2022 SUSTAINABILITY REPORT

EMPOWER YOUR

FUTURE

TURKISH AEROSPACE

EMPOWER

YOUR FUTURE

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SUSTAINABILITY IS OUR FLIGHT PATH TOWARDS A MORE LIVABLE FUTURE.

For Turkish Aerospace, sustainability is more than a mere commitment; an integral part of our identity and purpose. We recognize the great responsibility we have in shaping the future of the aerospace industry. This is why we have made sustainability the keystone of our operations.

While pioneering environmentally efficient technologies, we implement social responsibility projects, minimize our environmental impact and commit ourselves to maximizing our social contribution. We draw our strength from the society we are part of. With our human-centered approach, our pursuit for innovation extends beyond the skies.

For Turkish Aerospace, sustainability is more than a goal; a compass that guides us towards responsible aerospace activities that benefit both our planet and future generations.

WE DREAM BIG AND FLY HIGH.

With our history of pioneering developments, we are at the forefront of designing the future. We push the boundaries of what is achievable in aerospace engineering and continue to break new ground as we have been doing for years.

We are a big family with thousands of employees. For a sustainable human resources management, we strive to recruit and develop highly qualified human resources that develop technology for our country and Turkish Aerospace, to ensure sense of belonging among our employees who embrace our vision and values, and to create an environment where everyone feels valued. With the talents of our employees, our most valuable asset, and the values they contribute to the Turkish Aerospace, we continue to reduce foreign dependency in the defense industry, produce the latest technology as a global actor and implement sustainable practices.

Total Number of Employees

13,570

WE ARE WORKING FOR A CARBON NEUTRAL FUTURE BY REDUCING OUR ECOLOGICAL FOOTPRINT.

For Turkish Aerospace, environmental management is not just a responsibility, rather a fundamental principle that guides our every action. We recognize the impact of our activities on the planet. In this context, we prioritize sustainable practices that will minimize our ecological footprint in our projects, from initiation to implementation. Our environmental management strategy includes efforts to reduce greenhouse gas emissions, reduce water use and protect other resources and biodiversity.

We are working hard to contribute to a greener, more sustainable future.

Our carbon footprint

0.13 $tCO_2e/(m^2)$

INNOVATION FLIES WITH US.

In the vast ocean of aerospace, we are making innovations in many parts of the world, from Malaysia to Germany. Our commitment to innovation extends beyond the skies. From aerospace engineering conceptual calculations to final product prototypes, innovation permeates every aspect of our business. We push the boundaries and constantly develop new solutions to complex challenges with our R&D power.

Our endeavor is not only to encourage innovation in aerospace, but also to make the planet a better place to live for future generations.

Number of Completed R&D Projects

168

ABOUT THE REPORT

With this second sustainability report, Turkish Aerospace aims to inform our stakeholders of its activities in economic, environmental and social areas, which are considered as the priority issues of Turkish Aerospace, on the basis of the participatory, open and transparent management principles.

In our sustainability report, we share the developments in the economic, social and environmental fields that closely concern the agenda of both Türkiye and the world, and the activities carried out by Turkish Aerospace in light of these developments.

The Turkish Aerospace Sustainability Report 2022 covers our activities, along with outputs and impacts, for the period between 01.01.2022 and 31.12.2022. This report is prepared in accordance with the Core option of the GRI Standards.

MESSAGE FROM MANAGEMENT

> Turkish Aerospace has succeeded in attracting the attention of the world with its ever-increasing capabilities in the field of defense and aerospace, and is preparing to roll out the original products promised to our country in the **100th anniversary of our Republic.**

Chairman of the Board
Prof. Rafet Bozdoğan

President and CEO
Prof. Temel Kotil

In Türkiye's New Century, Turkish Aerospace, driven the people-centered, development-oriented approach, will continue its growth and development on the road to our goals, will be instrumental in the training of engineers and technicians who will make our country proud, and further investments in the most important resource, people, thus, the future.

As Turkish Aerospace, we are taking firm steps towards becoming one of the world's top ten companies in the aerospace industry, while taking into consideration the impact we leave on the world. We are furthering the success of our products, which attract national and international attention and have proven their capabilities in the field, with our zero waste-based investments in environment and energy, going beyond generally accepted practices to eliminate the waste of natural resources. With our sustainability committee, we develop our sustainability strategies, policies, short, medium and long-term sustainability targets, and decide on improvement projects that will increase our sustainability performance.

In line with the corporate governance principles of fairness, transparency, accountability and responsibility, we carry out our activities in a manner that does not harm the interests of the stakeholders and the public. By ensuring maximum compliance with corporate governance principles, we attract financial and human resources to our company, work efficiently, create long-term economic gains for our shareholders and ensure stable growth. In line with our Enterprise Risk Management Policy, we aim to contribute to corporate sustainability by proactively managing all kinds of opportunities and threats that we may encounter during our efforts to achieve our strategic goals.

We are among the leading R&D organizations in the aviation industry with our R&D activities. As a result of our quality-oriented performance, we accelerated our intensive efforts to ensure all our processes including product design, production, delivery and aftersales handled in line with our sustainability strategy. In this context, we continue to strengthen our country's independent aviation, space and defense ecosystem by supporting the personal and professional skills of our colleagues. The principles of responsible production, value creation, environmental protection, continuous transformation and improvement are among the sine qua non of our business processes, and we crown our achievements in these areas with important awards we receive every year.

Contribution of Turkish Aerospace to Economic Growth

We are the world's leading technology center in the design, development, manufacturing, integration and modernization of air and space platforms from aircrafts to helicopters, unmanned aerial vehicles to satellites. We are moving forward in line with the requirements of the global market with our unique products and solutions. While

MESSAGE FROM MANAGEMENT

carrying our achievements into the future, we benefit the national economy and society by working for a greener world, and we make a difference in employment. As a result of our activities carried out with this vision, we closed the year 2022 with a turnover of 1 billion 483 million dollars, remaining among the top 100 aerospace corporations in the world with our 13,570 colleagues. As Turkish Aerospace, we filed a total of 103 patent applications in 2022, consisting of 65 national and 38 international patent applications, and completed the patent registration procedures for 22 of our patent.

With 12 billion 535 million TL in R&D expenditures, we ranked 2nd in the "R&D 250, Turkish Companies with the Highest R&D Expenditures" survey. We have achieved significant success in exports thanks to our international activities. We have signed new collaborations to add new ones to our export achievements. We reinforced our position among Türkiye's export leaders. In the InovaLIG competition organized by the Türkiye Exporters Assembly, we won the grand prize in the "Innovation Strategy" category thanks to our innovation approach, innovation strategy-oriented efforts and exemplary work. We hosted important delegations from around the world and contributed to the recognition of our company and our activities.

Turkish Aerospace's Respect for People

Aiming to bring high-quality human resources to our country and organization, we attach importance to the sustainability of belonging to the corporate culture in line with our Human Resources Policy and aim to contribute to the development of our colleagues. In order to enable more young people to pursue the profession of their dreams, our growing Company increases number of new recruits and suppliers and develops projects to bolster the labor practices in line with principles of our Human Resources Management. With 13,570 employees this year, we are one of the largest employers among technology companies in Türkiye. In 2022, we provided an average of 49 hours of training per person at our in-house Academy, which focuses on professional development.

In order to develop the engineers and technicians of the future, we provided internship opportunities to a total of 2,426 students in 2022 thanks to our Engineer Development Internship Programs. As a company that produces with high technology, we attach importance to utilizing technology in our human resources processes. We emphasize inclusiveness and equal opportunity in our employment policies, and we give value and opportunity to both new generation and experienced candidates. As we take Occupational Health and Safety very seriously in our ever-growing family, we further our efforts in this area to ensure physical and occupational safety of our colleagues.

We would like to express our gratitude to our colleagues who have contributed to all our activities with the aim of strengthening the future of aviation in our country.

Environmental Awareness of Turkish Aerospace

At Turkish Aerospace, we uphold the responsible production, value creation, environmental protection, continuous transformation and improvement principles such as energy efficiency, zero waste and recycling. We integrate sustainable development goals into our business processes through our practices and projects. We continue to move forward in line with our environmental sustainability policies to leave a stronger Türkiye and green world for the future. We ensure that pollution is prevented by reducing environmental impacts in all processes in line with regulatory and other requirements.

We continue to increase our recycling rate to reduce our carbon footprint and carbon emissions. We are taking firm steps towards becoming one of the pioneers in its sector as we are the first company in Türkiye to receive a certificate for "Corporate Carbon Footprint Verification" and the first industrial organization in Türkiye to receive the Basic Level Zero Waste Certificate issued by the Ministry of Environment,Urbanization and Climate Change. At the Sustainable Business Awards organized by the Sustainability Academy, we won first place in the Sustainable Innovation (Process) category with our Process and Product Development with Thermoplastic Material project. In addition, our water efficiency project in the aviation sector was deemed worthy of first place in the Green Apple Environmental Awards 2022 organized by The Green Organization in the UK. We contributed to our company's sustainable clean energy policy with our investments prioritizing energy saving. As the first company affiliated with the Turkish Armed Forces Foundation (TAFF) to hold the ISO 50001 Energy Management Certificate, we continue our investments with the goal of a green future.

OUR MISSION, VISION AND VALUES

Mission

We provide innovative, sustainable and unique solutions that serve the strategic objectives of our country and empower our national and global stakeholders in the field of defense and aerospace.

Vision

To become a global technology pioneer and a global brand in aerospace industry with our unique products and competitive advantage.

Honesty and Trustworthiness

We adhere to the law, company values and ethical principles in our activities, act in integrity and transparently, and keep our promises.

Productive

We work on the basis of continuous improvement, develop systems that provide added value to our company by using resources effectively and efficiently without compromising on quality, and aim to achieve better.

Technology Driven and Innovative

We see change as a part of our lives, we keep abreast with technological and innovative developments. We adopt systematic approaches to develop our technological competencies with local and national capabilities. We create innovative solutions centered on our unique products.

Lifelong Learner

We keep abreast with the global and industrial developments and lead transformation and innovation. We support, question and research education and development, believing in lifelong learning for all our stakeholders.

Sustainability Awareness

We aim to benefit society and the green future by focusing on sustainability awareness in our operations. To this end, we protect our natural resources, we are sensitive to the environment and ecosystem in issues such as energy efficiency, zero waste, recycling, carbon emission reduction, taking remedial actions. Through sustainable growth, we aim to contribute to the national economy and society and create opportunities for future generations.

Adding Value to Stakeholders

We understand the needs and expectations of all our stakeholders and aim to produce solutions that will add value. We act in line with the needs of our country and our national and international customers, we are customer-oriented, and contribute to the development of all our stakeholders, running towards our goals together.

CORPORATE GOVERNANCE

> While acting as the pioneer of the sector in our country as per our mission, we continue to rise in the international arena as per our vision.

Due to the critical importance of the aerospace industry, we carry out our activities in line with the corporate governance principles of fairness, transparency, accountability and responsibility in a manner that does not harm the interests of the stakeholders and the public. By ensuring maximum compliance with corporate governance principles, we attract financial and human resources to our company, work efficiently, create long-term economic gains for our shareholders and ensure stable growth.

Sustainability Committee

Reporting directly to our CEO, Sustainability Committee is responsible for setting, reviewing and continuously improving our sustainability strategies, policies, short-, medium- and long-term sustainability targets, and deciding on the improvement projects that will improve our sustainability performance.

