes are equal, the vote of the chairman does not change the result. Abstaining is not possible, either rejection or acceptance is voted. The vote of the abstaining member is considered as a rejecting vote. The member casting a reject vote states the ground for this in the meeting minutes and undersigns it. According to the article 11 of the Articles of Association titled "Quorum of Meeting and Decision Making"; "The provisions of the TCC, Capital Market Law, regulations of the Capital Markets Board in connection with corporate governance and other relevant legislation are taken into account with respect to the meetings and decision making quorums of the Board of Directors as well as with respect to any Board of Directors members assuming duties and positions outside the Company. Any action and resolutions taken by the Board of Directors without complying with the Corporate Governance Principles, which are made mandatory as to be complied by the Capital Markets Board, are invalid and considered as in contrary to the Articles of Association". In the operation year 2016, there were no related party transactions or any other significant issue, which had to be submitted to the approval of the general assembly, since they were not approved by the Independent Members of the Board of Directors.

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

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In accordance with the article 4.2.8 of Capital Markets Board Corporate Governance Communiqué; Executive Liability Insurance Policy was signed for Board of Directors members on 17 July 2016 with the total liability amount of USD 85.000.000,- which corresponds to more than 25% of the paid-in-capital of our Company, with a validity period of 1 year.

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

As per the title “Committees Formed in the Board of Directors” in the Communiqué Regarding Determination and Implementation of Corporate Governance Principles by the Capital Markets Board, our Company’s Board of Directors, in the meeting dated 10 April 2012, formed an Audit Committee, Corporate Governance Committee and Early Detection and Management of Risk Committee and announced this to the public. There are no Nomination and Remuneration Committees within the Board of Directors and the duties of these are carried out by the Corporate Governance Committee.

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

Boards of Directors have made the annual evaluation of the committees composed under its structure and the evaluation report is available in 2015 Annual Report.

AUDIT COMMITTEE

Committee Members (January – March 2016)

Ziya AKBAŞ Chairman / Independent Member of Board of Directors

Oral ERDOĞAN Member / Independent Member of Board of Directors

Nazım ALTINTAŞ Member / Independent Member of Board of Directors

Committee Members (April – December 2016)

Ziya AKBAŞ Chairman / Independent Member of Board of Directors

Nazım ALTINTAŞ Member / Independent Member of Board of Directors

Ercüment ARVAS Member / Independent Member of Board of Directors

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

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

Meetings were held by Audit Committee on dates 7 March 2016, 10 May 2016, 17 August 2016 and 8 November 2016 regarding the financial statements with the participation of the relevant independent audit company in 2016.

In order to increase the efficiency of internal audit, attention was paid to strengthen the cooperation with Internal Audit Presidency and to the supervision of internal audit activities,

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direct and continuous communication was established between Audit Committee and Internal Audit Presidency. A dimension of this communication; Audit Committee- Internal Audit Presidency coordination meetings, were held nine times on dates 17 February 2016, 17 March 2016, 22 April 2016, 24 June 2016, 27 July 2016, 12 August 2016, 8 September 2016, 21 October 2016 and 26 December 2016.

The Committee was active in two main topics in 2016.

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

“Communiqué on Financial Reporting in Capital Markets” Serial: II, 14.1 regulated the preparation of financial reports and their basis, principles of presentation to the relevant parties. December 2015, March 2016, June 2016 and September 2016 financials and Board of Directors reports were prepared in accordance with the communiqué numbered II, 14.1, and submitted to Board of Directors by Audit Committee and presented to the public via Public Disclosure Platform.

The procurement process for independent audit services for the year 2016 as per the CMB’S communiqué numbered II-14:1, was handled by the Procurement Department and the purchasing decision that the service shall be provided by “AKİS Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.” (KPMG) was taken by Board of Directors. The resolution was submitted for approval on the General Assembly Meeting dated 31 March 2016 and was accepted.

ii. Internal Audit Presidency:

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

CORPORATE GOVERNANCE COMMITTEE

Committee Members (2016 January - March)

Oral ERDOĞAN	Chairman / Independent Member of the Board of Directors
Murat ÜÇÜNCÜ	Member / Board of Directors Vice Chairman
Oğuz BORAT	Member / Member of the Board of Directors
Pınar ÇELEBİ	Member / Investor Relations Manager

Committee Members (2016 April- December)

Ercüment ARVAS	Chairman / Independent Member of the Board of Directors
Murat ÜÇÜNCÜ	Member / Board of Directors Vice Chairman
Turan EROL	Member / Member of the Board of Directors
Pınar ÇELEBİ	Member / Investor Relations Manager

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

- To carry out studies for the implementation of Corporate Governance Principles in the Company,
- To observe whether the Corporate Governance Principles have been implemented or not and if not implemented to determine the grounds for this and the conflicts of interest

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arising due to not complying with these principles and to make proposals for improving the status,

- To monitor the activities of the Investor Relations Department.
- Corporate Governance Committee assembles every 3 months and in every situation when necessary. The meeting minutes are submitted to the Board of Directors.

The Corporate Governance Committee assembled eight times within the activity year 2016 on dates, 28 January 2016, 25 February 2016, 7 March 2016, 10 May 2016, 24 June 2016, 21 July 2016, 28 September 2016 and 28 December 2016. The meeting minutes of the Committee may be reached on our website. The committee was active in three respective tasks in 2016:

i. Operations of Investor Relations Department:

Investor Relations Department have attended all the meetings in 2016, performed secretariat procedures of the committee with regard to “ASELSAN Corporate Governance Committee Working Directive” and informed the committee periodically about the tasks carried by investor relations department.

