

# ASELSAN ELEKTRONİK SANAYİ VE TİCARET A.Ş.

## Board of Directors' Early Detection and Management of Risk Committee Work Directives

### 1. PURPOSE

The purpose of these directives is to determine the duties, authorities, responsibilities and work principles of the Early Detection and Management of Risk Committee, which is established under Article 378 of the Turkish Commercial Code numbered 6102 and Board of Directors Resolution dated 10.04.2012, as per the Turkish Commercial Code and Corporate Governance Principles announced by the Capital Markets Board.

### 2. SCOPE

These directives cover works and actions to be performed as per the Turkish Commercial Code and Corporate Governance Principles by the Early Detection and Management of Risk Committee and/or Company personnel not a member of the Committee but assigned by the Committee.

### 3. DEFINITIONS

**3.1. Independent Auditing Firm (IAF):** Firms meeting the requirements of the Capital Markets Board Communiqué and granted with the authority of independent audit on the capital market as per Article 22/d of the Act.

**3.2. Auditor:** Auditor titles of any seniority and rank assigned to make audits by the Independent Auditing Firms

**3.3. Early Detection and Management of Risk Committee (Committee):** A committee to be appointed by the Board of Directors among the Board of Directors members or third parties specialized in certain areas for the purpose of fulfilling the liabilities listed on the Turkish Commercial Code for systematic early detection and management of company risks and executing, coordinating related risks.

**3.4. Early Detection and Management of Risk Committee Secretariat (Secretariat):** ASELSAN personnel arranging operations and meetings of Early Detection and Management of Risk Committee, archiving correspondences and coordinating communication between the members.

**3.5. Capital Markets Board:** Public legal entity established as per Article 17 of the Capital Market Law.

**3.6. Company:** ASELSAN Elektronik Sanayi ve Ticaret A.S.

### 4. RELATED REFERENCE DOCUMENTS

4.1. Turkish Commercial Code.

4.2. Capital Markets Board Regulations.

4.3. Corporate Governance Principles published by the Capital Markets Board

4.4. Regulations, provisions and principles on ASELSAN Articles of Association

## **5. DUTIES AND RESPONSIBILITIES**

### **5.1. DUTIES AND RESPONSIBILITIES OF ASELSAN EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE**

**5.1.1.** The main function of the Early Detection and Management of Risk Committee is early detection of risks threatening existence, development and sustainability of ASELSAN as well as taking action for the risks determined and trying to manage the risks determined.

**5.1.2.** The Committee shall determine, identify the potential risks having an impact on ASELSAN beforehand and ensure duly management of the risks according to the risk-taking approach of the company.

**5.1.3.** It shall evaluate the situation by means of a report to be submitted to the Board of Directors every two months as well as pointing out the threats, if any, and suggesting solutions.

**5.1.4.** It shall review the changes suggested to the risk management systems by the Enterprise Risk and Process Management Department under Finance Directorate as often as the agenda permits but minimum once a year.

**5.1.5.** The Committee shall advise the Board of Directors on internal audit systems including risk management and information systems and processes minimizing the risks and related impacts to be suffered by the shareholders and company stakeholders.

**5.1.6.** The Committee shall prepare an annual assessment report, including meeting frequency of Committee members and activities performed, which shall be included in the Annual Company Activity Report and basis to the Board of Directors assessment related to the work principles and Committee's efficiency.

**5.1.7.** The resolutions taken at the meetings shall be documented and undersigned by the Committee Members and archived by the Secretariat.

### **5.2. DUTIES AND RESPONSIBILITIES OF THE EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE SECRETARIAT**

**5.2.1.** It shall provide communication between the members, prepare committee meetings, keep meeting minutes and duly archive correspondences.

**5.2.2.** It shall plan, realize and follow up formalities before, during and after the Committee meetings in order to ensure utmost efficiency.

**5.2.3.** It shall ensure timely communication all of kinds of information to the committee members.

**5.2.4.** It shall always keep the records available to the members.

## **6. STRUCTURE AND AUTHORITIES OF THE EARLY DETECTION AND MANAGEMENT OF RISK COMMITTEE**

### **6.1. COMMITTEE'S STRUCTURE**

**6.1.1.** The Committee shall be formed and authorized at the first Board of Directors meeting held after the Annual Ordinary General Assembly Meeting of the company, as per the Capital Markets Board regulations.

**6.1.2.** The Committee shall have minimum two members. If the committee has two members then both members shall be Board of Directors members not having executive function and if there are more than two members, then majority of the members shall not have executive functions. Third

parties specialized in certain areas can also be appointed as Committee members. The Committee chairman shall be appointed among Independent Members of Board of Directors.

**6.1.3.** The Chief Executive Officer / General Manager shall not take office in the committee.

**6.1.4.** The secretariat formalities of the Committee including the preparation of the report submitted to the Board of Directors shall be performed by Enterprise Risk and Process Management Department under Finance Directorate.

**6.1.5.** One more than half of the total members shall be required for committee meetings and majority is required for decisions.

**6.1.6.** The Committee shall convene once every two months, unless otherwise is required, and, if required, it shall convene at the Company's registered office following a call to be made by the Secretariat on behalf of the Committee Chairman. The Committee Chairman might offer to reschedule the meeting date, hour and place provided that the Committee Members are informed beforehand.

## **6.2. AUTHORITIES OF THE COMMITTEE**

**6.2.1.** If required, the Committee shall start special inspections and appoint people specialized in their areas as consultant for the purpose of ensuring assistance in such inspections.

**6.2.2.** If required, the Committee shall hold meetings with representatives of Company's related parties and specialists, including Company personnel or subsidiaries; and under the provision of the Board of Directors and coordinated with the General Manager, it shall seek external and professional consultancy service.

**6.2.3.** The Committee shall act according to its authorities and responsibilities and make recommendations to the Board of Directors however the Board of Directors shall always have the final decision making responsibility and the Committee shall not relieve the Board of Directors from its duties and responsibilities arising from the Turkish Commercial Code.

## **7. ENFORCEMENT**

These directives have been approved by the Board of Directors as per the resolution dated 29.11.2012 and numbered 750/4.3.e and came into force as of 29.11.2012.

## **8. EXECUTION**

ASELSAN Early Detection and Management of Risk Committee shall be responsible for executing the provisions listed on these directives.

## **9. CIRCULATION PLAN**

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