Corporate Governance Committee

We formed Corporate Governance Committee in 2015. Reporting directly to Board of Directors, committee is responsible for developing corporate governance principles of our Company, submitting them for the approval of Board of Directors, monitoring the compliance with Corporate Governance Principles, carrying out improvement activities, and providing suggestions to Board of Directors.

Early Detection and Management of Risk Committee

We formed Early Detection and Management of Risk Committee in 2015. Reporting directlypp to Board of Directors, committee is responsible for facilitating early identification of threats that may pose a risk to, as well as opportunities that may positively affect, the existence, development and continuity of our Company, implementing the necessary actions regarding the identified threats and opportunities and works to manage risks.

Audit Committee

Reporting directly to Board of Directors, Audit Committee is responsible for overseeing, for Board of Directors, the effectiveness and adequacy of internal control, risk management and internal audit systems, the functioning of these systems as well as accounting and reporting systems, and the integrity of the data generated. In order to improve our operations and add value to our works, we conduct our internal audit processes with an independent and objective approach, reporting to our Board of Directors. We systematically conduct our internal audit processes to evaluate and improve the effectiveness of our Enterprise Risk management, internal audit and corporate governance processes.

RISK MANAGEMENT

> We define our risks in integration with our processes, create risk management strategies and **proactively manage all our risks in the enterprise risk management system to ensure risk management activity.**

In line with our Enterprise Risk Management Policy, we aim to contribute to corporate sustainability by proactively managing all kinds of opportunities and threats that we may encounter during our efforts to achieve our strategic goals. We define our risks in integration with our processes and create risk management strategies in line with our strategic goals.

With the Turkish Aerospace Enterprise Risk Management Policy, we proactively manage all kinds of opportunities and threats that our Company may encounter while carrying out activities to achieve its strategic goals, contributing to the sustainability.

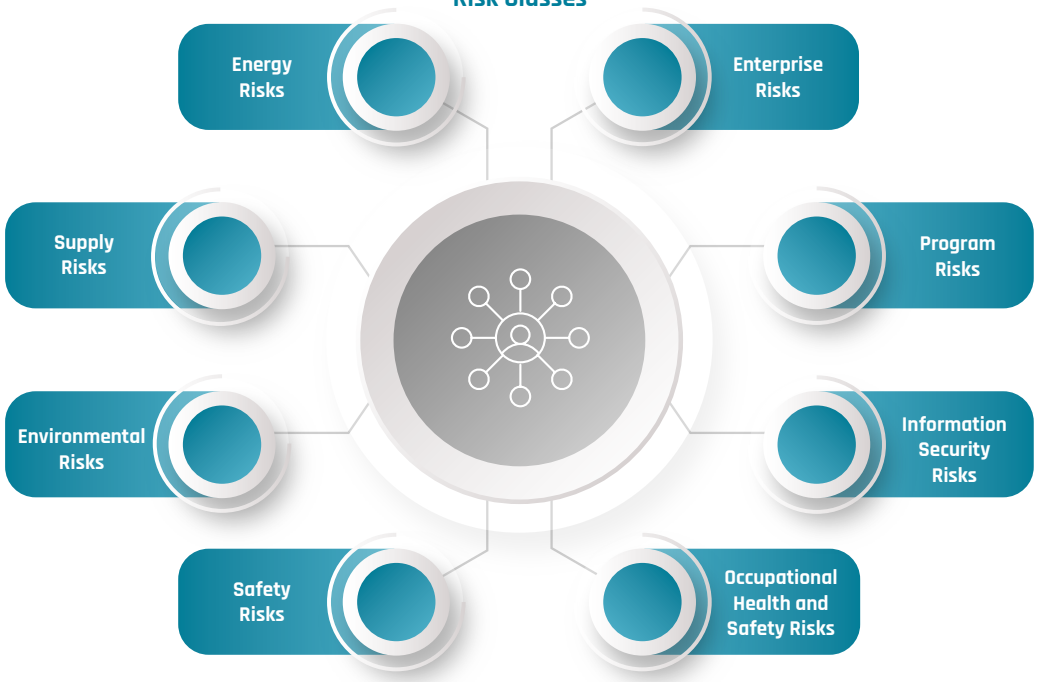
We carry out our risk management activities with proactive methods in line with our Company's risk profile, risk maturity, culture and continuous improvement principle and in compliance with regulatory requirements. We aim to minimize subjectivity by making risks visible and quantifiable for our decision-making mechanisms. We continuously improve our risk management model and infrastructure, which we have created to proactively manage all risks, in line with current needs.

We have designed our Risk Management process in a circular structure which consist of the steps: identification and definition of the risks in our Enterprise Risk Management System, interview with those involving in the risk, calculation of risk severity levels, identification of response management and risk owners, creation of control plans, risk control and follow-up.

At Turkish Aerospace, we identify and control our risks through metrics in order to achieve our goals in line with our sustainable growth strategy. Within the bounds of resources/support we provide and the limits we set, our main priority is to manage the risks identified by different departments of our Company, which have different effects but affect each other, in a consistent and optimal manner, to create a common risk perception throughout our Company and to raise awareness by involving all departments in risk management activities.

In 2022, we defined a total of 7,483 risks categorized in 8 different risk classes in our Enterprise Risk Management System.

Risk Classes



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RISK MANAGEMENT

> At Turkish Aerospace, we identify and control our risks through metrics **in order to achieve our goals in line with our sustainable growth strategy.**

The main objective of our risk management is to protect the existing strength of our Company by making the necessary arrangements for the Company to continue its activities with a sustainable profitability.

In order to achieve our goals, we monitor and evaluate our risks at all levels and reduce our risk level.

With our risk management process, we prevent unexpected losses that may occur in our organization and ensure that the necessary resources and activities are planned and managed to control risks.

We look for the positive aspects of risks and assess potential gains.

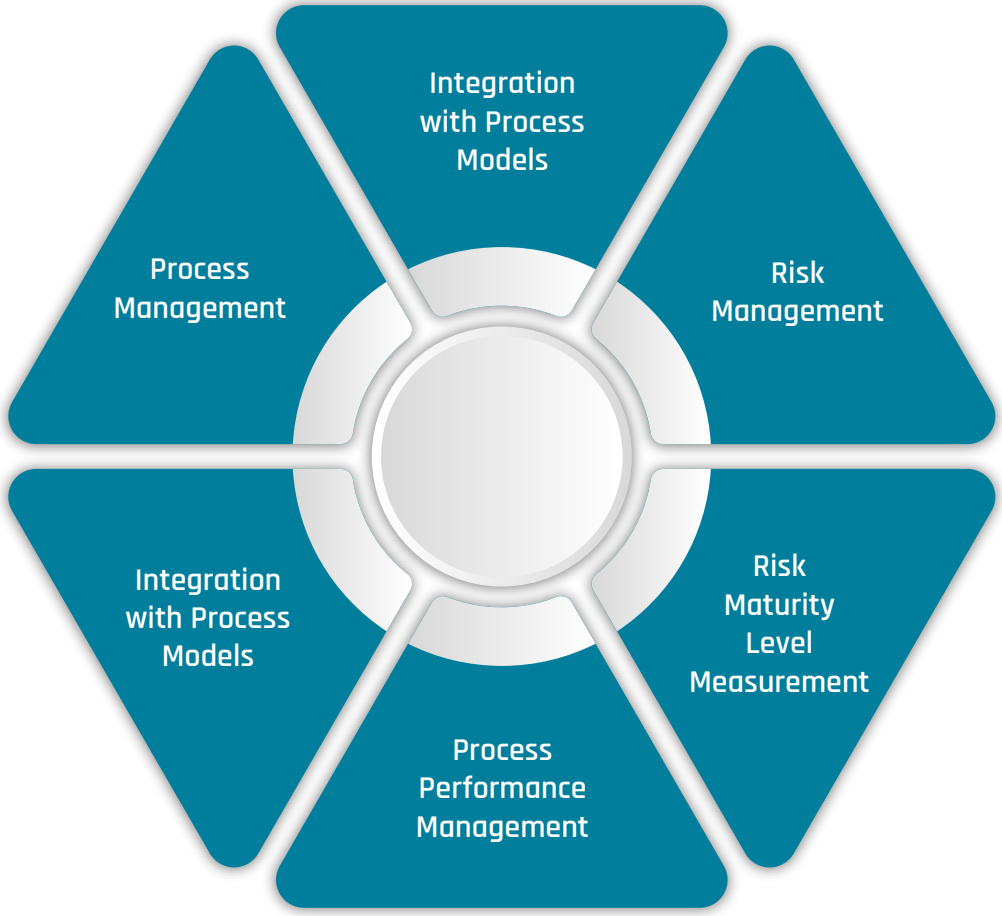
Our Risk Management Objectives

PROCESS MANAGEMENT

We can effectively monitor all our processes through the Enterprise Process Management System we have established.

We define new processes and update our existing processes in line with our needs. We manage all our enteprise processes with a continuous improvement approach through the Plan-Do-Check-Act (PDCA) Cycle.

We have designed our Enterprise Process Management System to include all our operational, managerial and support processes, sub-processes and activities, suppliers, customers, inputs and outputs, resources, process owners and implementers. In our Enterprise Process Management System, we have included all the activities we carry out in definition of our performance indicators and targets, identification and updating of our process risks, and ensuring their interrelations through the System.



OUR MILESTONES

We are incorporated on June 28, 1973 under the name of Türk Uçak Sanayii Anonim Ortaklığı A.Ş. (TUSAŞ) as a public economic organization under the Ministry of Industry and Technology in order to reduce our country's dependence on foreign sources in the defense industry.

With the governmental decree to use F-16 aircraft to meet the Turkish Air Force's fighter aircraft need, TUSAŞ Havacılık ve Uzay Sanayii A.Ş. (TAI) is incorporated by TUSAŞ in 1984, as a Türkiye-US joint investment company, to operate for 25 years, in order to manufacture the F-16 aircraft, integrate the systems on the aircraft, conduct flight tests and deliver them to the Turkish Air Force.

Before end of the 25-year, TAI is reorganized in 2005 when the foreign shares are acquired by Turkish shareholders, which resulted in combination of TUSAŞ and TAI under the today's name, Turkish Aerospace, expanding our activities, and making us the Türkiye's technology center in the development, modernization, production, system integration and life cycle support processes of aerospace industry systems.

HIGHLIGHTS

- Developed with local and national capabilities, ANKA broke the record for the "longest flight" by performing a 30-hour and 30-minute mission flight.
- Defense Industry Executive Committee, convened under the chairmanship of President Recep Tayyip Erdoğan, decided to launch mass production of HÜRJET.
- "National Technologies and New Investments Mass Opening and Promotion Ceremony" organized.
- Signed a new collaboration protocol with Azerbaijan Technical University.

- The Air Ground Integration Aircraft (HYEU), a new military variant of HÜRKUŞ, Türkiye's first aircraft certified by the European Aviation Safety Agency (EASA), received its Type Certificate.
- Included Two ANKA-S and one AKSUNGUR in the Naval Forces Command.
- Opened the Antalya Technopark office.
- Completed the first delivery under T129 ATAK helicopter export contract signed with the Philippine Air Force.