In 2016, the subjects discussed and tasks carried by the Corporate Governance Committee within the context of the meetings made are given below:

- Independent Board Member election process
- Investor Relations Department and its operations
- Corporate Governance Rating
- Corporate Governance Committee 2015 Report
- ASELSAN 2015 Compliance with the Corporate Governance Principles Report
- BİST Sustainability Index and sustainability tasks performed in ASELSAN
- ASELSAN Anti Bribery and Anti Corruption Policy
- ASELSAN Ethical Principles
- Tasks carried for the revision of ASELSAN score cards
- Task carried regarding the compensation of the beneficiaries with the capital market instruments, the property of which has been lapsed to the Investor Compensation Center (ICC) and have become valid again.

ii. Corporate Governance Rating:

The evaluation of corporate governance rating performed by SAHA Corporate Governance and Credit Rating Services were concluded during the last quarter of 2016. According to the review, as a result of the enhancements made throughout 2016, the score of 11 December 2015, 9,13 out of 10, was revised as 9,15 out of 10 on 12 December 2016.

Our Company's share has been listed in the corporate governance index since the date 14 December 2012, which it first entered the index. Rating reports can be accessed on the company website.

iii. Election of Independent Board Members

As given by Corporate Governance Principles, the responsibility of evaluating and reporting the nominations and their independency status is given to the Nomination Committee, in companies where this committee is not formed because of the structure of the Board of Directors, the responsibility is given to Corporate Governance Committee. Within this context, the evaluation of nominations which were made until 27 January 2016 was carried on by the Committee and the resulting nominee list was presented at the Board of Directors meeting on

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28 January 2016. CMB has not stated any opposing opinions regarding the nominees list and evaluation report which was submitted by the Board of Directors on 29 January 2016. The list was submitted to shareholders' voting on General Assembly Meeting on 31 March 2016 and as a result, Ercüment ARVAS, Ziya AKBAŞ and Nazım ALTINTAŞ were elected as independent members to serve for 1 year.

EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE

ASELSAN Board of Directors established the "Early Detection and Management of Risk Committee" with the resolution dated 10 April 2012 and numbered 720/1. The Committee executes as per the directive numbered ASY-01-066, which was approved and taken into force with the decision of Board of Directors dated 29.11.2012, numbered 750/4.3e

Committee Members (2016 January - March)

Nazım ALTINTAŞChairman / Independent Member of the Board of Directors
İsmail GÜMÜŞTEKİNMember / Member of the Board of Directors
Ahmet Can ÇEVİKMember / Member of the Board of Directors

Committee Members (2016 April - December)

Ziya AKBAŞChairman / Independent Member of the Board of Directors
İsmail GÜMÜŞTEKİNMember / Member of the Board of Directors
Sedat NAZLIBİLEKMember / Member of the Board of Directors

In 2016 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 respect, in 2016 the Committee held 5 meetings on 18 February 2016, 25 April 2016, 24 June 2016, 28 September 2016 and 21 November 2016. Committee's activities are summarized below:

- "2015 Evaluation Report" was prepared and submitted to Board of Directors in February 2016.
- "Corporate Risk Evaluation Report" was prepared and submitted to Board of Directors in February 2016, April 2016, June 2016, August 2016, September 2016 and November 2016. In the reports;
 - Important risks of ASELSAN were evaluated and monitored. The risk classification, explanation, rating, strategy, owner/responsible, current control operations and relevant indicators 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.
- Special reports were prepared for specific risks related to recent incidents.

The secretariat formalities of the Committee were performed by Corporate Risk Management and Internal Control Department of Finance Directorate since April 2016.

5.4. Risk Management and Internal Control Mechanism

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Internal audit operations and corporate governance are facilitated via risk management and development of efficiency of internal control procedures in ASELSAN. The most important role of internal audit operations is assuring the Audit Committee and Board of Directors that the risks are being managed effectively. Annual audit plan and work programs are prepared on a risk basis and audit results are reported periodically to Audit Committee. Harmonization with legal and firm regulations, the status of application of ethical principles and the effectiveness of risk mitigation is evaluated by Internal Audit Department.

5.5. Strategic Objectives of the Company

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

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

ASELSAN's vision is to be a national technology company that maintains its sustainable growth by creating value in the global market, is being preferred due to its competitiveness, is being trusted as a strategic partner, and is caring for the environment and the people. Within this concept, annually updated 5 year Strategic Plan and Business Plans and 3 year budgets are prepared. With this methodology, short and middle term targets are specified by considering long term goals. The operations to be carried out for these targets are executed by Sectors Presidencies and performance evaluations are made based on Balanced Scorecard method, which is widely used in the world.

5.6. Financial Rights

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

Monthly remunerations provided to our Members of the Board of Directors are determined by the General Assembly and no other benefits are granted apart from the monthly remuneration. Pursuant to the resolution taken at the 41st Ordinary General Assembly held on 31 March 2016, the Members of the Board of Directors are paid TL 3.000,- per month. As for the determination of the financial rights of the board members, no reward system is applied to reflect the Company performance and which is based on the performance of the Members of the Board of Directors.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2016

Statement of Independence

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

Date: 18 January 2016

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

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

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

Sincerely yours,


Ziya AKBAŞ

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2016

Statement of Independence

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

Date: 27 January 2016

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

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

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

Sincerely yours,

Ercüment ARVAS

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT 2016

Statement of Independence

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

Date: 27 January 2016

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

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

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

Sincerely yours,
Nazım ALTINTAS