- The fourth prototype of the T625 GÖKBEY helicopter started flight tests.
- T-70 Helicopter, produced in partnership with ASELSAN and Sikorsky, won the "Leonardo International Fellowship Award" of the Vertical Flight Society (VFS).
- Reduced the requirement of the fatigue tests applied to the structural components of the aircraft by 70% thanks to the AI-powered testing of the product components.
- Signed a memorandum of understanding with Kazakhstan Engineering for the joint production of ANKA in Kazakhstan.

- Signed a collaboration protocol with Eskişehir Technical University for graduate studies.
- Became Türkiye's first organization in its sector to receive certificate for corporate carbon footprint verification.
- Signed three new collaborations with Airbus, including the A350F barrier wall, the A320 family section 18/19 section joining, as well as the A220 Family center mid lower fuselage panels.
- Delivered 75th T129 ATAK helicopter to the Turkish Land Forces Command.

- Signed a memorandum of understanding with Kazakhstan's National Satellite Operator KAZSAT and GHALAM to develop long-term strategic cooperation in the field of satellite and space.
- Hosted 400 donors at headquarters of our corporation as part of the 35th anniversary of the Turkish Armed Forces Foundation.
- Completed all design releases of ASTH.

- Moved the NATIONAL FIGHTER to the final assembly line with a ceremony held at our facilities.

JANUARY 2022

- Signed a new memorandum of understanding with the Pakistan Space and Upper Atmosphere Research Commission (SUPARCO).
- Completed first delivery in the "Wing of Tomorrow (WOT)" project, which is part of a joint research agreement with Airbus.
- Opened the Aerospace Craft Design Laboratory within the Faculty of Aeronautics and Astronautics at Istanbul Technical University (ITU).

FEBRUARY 2022

MARCH 2022

- Published first sustainability report of our company.
- Integrated, for the first time, a civilian base station into AKSUNGUR to ensure uninterrupted mobile communication over DataLink systems.
- Integrated SAR-Synthetic Aperture Radar into ANKA for detecting stray mines.

APRIL 2022

MAY 2022

- Completed ASTH fuselage design.
- Successfully dropped ŞİMŞEK, integrated into ANKA and capable of carrying different payloads, in the target zone.
- Moved the first front fuselage of HÜRJET from the production line to the final assembly line.

JUNE 2022

JULY 2022

- Delivered 3rd AKSUNGUR to the Turkish Naval Forces Command.

AUGUST 2022

SEPTEMBER 2022

- Delivered the 5th aircraft, whose modification was completed within the scope of the MELTEM III Project, to the Turkish Naval Forces Command.
- Launched the test facility, designed entirely with local and national capabilities, to conduct testing of HÜRJET's fuel systems.
- The film "Lion HÜRKUŞ: Our Mission GÖKBEY", co-produced with TRT, released in theaters.
- Signed a memorandum of understanding with the Malaysian Institute of Microelectronic Systems (MIMOS), a subsidiary of the Malaysian Ministry of Science, Technology and Innovation.

OCTOBER 2022

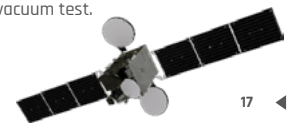
NOVEMBER 2022

- Delivered two T129 ATAK helicopters to the Philippines Air Force.

Delivered the first T70 Helicopter to the Gendarmerie General Command.

- Delivered to Gendarmerie General Command three B350 King Air Emergency Manned Reconnaissance Aircrafts, whose maintenance, sustainment, operation and technical management support was provided under the AIKU-2 Project.
- The flight model of TÜRKSAT 6A, Türkiye's first local and national communication satellite, successfully passed the thermal vacuum test.

DECEMBER 2022

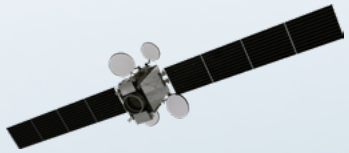


ACTIVITY AREAS

We carry out our activities as the aerospace base of our country with our unique products, projects, technology centers and R&D investments. As part of the " Nationalization of Technology Movement " launched in 2005, we are carrying out the T129 ATAK, Unmanned Aerial Vehicle (UAV) System ANKA, New Generation Training Aircraft HÜRKUŞ and communication satellite GÖKTÜRK projects with our stakeholders. We continue our efforts to make the first delivery of the T625 Gökbey, to complete the production process of the TÜRKSAT 6-A satellite and Satellite and Multirole Heavy Combat Helicopter, and to start mass production of AKSUNGUR, which has started its first field mission. We continue our efforts to increase the number of our local and national products every year and to complete the export processes of our genuine products.

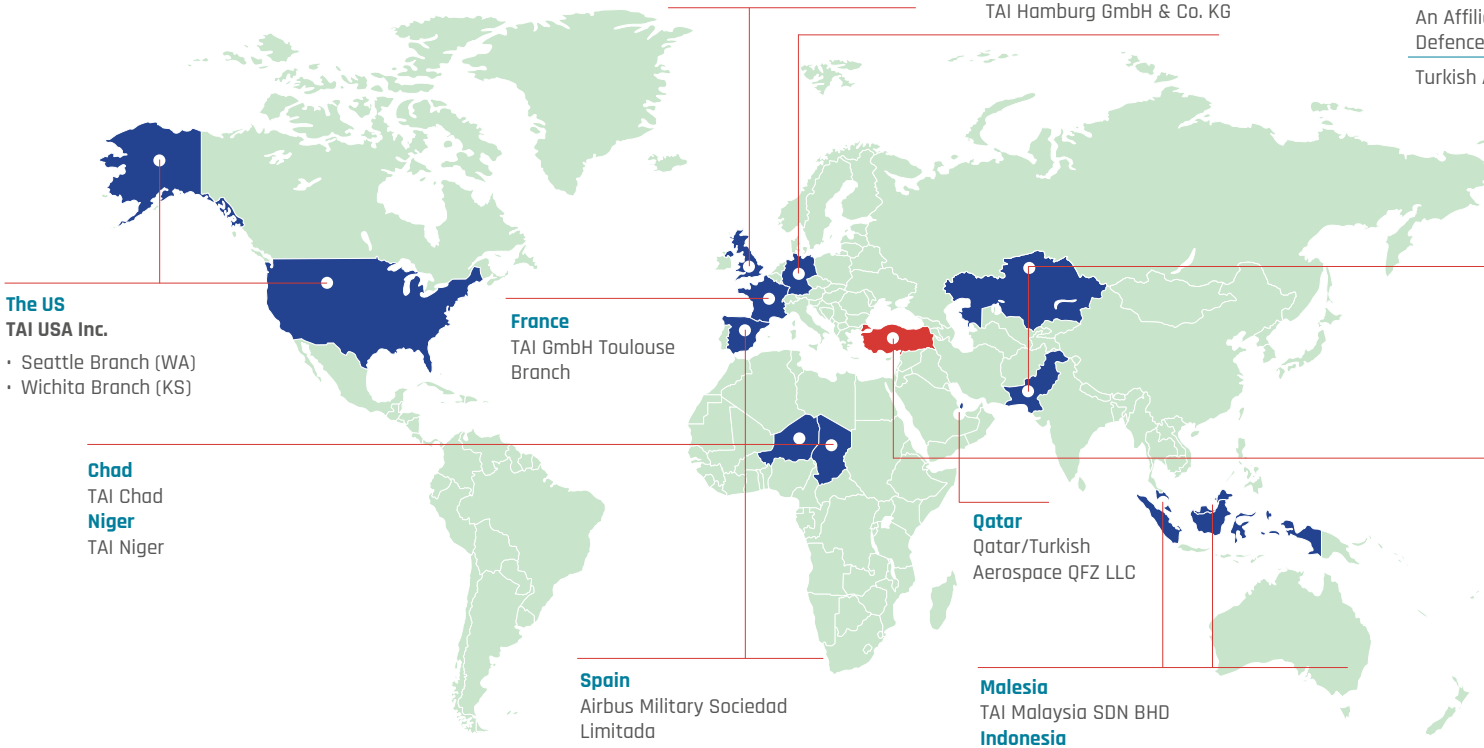
Ranking among the top one hundred global players in the aerospace industry, we continue our activities with the following Aviation Structurals Group.

- Aviation Structurals Group
- Aircraft Group
- Helicopter Group
- Unmanned Aerial Vehicle (UAV) Systems Group
- Space Systems Group
- National Combat Aircraft (NCA) Group
- Engineering Group
- Product Support and After Sale Services Group



OUR SUBSIDIARIES AND AFFILIATES

As Turkish Aerospace, **we provide services** through our subsidiaries and affiliates, in Türkiye and abroad, as well as and overseas representative offices. Turkish Aerospace is a subsidiary of the Turkish Armed Forces Foundation and **an Affiliate of the Presidency of the Republic of Türkiye Defence Industry Agency (SSB).**



United Kingdom
TR Research & Technology Ltd.

Germany
TAI GmbH
TAI Hamburg GmbH & Co. KG

The US
TAI USA Inc.
- Seattle Branch (WA)
- Wichita Branch (KS)

France
TAI GmbH Toulouse Branch

Chad
TAI Chad

Niger
TAI Niger

Spain
Airbus Military Sociedad Limitada

Qatar
Qatar/Turkish Aerospace QFZ LLC

Malesia
TAI Malaysia SDN BHD

Indonesia
PT Turkish Aerospace Indonesia

Pakistan
TAI Pakistan
Turkish Aerospace (SMC-Private) Ltd.

Kazakhstan
TAI Kazakhstan
Turkish Aerospace Ltd.

Our Shareholders	Ratio (%)
Turkish Armed Forces Foundation (TAFF)	54.49
An Affiliate of the Presidency of the Republic of Türkiye Defence Industry Agency (SSB)	45.45
Turkish Aeronautical Association	0.06

Türkiye
TEI - TUSAŞ Motor Sanayii A.Ş. (1985)
TCI - Kabin İçi Sistemleri Sanayi ve Ticaret A.Ş. (2011)
C Tech Bilişim Teknolojileri San. Tic. A.Ş. (2018)
TRMOTOR Güç Sistemleri San. A.Ş. (2018)
TAAC Havacılık Teknolojileri San. Tic. A.Ş. (2019) GSATCOM Uzay Teknolojileri A.Ş. (2019)
TR Mekatronik Sistemler San. Tic. A.Ş. (2018)
TR Uçusa Uygunluk Belgelendirme Hizm. A.Ş. (2018)
TeknoHAB Teknoloji Geliştirme Bölgesi Yön. A.Ş. (2018)
TASECS İklimlendirme A.Ş. (2019)
TRD Mikroelektronik San. A.Ş. (2018)
TR Eğitim ve Teknoloji A.Ş. (2018)
TUSAŞ Dış Ticaret ve Destek Hizmetleri A.Ş.
İTÜ Teknopark A.Ş. (2022)

OUR AWARDS AND SUCCESSES

"First Prize for Innovation Strategy"

Türkiye Exporters Assembly (TİM)

"First Prize for Employing the Most New Recruit in R&D"

9th Summit of R&D and Design Centers and Technology Development Zones

"Producing Türkiye's Stars Award"

Social Security Institution

"Process and Product Development with Thermoplastic Material Project - the First Prize for Sustainable Innovation"

Sustainable Business Awards

OUR AWARDS AND SUCCESSES

“Talents of the Future Program - Gold Stevie Award for Best Youth Employment Strategy”

“Most Innovative Talent Acquisition Program - Silver Stevie Award”

Stevie Awards for Great Employers

“Future Talents Program”

Excellence Awards

“Talents of the Future Program - Employer Brand External Communication”

FRIDA

“Champion of Türkiye in International Patent Applications in the First Quarter of the Year”

Patent Cooperation Treaty

OUR AWARDS AND SUCCESSES

“Success Partner”

Spirit AeroSystems

**“Climate Change “Grade B”
Water Security “Grade A”**

Carbon Disclosure Project

“Water Efficiency in the Aviation Sector Green Champion”

The Green Apple Awards

““Accelerated Executive Leadership for Transformation” Program - Bronze Award for Leadership and Executive Development Program”

TEGEP Education and Development Platform Association

OUR AWARDS AND SUCCESSES

"Gold Award for the Industrial Company Most Wanted to Work for by Young People"

"Gold Award for the Young People's Favorite Long-Term Internship Program"

"Silver Award for The Most Admired Company for Campus Events"

Youth Awards

"Silver Award for the Women Inspiring the Sky Mentorship Program"

The Corporate Engagement Awards

"First Prize and People's Favorite Award in the Production and Industry Category"

"People's Favorite Award in the Information and Technology Category"

"Third Prize in the Corporate Category"

Golden Spider

"Best of Category Award in B2B Category"

Horizon Interactive Awards

OUR AWARDS AND SUCCESSES

"Most Popular Companies 9th Rank"

Realta Consulting Most Popular Companies Survey

"Children of Sky Project - Gold Stevie Award for Brand Reputation Management"

"Talents of the Future Program - Gold Stevie Award for Community Engagement"

"Employment and Performance in Pandemic - Gold Stevie Award for Aerospace Defense Company of the Year"

Stevie International Business Awards

"Silver Award for Best Employer Brand in the Engineering and Manufacturing Sector"

"Bronze Award for Best Communication of Employer Brand to External Audience"

Employer Brand Management Awards

"Silver Award for Best Employer Brand Team"

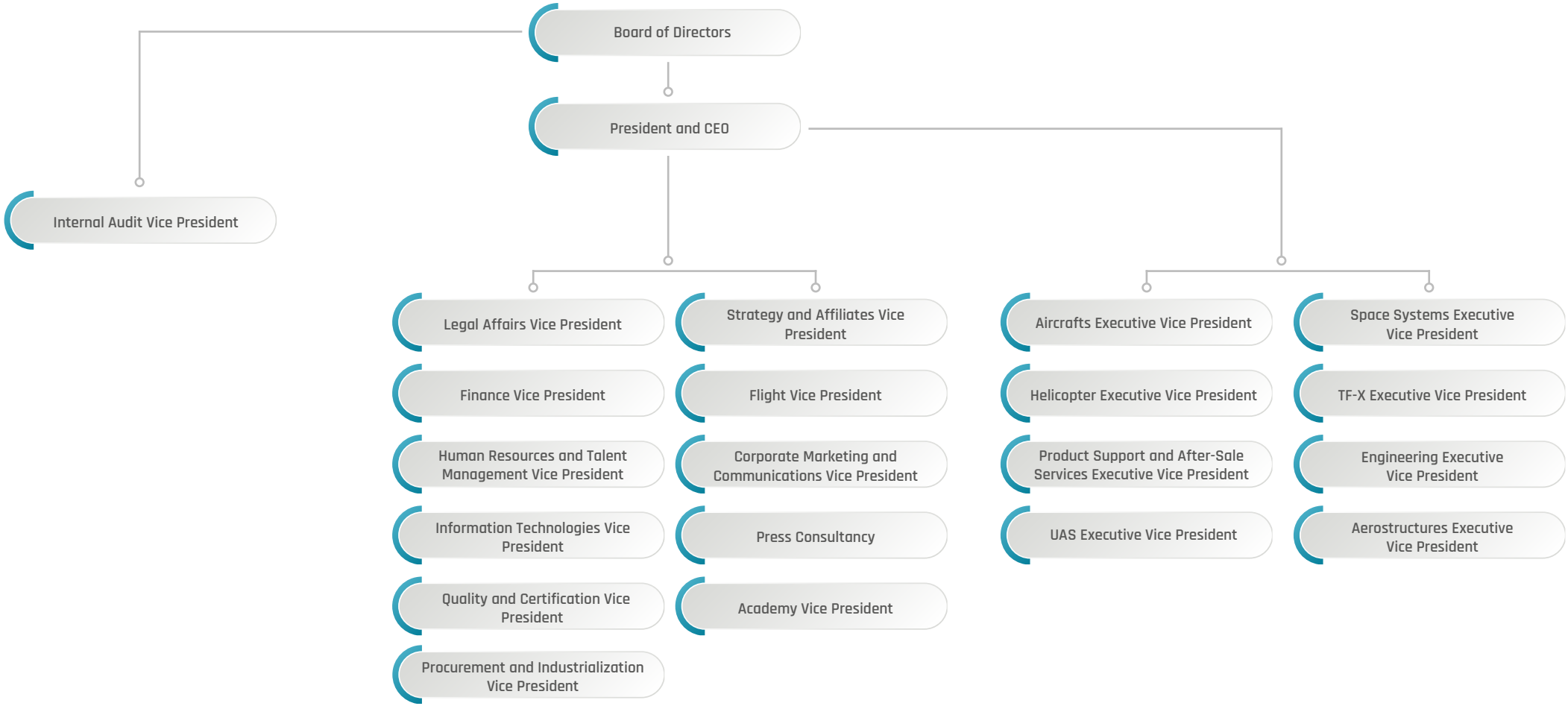
The Hammers Awards

2 Gold Awards for "Employer Brand" and Youth Communication

İstanbul Marketing Awards

OUR ORGANIZATIONAL STRUCTURE

Our agile organizational structure enables us to take firm steps towards our strategic goals. Our executive activities are carried out by 8 vice presidencies and 12 departments which steer the strategic project groups.



OUR SUSTAINABILITY PERFORMANCE IN 2022

Our Stakeholder Map

We believe that our success can only be achieved by working together with all our stakeholders. With this mindset, we attach importance to acting together and cooperating with all our stakeholders who directly or indirectly affect and are affected by our activities. Stakeholder satisfaction is one of our strategic focuses, which forms the basis of our strategic planning. We value the opinions and expectations of our stakeholders as an input in every area, from strategy formulation to new product development, from the supply chain to the development of collaborations.

Our Employees

We value our dynamic, expert and skilled human resources as the most effective element of our sustainable success and offer career development and training opportunities for their development. By increasing the satisfaction and motivation of our employees, we aim to increase labor productivity and create a sustainable human resource asset.

Our Shareholders

By maintaining a strong and mutual value-oriented relationship, we ensure that our company is on a path of long-term growth and success. With the valuable support of our shareholders, we are building a Turkish Aerospace that will compete with the world and have a say in the technologies of the future, and that will continue to grow and develop with our ever-powerful physical infrastructure, human resources and thus a legion of scientists we will create.

Our Customers

We meet the needs and expectations of our customers and our obligations arising from our contracts on time and in full and make a difference with our outstanding quality understanding and excellent production approach. We strive to surpass their expectations by offering innovative products and services to increase their satisfaction.

Our Suppliers

We aim to strengthen our ties with our supplier ecosystem, especially with our current and prospective suppliers, subcontractors and outsourcing companies, which we regard as one of the most important links in our value chain, and to increase their competencies and capacities in order to further reduce foreign dependency by increasing the effectiveness of localization activities.

Society and Educational Institutions

We prioritize the economic and social development and welfare of our society. While we continue our efforts to nationalize our production, we develop projects to share the resources we create with society. We make great efforts to support all segments of society through the educational projects, internship programs and aid campaigns we implement.

Our Stakeholder Communication

We attach importance to the contribution and interaction of all our stakeholders at the heart of our company's sustainability approach, and aim to develop a more transparent and reliable relationship by sharing our stakeholders, priorities and communication strategies.

In order to establish respectful and productive relationships with our stakeholders and create value, we reach out to many stakeholders, including our employees, shareholders, customers, suppliers, society, industry associations and educational institutions, through different platforms and ensure their participation.

Thanks to stakeholder engagement and collaboration, which play a critical role in our sustainability journey, we shape our sustainability strategy and efforts around the views of our stakeholders. We establish two-way, open and transparent communication with all our stakeholders who play a role in our success. We come together with all our stakeholders in different channels and with varying frequencies depending on the need.

Stakeholder Engagement

We believe that our success can only be achieved by working together with all our stakeholders. With this mindset, we attach importance to acting together and cooperating with all our stakeholders who directly or indirectly affect and are affected by our activities. Stakeholder satisfaction is one of our strategic focuses, which forms the basis of our strategic planning. We value the opinions and expectations of our stakeholders as an input in every area, from strategy formulation to new product development, from the supply chain to the development of collaborations.

OUR STAKEHOLDERS AND SUSTAINABILITY HISTORY

Our Stakeholders	Communication / Participation Platform
Our Employees	Satisfaction surveys, suggestion exchange platforms, learning system, working environment, meetings, intranet, motivational activities, trainings and seminars, sports and recreational club activities
Our Shareholders	General assembly meetings, annual report, sustainability report, board of directors meetings, performance outcome reports, information sharing
Our Customers	Customer satisfaction survey, trainings, regular visits, factory visits, expos, direct communication, sales process, product shipment process, integrated logistics support
Our Suppliers	Supplier portal, training programs, improvement audits, factory visits, supplier days, supplier performance scores, supplier surveys
Society, Sector Associations and Educational Institutions	Corporate memberships, joint projects, participation in meetings, seminars and conferences, university career days, high school and university internship programs, job interviews, academic meetings, website, social media, corporate reputation survey, sector meetings, stakeholder days, workshops, factory visits, advertising activities

As Turkish Aerospace, we took many important steps towards sustainability in 2022. We released our first Sustainability Report. In 2022, Corporate Carbon Footprint was verified in accordance with the ISO 14064:2018 Standard. We received an A- in the Water Security category and a B in the Climate Change category through Carbon Disclosure Project Reporting. We raised the awareness of our employees at sustainability talks. We attended sustainability meetings with customers to discuss current developments and expectations. We have included our sustainability goals in our Strategic Plan and we ensure their follow-up. We drafted our Sustainability Policy and released it within the company.

OUR SUSTAINABILITY PERFORMANCE IN 2022 IN FIGURES

Our Sales Revenues

Revenues	2022 (TL)
Domestic	18,260,128,127
Overseas	12,204,609,009
Total Sales	30,464,737,136

Our 2022 export volume: $592,725,904.12

Adding Value to Employees

Years	2022
Number of Employees	13,570
Female Employee Ratio	14.9%
Women Manager Ratio	18.3%

Average Training Duration per Employee

Years	2022
Training Duration (hours/person)	49

Number of Students Participating in our Engineer Development Internship

Internship Programs	2022
SKY (Undergraduate) Programs	1,592
Vocational School/High School Programs	737
SKY International and Special Programs	97
Total	2,426

Technology and Innovation

Our R&D Performance	2022
Total R&D Expenditure	TRY 12,535,972,654
Internally-Funded R&D Expenditure	TRY 3,330,856,116
Ongoing Internally-Funded R&D Projects	79
Ongoing Externally-Funded R&D Projects	35
Completed Internally-Funded R&D Projects	139
Number of R&D Employees	4,345
Patent Applications	103
Number of Patents Registered	22

Environmental Management

Greenhouse Gas Carbon Emissions	2022 (tCO_{2e})
Category 1	78,746
Category 2	33,645

Our Carbon Footprint

Years	2022
$tCO2e/(m^2)$	0.13

OUR SUSTAINABILITY PERSPECTIVE

How Do We Manage?

We develop unique products with global competitiveness using local and national technologies.

We strive to be a pioneer in our products and product development technologies in line with rapidly changing and developing technologies.

In order to achieve our goals, we continuously improve ourselves and improve our effectiveness and efficiency in business processes.

We sustainably manage the human resources that carry us into the future.

With rising brand value and customer satisfaction, we act with a high sense of responsibility towards all our stakeholders.

We attach importance to growth that is sensitive to the planet, integrated with society and prioritizes stakeholders.

OUR SUSTAINABILITY PRIORITIES

Materiality	GRI Code	Topics	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	SDG
High	GRI 201-4	R&D, Innovation and Digitalization								●	●			●						Economic
High	GRI 306	Waste Management											●	●	●	●	●			Environmental
Medium	GRI 304	Biodiversity													●	●	●			Environmental
Medium	GRI 401 405	Equal Opportunity					●			●		●								Social
High	GRI 404	Employee Engagement and Satisfaction					●			●		●								Social
High	GRI 404	Employee Training and Development				●	●			●		●								Social
High	GRI 201	Circular Economy								●	●		●	●					●	Economic
High	GRI 201 401	Contribution to Economy and Employment					●			●										Economic
High	GRI 302	Energy Management and Efficiency							●		●		●	●						Environmental
High	GRI 205	Ethical Principles Management					●			●		●						●	●	Governance
High	GRI 302	Environmental Management and Climate Change						●	●	●	●		●	●	●	●	●			Environmental
High	GRI 201	Business Continuity								●			●						●	Economic
High	GRI 403	Occupational Health and Safety											●	●						Social
High	GRI 201	Corporate Governance								●	●			●				●	●	Governance
High	GRI 416 417	Practices Stakeholder Satisfaction									●			●					●	Social
Medium	GRI 308 414	Sectoral Collaborations								●				●					●	Social
Medium	GRI 303	Water Management						●					●	●		●				Environmental
High	GRI 201	Sustainable Financing								●			●	●						Economic
High	GRI 204 308 414	Supply Chain Management								●			●	●					●	Social
High	GRI 203	Social Responsibility	●	●	●	●	●					●							●	Social
High	GRI 416 417	Company Brand Value and Reputation								●	●		●	●						Social
High	GRI 416 417	Product Quality and Safety								●	●			●						Social
High	GRI 418	Data Security								●	●			●						Economic

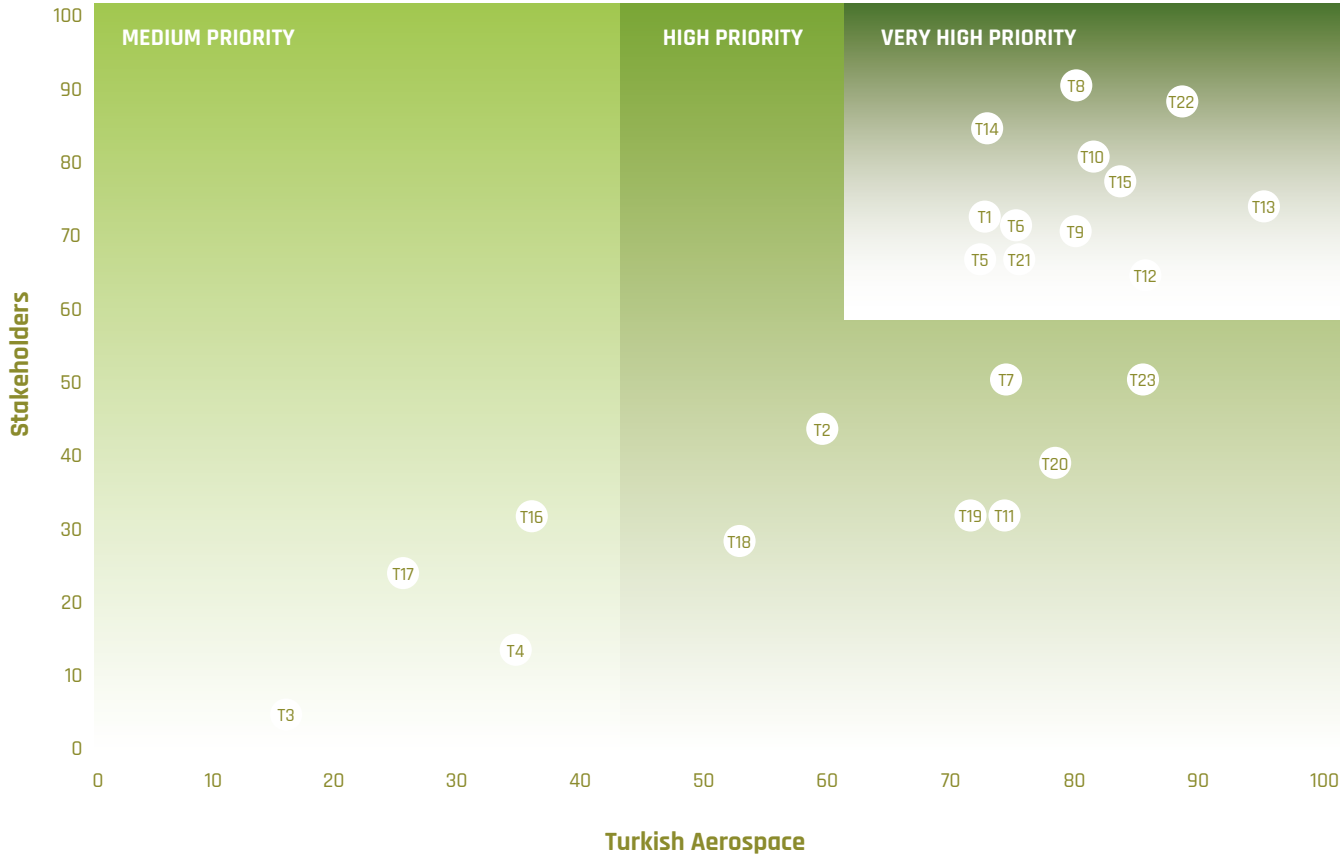
Medium priority topics | High priority topics | Very high priority topics

Economic | Environmental | Social | Governance

MATERIALITY ASSESSMENT ANALYSIS

A double materiality analysis is used to determine our priorities for sustainability reporting. With this assessment method, both the impacts of Turkish Aerospace's activities on environmental and community capitals and the effects of these capitals on Turkish Aerospace Industry's activities have been determined from the two different angles. As a result of the assessment, the topics are given below according to their priority classes.

R&D, Innovation and Digitalization	T1
Waste Management	T2
Biodiversity	T3
Equal Opportunity	T4
Employee Engagement and Satisfaction	T5
Employee Training and Development	T6
Circular Economy	T7
Contribution to Economy and Employment	T8
Energy Management and Efficiency	T9
Ethical Principles Management	T10
Environmental Management and Climate Change	T11
Business Continuity	T12
Occupational Health and Safety	T13
Corporate Governance Practices	T14
Stakeholder Satisfaction	T15
Sectoral Collaborations	T16
Water Management	T17
Sustainable Financing	T18
Supply Chain Management	T19
Social Responsibility	T20
Company Brand Value and Reputation	T21
Product Quality and Safety	T22
Data Security	T23



OUR PRODUCTS AND SERVICES

> In line with our founding philosophy, we produce high-tech, genuine products and services in the aerospace industry that meet the national security needs of our country.

We are incorporated on June 28, 1973 under the name of Türk Uçak Sanayii Anonim Ortaklığı A.Ş. (TUSAŞ) as a state-owned enterprise under the Ministry of Industry and Technology in order to reduce our country's dependence on foreign sources in the defense industry. In 2005, we merged with Türk Havacılık ve Uzay Sanayi A.Ş., a Türkiye-US joint investment company founded in 1984 to manufacture F16 aircraft, integrate onboard systems and conduct flight tests, under a single roof with 100% local capital.

We carry out our activities as the aerospace base of our country with our unique products, projects, technology centers and R&D investments. We keep abreast with the technologies of the future and the competencies that need to be acquired in line with the strategic goals of our defense industry through our Technology Roadmap. As part of the "Nationalization of Technology Movement" launched in 2005, we are carrying out the T129 ATAK, Unmanned Aerial Vehicle (UAV) ANKA, New Generation Training Aircraft HÜRKUŞ and communication satellite GÖKTÜRK projects with our stakeholders.

We continue our efforts to increase the number of our local and national products every year and to complete the export processes of our genuine products.

We continue our production activities as a subcontractor with our successful deliveries as part of our strong collaborations with leading brands on a global scale. In order to provide more effective service to our products, the software and hardware capabilities required to access technical documentation and the changes are provided through Customer Support Portal over the Internet. We reinforced our strength in this field by launching the world's 4th largest composite facility. We are developing our aerostructure capabilities in order to have a say in the production of thermoplastic composite materials as well as next-gen materials. In order to develop the human resources our country needs, we organize internship programs to make successful and promising youth from the engineering faculties of our universities a part of our family.

We carry out activities such as collaborations with universities on education, training and research, including joint research and development projects on specified topics, and scientific events such as joint conferences, seminars, symposiums, workshops, panels.

OUR PRODUCTS AND SERVICES

In 2022, we continued our deliveries to the Turkish Armed Forces without slowing down. We delivered our 75th ATAK helicopter and the first T70 helicopter to the Gendarmerie General Command.

The number of ANKA deliveries has reached over 35. With Meltem Project, we delivered 5 Maritime Patrol Aircraft, 2 ANKA and 3 AKSUNGUR to the Turkish Naval Forces Command. This year, we introduced the 4th prototype of GÖKBEY to the sky for the first time. In the first days of the year, ANKA stayed in the air for 30 hours and 30 minutes, breaking a record in its category. By 2022, with more than 13 thousand employees, we are working with all our strength to "be among the world's top 10 players" and "carry our qualified human resources into the future". As Turkish Aerospace, our biggest vision is to ensure that, in the upcoming decade, Türkiye will be recognized among the countries that shape aviation and assume important roles.

OUR TECHNOLOGY ROADMAP

The Turkish Aerospace Technology Roadmap is a planning and decision support tool based on the vision and mission of the Turkish Aerospace, aiming to contribute to the sustainable competitive edge of the Turkish Aerospace on a global scale. The technology topics to be recorded in the Turkish Aerospace Technology Roadmap are obtained by filtering highly diverse interdisciplinary input such as literature, publications of other aerospace companies, technology trends, fields of study of universities, patent trends, future scenarios with the vision and competencies of the Turkish Aerospace. By determining our current situation in the technology topics obtained as a result of the aforementioned multi-layered filtering processes and the needs of the product ranges, we create a comprehensive acquisition plan for the technology topics in the short, medium and long term and record them in the Turkish Aerospace Technology Roadmap.

The Technology Roadmap of the Turkish Aerospace is periodically updated to reflect the progress in the technology topics that are currently being acquired and the technology trends in Türkiye and the world. The most fundamental factor shaping today's technology trends is sustainability. The European Green Deal published by the European Commission aims to achieve economic growth while reducing the consumption of natural resources and achieving net zero greenhouse gas emissions by 2050. Sustainable resources and methods are rapidly being adopted in many sectors, particularly by the world's leading aviation companies. In this context, we carry out our work with the Turkish Aerospace Sustainability Committee, which has the goals of zero emission, minimal waste generation and minimal water use in Turkish Aerospace production processes. With the addition of the sustainability dimension to the Technology Roadmap of the Turkish Aerospace, the sustainability impact for all the topics recorded in our roadmap can be presented with a holistic perspective, paving the way for incentives for transforming technology topics with sustainability impact into R&D projects.

At Turkish Aerospace, we formulate technology strategies that are in line with our vision, goals and competencies and that will provide a sustainable competitive edge on a global scale, and we plan for the acquisition of the technologies we have identified.

Through our Technology Roadmap and Acquisition Plan, we identify the technology topics that need to be monitored and acquired, and create the right acquisition methods that will provide competitive edge to our existing and potential products.

While identifying technology topics that will contribute to our sustainable development, we work with experts in the relevant field, and examine and analyze the technologies that the world's leading aerospace and defense companies, research institutions and universities are working on.

We are shaping our Technology Roadmap with steps that will enable us to develop technologies in the fields of materials, manufacturing, aerostructure, aerodynamic, avionics, air and spacecraft systems and informatics that serve our genuine platforms.

We closely keep tab on the technological developments that shape the future of our company and focus on automation and digitalization technologies, new materials, alternative energy sources, artificial intelligence, data analytics and Industry 4.0 technologies, through which we will realize technological transformation.

We have expanded our Technology Roadmap to include applications related to nano-reinforced composites, next-gen detail part painting, additive manufacturing, thermoplastic composite materials, which we anticipate will be used more in the aerospace industry in the future. We direct our investments and conduct R&D projects to acquire, localize and integrate technologies in these areas into our products.

OUR R&D PROJECTS

> We are constantly increasing our R&D expenditures and number of employees to produce the best.

As Turkish Aerospace, we carry out research and development activities through projects, with pre-allocated budgets, whose purpose, scope, method, duration, stages, critical points and outputs are defined in accordance with our strategies and targets.

R&D Projects funded by a customer under a contract in line with customer are called as Externally-Funded R&D Projects (Customer R&D Projects / Programs), while R&D Projects funded in part or whole by Turkish Aerospace in line with its own needs and preferences are called as Internally-Funded R&D Projects.

Internally-Funded R&D Projects include three types of projects:

- Conceptual Design and Development Project
- Research and Technology Development Projects
- Technology Center Project

On the other hand, Research and Technology Development Projects (project proposal, changes, project closure) are actively evaluated by the Project Evaluation Committee.

Number of Completed/Ongoing R&D Projects as of the End of 2022	
Number of Completed R&D Projects	**168**
Completed Externally-Funded R&D Projects	29
Completed Internally-Funded R&D Projects	139
Number of Ongoing R&D Projects	**114**
Ongoing Externally-Funded R&D Projects	35
Ongoing Internally-Funded R&D Projects	79

Types of Ongoing Internally-Funded R&D Projects	Number of Projects
Product Development Projects	33
Research and Technology Development Projects	22
Technology Center Projects	24
TOTAL	**79**

OUR R&D PROJECTS

As of the end of 2022, Turkish Aerospace ranked 57th in the Defence100, the list of the world's 100 largest defense industry companies announced internationally every year, and 2nd in the R&D 250 list announced by TurkishTime in Türkiye every year. The ratio of R&D Expenditure to Turnover was realized as 48.62%. In line with our sustainable R&D strategy, we continue to fund Internally-Funded R&D projects, invest in new equipment pool, and acquire technological infrastructure.

Year	2020	2021	2022
Total R&D Expenditure (TL)	2,648,665,457	4,389,834,301	12,535,972,654
Ratio of Total R&D Expenditure to Turnover (%)	40.5	35.55	48.6
Internally-Funded R&D Expenditure	712,211,903	1,287,232,764	3,330,856,116
Ratio of Internally-Funded R&D Expenditure to Turnover (%)	10.9	10.42	12.9

Year	2020	2021	2022
Number of R&D Employees	3,299	3,403	4,345

OUR R&D AND INNOVATION COLLABORATIONS

> With Sustainable Innovation, we support the inception of ideas and products that contribute to the ecological environment and economic vitality.

Recognizing that the leading position we aim for in the aviation and defense industry can only be achieved with the contributions of all our stakeholders and researchers, we attach importance to R&D and innovation collaborations.

In this context, in line with the vision and goals of our Company and in order to gain sustainable competitive edge on a global scale, we continue to formulate R&D and innovation collaboration strategies, manage internal and external relations in line with collaboration strategies, create, design and implement collaborative projects / programs / mechanisms / models. In addition, we also work on defining our Company's innovation roadmap, establishing corporate innovation processes and culture, measuring and improving innovation performance, conducting in-house entrepreneurship activities and steering open innovation efforts.

We use R&D and innovation collaborations as a tool to improve our corporate and environmental performance en route to our company's sustainability goals. To this end, the company implements youth talent programs to train qualified human resources, provides more employment, and pays utmost attention to intrapreneurship and open innovation activities to encourage innovation.

We realize our high-tech genuine products in the aerospace industry through our R&D collaboration activities and by managing our innovation processes with the contributions of all our departments from marketing to production, supply chain to sales. Our R&D and innovation strategies enable us to expand our product portfolio in line with sustainability priorities, thus contributing to meeting the needs and expectations of all our stakeholders and increasing our competitiveness.

Innovation Management Activities

IIn Turkish Aerospace, in-house entrepreneurship and open innovation activities, which were designed since 2019, started to be officially carried out in 2021.

HANGAR Campus Innovation Program

The program design is created by examining the best practices in the sector. The HANGAR CAMPUS Innovation Program, which appeals to university students, one of the most important stakeholders of our company, is designed to be open to applications from associate, undergraduate, graduate and doctoral students between the ages of 18 and 30 from all universities in Türkiye. Students can apply to the HANGAR CAMPUS Innovation Program in teams of 2 to 5 people.

In the first phase of the program, which is targeted to be launched in 2023, the focus topic is defined as "Carbon Reduction in Aviation". This choice is influenced by factors such as the fact that sustainability is one of our company's horizontal innovation focus topics, the request of our Sustainability Committee, the fact that it is a topic that supports our product groups and can be studied in terms of its target audience, and the fact that similar topics are studied in other good practice examples in the sector.

TURKISH AEROSPACE hangar CAMPUS

OUR R&D AND INNOVATION COLLABORATIONS

> Are you ready to put your entrepreneurship to work in the field of aerospace?

The first period of HANGAR Campus, which will be our first open innovation program focused on innovation and entrepreneurship, is expected to last approximately 4 months. A Demo Day is planned at the end of the program. In addition to the cash prize to be awarded to the teams that successfully complete the program, we aim to provide training and mentoring, patent drafting support, investment opportunities, job and internship opportunities, the chance to gain privileges in other related Turkish Aerospace programs, infrastructure support, commercialization and networking support, budget support for MVP (Minimum Viable Product), PoC opportunity in our facilities and industry-specific experience / knowledge exchange opportunities.

HANGAR Campus is designed and implemented end-to-end as a multi-stakeholder and highly prestigious program that will create maximum added value with minimum cost.

Startup Scouting Activities Startup scouting activities are carried out within the scope of open innovation processes. As a result of the scouting activities, we contacted many entrepreneurial companies operating in the Turkish Aerospace Innovation Focus areas in the ecosystem. To this end, the startups, working in our Company's innovation focus areas identified at the at the ecosystem events are recorded and tracked in the Open Innovation Database. In 2022, collaboration processes were initiated and maintained with 86 startups. After the first meeting with the startups discovered, evaluation meetings are held with the relevant teams within the Company to assess the technical competencies of the startup and its capability to meet the requirements of our Company in the areas of need.

After the evaluations, meetings are organized to introduce the startups to our expert teams for the needs addressed by their solutions and to evaluate collaboration potentials.

Demo works are being carried out with the companies that are found eligible.

We also carried out startup scouting activities in the field of sustainability, one of our company's horizontal innovation focus areas. In this context, it is considered that we could cooperate with relevant sustainability startups in line with our strategic goals at the events we attended to conduct one-on-one entrepreneurial meetings. We continue our collaboration and PoC (Proof of Concept) works with startups in areas such as carbon capture, recycling and biofuel production.

Collaboration with Ecosystem Actors
We carry out various collaboration activities with different actors such as NGOs, technoparks, TTOs, companies and universities that play an active role in the Turkish entrepreneurship ecosystem. In this context, we organized meetings with Norm Holding to exchange experiences on best practices in companies within the scope of sustainability and innovation management. Similarly, we take part in the TTGV Climate Lab Committee established by the Technology Development Foundation of Türkiye (TTGV), one of our ecosystem stakeholders. As part of TTGV Climate Lab program, we organize the Climate Technologies Panel series and similar events so that community members can follow new ideas, methods, techniques and practices in the field of climate technologies and obtain practical information from first-hand.

Success of TTGV 250(k) Applied Talent Development and Idea Valuation Program. The 250(k) Applied Talent Development and Idea Valuation Program organized by the Technology Development Foundation of Türkiye (TTGV) was held this year under the theme of "Sustainability and Climate Technologies". 6 different teams were formed with 30 young professionals selected from over 100 applicants. As part of the program, idea sponsor companies are matched with relevant teams.

OUR R&D AND INNOVATION COLLABORATIONS

The idea sponsors of the program, Türk Traktör, Akbank, LC Waikiki, Kastamonu Entegre, Arçelik and Brisa, were matched with the teams and given a business problem they were already working on. Over the course of 6 weeks, teams developed innovative business models to solve relevant problems. In this way, idea sponsors have the opportunity to participate in a systematic idea valuation process, access to new competencies and capabilities, create exemplary business models before designing new products and services, and trigger innovation opportunities.

Teams of high-potential young professionals have the advantages of developing a skill set, learning idea testing and validation methodology, experiencing teamwork dynamics, gaining experience in direct interaction with the field, being included in the talent pool and gaining visibility. During this 6-week program, participants met online 2-3 times each week. In these meetings, different trainings were provided by experts in the field for business development and transforming the business idea into a business model, and interactive workshops were organized.

At the Demo Day held at the end of the program, the teams presented the innovative solutions they developed for companies and first prize were awarded to the project "Improvement of 3D MDF Production Chain and Innovative Application Areas".

On 22 December 2022, TTGV Day is held at Bilkent Hotel, bringing together stakeholders involved in all programs

of the Technology Development Foundation of Türkiye (TTGV). We held the graduation ceremony of the 3rd term participants of the Xnovate Fellow Program, another program of TTGV, at the event, which attracted wide interest from all over Türkiye.

In addition, the traditional thesis awards were presented to the winners and a panel discussion on the process was held with the innovation managers of the companies that sponsored ideas in the 250(k) Applied Talent Development and Idea Valuation Program. After the panel, the winning team eCO2mpose was announced on stage and presented their awards.

OUR PATENTS

> With our patent and utility model applications, we among at the top enterprises in the field of aerospace technologies in our national portfolio.
>
> According to the patent report 2022 of Turkish Patent and Trademark Office, we ranked among the top ten companies with the highest number of patent applications in 2022.

In order to protect our company's intellectual and industrial rights, we continue our activities to obtain patents for the products, designs and ideas we develop in the field of aerospace industry in many branches of technology, from avionic computer architecture, lock mechanisms, power transmission systems to aerodynamic improvements. In the 12 years since 2011, we have filed a total of 352 patent applications and 102 utility model applications, and finalized 82 patent and 48 utility model registrations.

As Turkish Aerospace, we participate in national and international expos, enabling our employees to present their inventions to other stakeholders in our ecosystem.

As Turkish Aerospace, we filed a total of 103 patent applications in 2022, consisting of 65 national and 38 international patent applications, and completed the patent registration procedures for 22 of our patent applications.

FORESIGHT ANALYTICS AND CRITICAL TECHNOLOGIES

In line with the Turkish Aerospace's vision of becoming a "world brand aerospace company" with genuine products and global competitiveness, we systematically keep track of the current situation and technological trends in the world. In particular, we are working on technologies that will contribute to our competitiveness and on capabilities that are not currently available in our country.

Today, there are supply shortages due to a wide variety of reasons such as export restrictions, political developments, and disruptions in supply chains. In order to combat this issue, technology development projects are being prepared in the relevant fields by identifying the areas where our country lacks capability. In addition to R&D activities on engineering and technical issues for high-tech products, we contribute to the development of our country's industry at all stages, from production processes to the testing of the end product.

In this context, we make future predictions by analyzing the trends and signals in the development of technology, results of which inform the predictive analytics we conduct to identify critical technologies. With these efforts, we specifically aim to identify possible future alternatives and how to reach these alternatives by identifying and grouping the dynamics shaping the future.

These efforts enable us to develop strategies for the improvement of the products and operations of our company, which aims to make our country a leader in the ever-developing aerospace industry, helping us contribute to our country's competitive edge in the aerospace industry.

The European Green Deal published by the European Commission has a major impact on aerospace companies, encouraging them to reduce their carbon footprint and the environmental impact of their operations. To improve sustainability of our company while remaining competitive, it is important to invest in sustainable development by anticipating the technologies of the future and developing more environment-friendly products and processes thanks to these technologies.

OUR LOCALIZATION ACTIVITIES

In the light of our vision of becoming a "world brand aerospace company" with genuine products and global competitiveness, we systematically keep track of the current situation and technological trends in the world. In particular, we are working on technologies that will contribute to our competitiveness and on capabilities that are not currently available in our country.

In addition to R&D activities on engineering and technical issues for high-tech products, we contribute to the development of our country's industry at all stages, from production processes to the testing of the end product.

In this context, we identify critical components, and if we have the capability for them, we directly develop processes to realize them within our company; if not, we develop processes to ensure that they can be realized via local industry at all possible stages, from raw materials to the production of the required component.

As part of our genuine product programs, we formulate genuine product/ system/ sub-system/material-based localization and nationalization strategies, and carry out works at the subsystem, equipment and material level. We develop "Localization Roadmaps" for systems / sub-systems / components and materials that we consider critical.

OUR INFORMATION TECHNOLOGIES

> We have developed our integrated management system over the years so that we can use our resources ever more efficiently.

We operate our Information Security Management System (ISMS) in compliance with the ISO/IEC 27001 Standard and certify it through regular internal and external audits. Under the leadership of our Senior Management, we set our ISMS targets, proactively manage our information security risks, periodically evaluate our ISMS performance, and work for sustainability and the implementation of up-to-date technologies.

As Turkish Aerospace, we, as of 2021, replaced information management system from former waterfall method to the scrum, one of the agile methods, in our software development activities consisting of analysis, design, coding and testing phases.

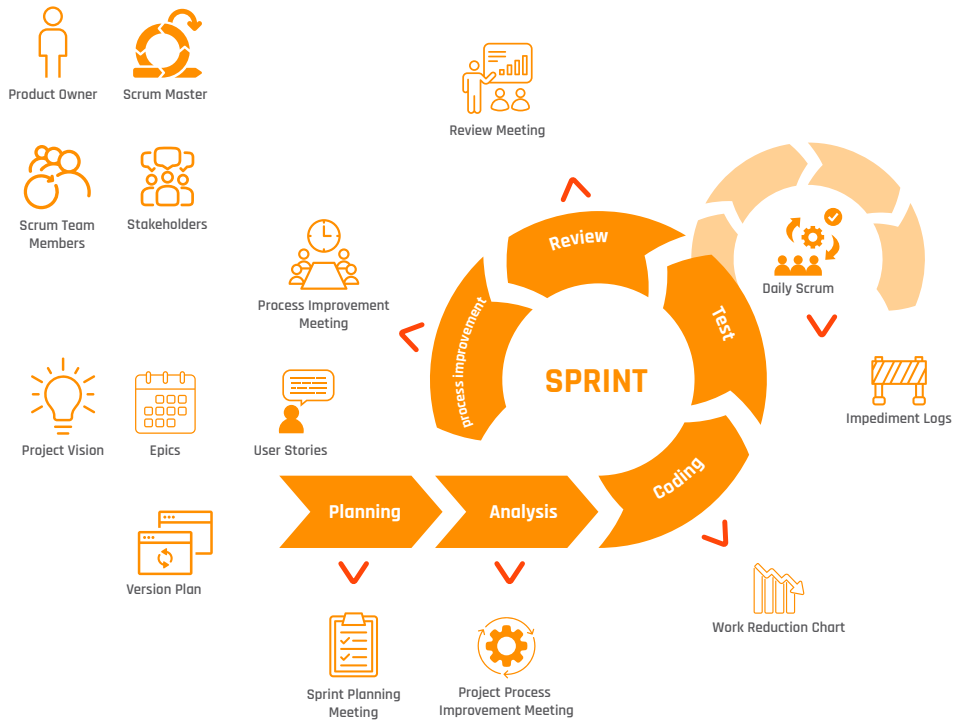
Advanced Engineering Software

Thanks to the advanced engineering software we use, we are capable of analyzing the real-life performance of our products in the development phase and diagnosing the shortcomings and weaknesses of the products before production. Using advanced engineering software, we shorten product development time, reduce physical prototype costs and improve product quality.

Software Life Cycle

As Turkish Aerospace, we started to work with SCRUM, one of the agile methods, replacing former waterfall method, as the Information Management System in our software development activities consisting of analysis, design, coding and testing phases. We changed our method due to increased time and costs as we made a change in the requirements as the phases progress in the waterfall method where software development phases can be applied once. Thanks to the SCRUM system, which allows us to develop incrementally by reworking the software development phases more than once in periods, called sprints, we can respond faster to the software needs of our employees and organizational units.

Software Life Cycle (SCRUM)



OUR INFORMATION TECHNOLOGIES

Engineer Productivity and Workforce and Workload Sustainability

For our engineering works, we launched the MIT system to track work detailing at the Main Business Package, Engineering Business Package and Engineer level. We record the planned and actual work and daily work of our engineers in the MIT system, so that we can plan the workload of all engineers on the system on the basis of process items and calculate engineer productivity.

Production Sustainability

In addition to the module we use to convert design data into production data, we also formulate plans for companies of outsourcing. We create the production BOM structure in relation to the design BOM structure within this system and use this information to feed our Production Resource Planning.

Traceability

With all our systems, we meet the traceability requirements, which is the basic requirement of the aviation industry. Thanks to component and material traceability, we can track all the components built in the end product that need to be tracked down to the lowest level of the product tree, and we can monitor the processes that these component and materials go through in the product life cycle. We can access the end product from the lowest level in the product tree.

Data Science

We developed Cockpit, our business intelligence platform, to increase our capacity to access and analyze data quickly in line with the opportunities offered by current data science technologies. Thanks to the data and analyses we access, we effectively manage our sustainability goals by establishing a relationship between our past performance and our future targets. Thanks to our Cockpit business intelligence platform, which enables us to regularly monitor our sustainability performance and proactively assess risks and opportunities, we gain competitive advantage by taking quick decisions.

Operational Development

Efficiency and Availability Monitoring of Machines

We started using the Internet of Things (IoT) technology to digitally monitor the efficiency and availability of the machines in use. Internet of Things technology enables the most accurate access to relevant production data by establishing a direct connection to devices distributed in production areas.

IoT architecture is designed and commissioned with the cooperation of our relevant departments. In this way, 120+ machines were connected, enabling production supervisors to report actionable machine data, thus data recording. We are continuing data validation efforts to ensure that connections and data are absolutely error-free.

These actionable data inputs also informs the MES (Manufacturing Execution System), which is currently being rolled out across our facilities. As a result, many data, traditionally entered by operator in the MES, will now be entered by IoT, simplifying the job of operator, and streamlining the operations.

This directly affects the workload of the machine operators. In addition, thanks to the more accurate and clearer visibility of the availability periods, we aim to trigger the necessary improvement actions and to use the machine data in medium-long term investment analyzes.

Our Long ERP History

1984-1999	2000-2005	2006-2014	2015-2019	2019-...
· Main Frame · Ready-made Software MRP and MRP II · Cobol and Assembler Programming Languages · IMS Database	· Transition to Object Oriented Architecture · In-house ERP Software Studies · Transition to Smalltalk Programming Language · Transition to DB2 Database	· In-house ERP Software Renewal Studies · Transition to the Java Programming Language · CMMI Level 3 (purchased in 2007 and expired in 2010)	· Collection of Inhouse ERP Subsystems under an umbrella · Standard View, Single Password Login · In-house FRP New Subsystem Development and Maintenance	· HUMA Project · Odoo Open Source Coded ERP · PostgreSQL Database

OUR INFORMATION TECHNOLOGIES

This method will pave the way for big data technology thanks to the data collected directly from the machines. This data will be recorded using big data system and will form the basis for the necessary datasets. Thanks to these datasets, it will be possible to carry out the processes using many different technologies.

This project is launched as the first machine communications project of the Turkish Aerospace. We are continuing our efforts to roll it out to all our machines in our production facilities.

Digitalization of Composite Painting Processes

In the Composite Paint Processes HVOF (High Velocity Oxygen Fuel) Test Processes, we are carrying out digitalization efforts where on-paper record-keeping processes is replaced with a web software which will store records in an online database, enabling them to be viewed later as well as creation of the PDF reports.

This in-house developed web software also mitigates the risk of loss of data kept on paper, as well as reduces the labor required for report creation process.

As of 2022, we are working on transferring the special process data (temperature, humidity, etc.) of the environment in the HVOF Test Process to reports using IoT (Internet of Things) technology.

Digital Paint Shop

The "Digital Paint Shop" project is launched in order to carry out painting processes, a stage of production processes, in a digital environment and to increase process traceability. The first area where the project is implemented is the "Detail Part Painting" production area.

In the project, painting process data, which are expected to be manually entered by the operators, are automatically received through the system instead of manual entry. In this way, the amount of paint prepared for the components, the preparation time of the paint, as well as oven and paint booth conditions can be recorded automatically.

The project is integrated into the MES (Manufacturing Execution System) used in production areas. Thanks to the project, traceability in paint shop processes are improved.

Works are underway to roll out the project in other paint shops.

Digitalization of First Article Inspection

We track our current FAI (First Article Inspection) processes through excel documents. In FAI processes that are tracked through multiple excel documents, files can sometimes be lost in common folders, coupled with difficulty in accessing the author/editor details. With the E-FAI application developed, we started application development to make the entire FAI process trackable through a single web application.

The application will bring many conveniences and new features: instantly viewing the current status of the FAI documents, FAI attachment download/ upload, viewing editors of the FAI, assignment of FAI document to next quality station, excel print-out of the data relating to FAI documents, and many more. This will also save labor. The application is in the testing phase as of 2022 and development is ongoing.

Projection of Assembly Line with VR

Based on the 2D layout plan of the assembly line, a 3D model of the assembly line was created, which was then transferred to the VR headset for installation in the field. As the model includes the 2025 projection, it is also possible to view in the virtual environment the equipment and component jigs that are currently being installed on the site, and to navigate through the line in the virtual environment. In addition, the assembly steps of the new MATE project are identified, and a simulation of the assembly is added to the model. As of 2022, we continue to develop the project according to the changes in the VR model used.

By introducing the use of VR technology in production lines of our company, we are developing projects to prevent potential errors thanks to the projection of the future situation, creation/modification of the line layout, visualization of the line flow by simulations, and analysis on the potential incidents such as collisions that may arise due to tool design during assembly processes.

OUR INFORMATION TECHNOLOGIES

Assembly Line Rate Improvement Simulation

Before deciding on new assembly line investments, or additional workforce and equipment investments required in existing lines due to the increased demand, we use Siemens Tecnomatix Facility Simulation software to analyze the scenarios for reaching monthly/ annual production targets, which takes into account a formulation of the interrelations among the past production estimates, operator capacity in component jigs, predecessor- antecessor relations between operations, and process flow, and thus revealing the most effective production scenarios.

Robotic Process Automation

We started to use RPA (Robotic Process Automation) technology in our processes, which enables the use of virtual robots replacing the manpower.

With RPA, we teach repetitive and non-value-added operations to a virtual robot, enabling automated operations without the need for manpower.

The first RPA project at Turkish Aerospace was realized by ensuring that this process was automatically downloaded to Turkish Aerospace' servers by means of a virtual robot without human intervention. In the first phase, a workload of 10 engineering days for 8,000+ documents was foreseen, while completing this process in total 3 days, 1 day for setting up the program and 2 days for the robot to work. The same process continues to be carried out via the robot. This project was the first RPA project of Turkish Aerospace, and we continue our works to roll out it in our different processes in the future.

We organize company-wide trainings and develop new projects for RPA, which is regarded as one of the important pillars of digital transformation.

OUR INFORMATION TECHNOLOGIES

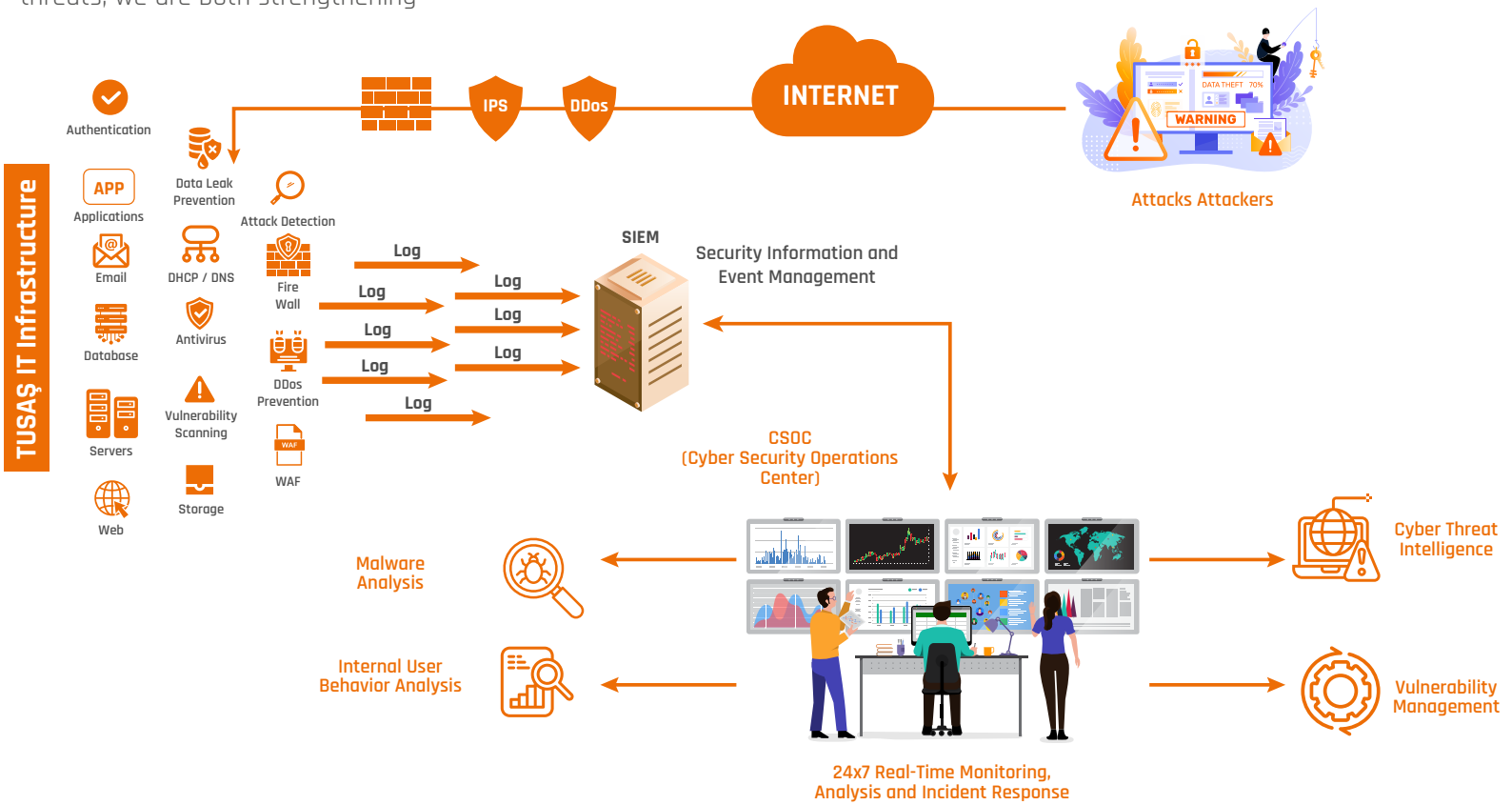
Cyber Security

We formulate our cyber security strategies focused on the uninterrupted production and efficiency of Turkish Aerospace, identify cyber security risks with a proactive approach and carry out sustainable cyber security operations. We completed the establishment of the Cyber Security Operations Center (CSOC). At CSOC, we carry out continuous monitoring, response to detected incidents and incident management processes on a 24x7 basis.

We monitor data leaks for both the Turkish Aerospace brand and its employees, and take measures in case of incidents. We share our knowledge, findings and experiences on cyber security with TAFF companies.

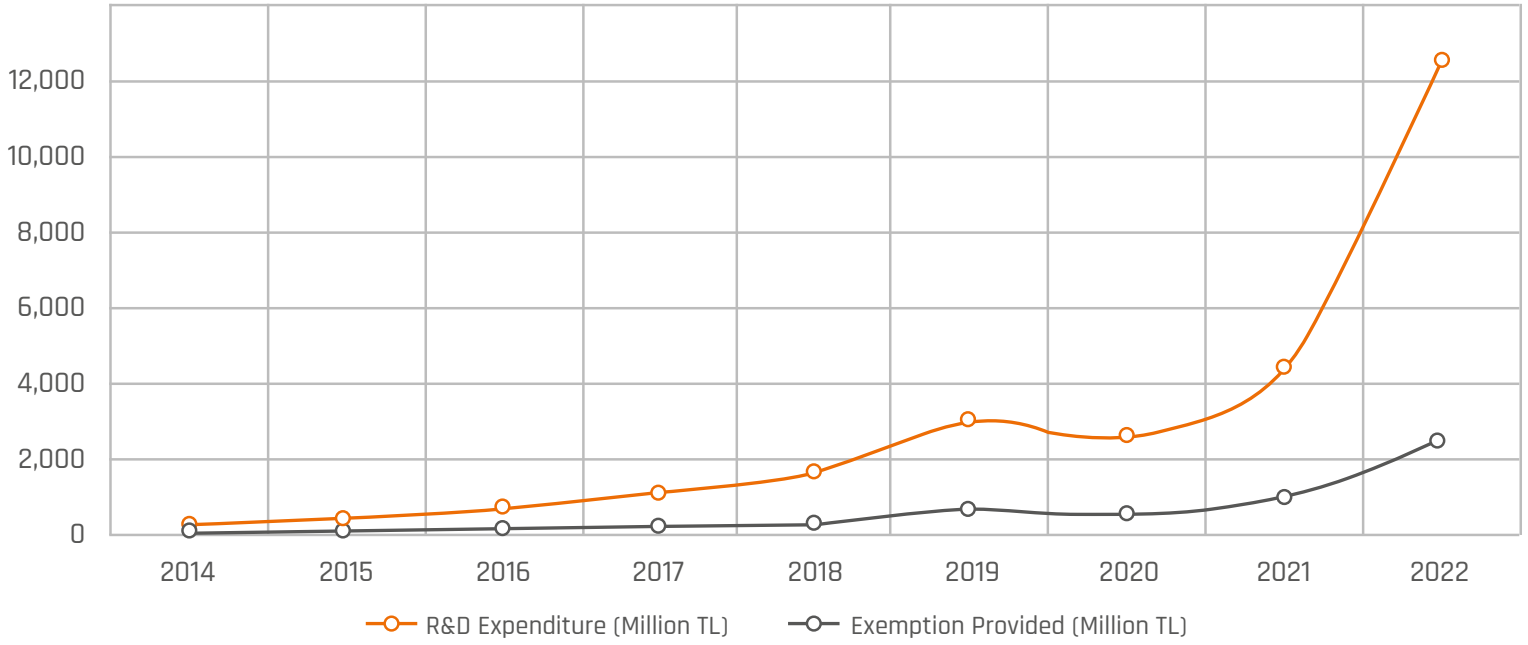
In order to increase our resilience against constantly evolving and changing cyber threats, we are both strengthening our cyber security infrastructure and continuing our continuous training activities.

In this context, there were no incidents of leakage, theft, etc. related to the confidentiality of customer data in our company in 2022.

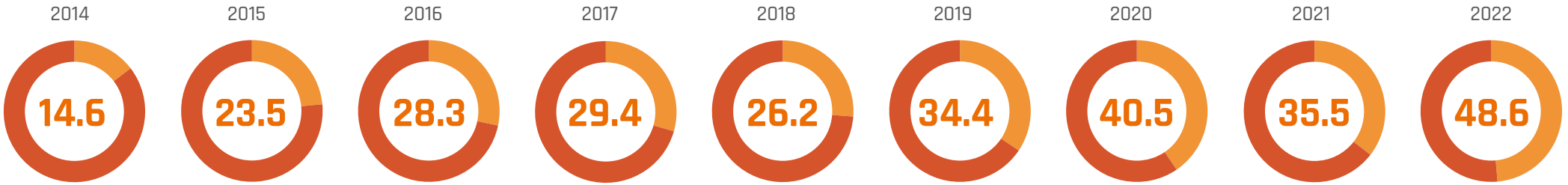


INFRASTRUCTURE AND SERVICE SUPPORT INVESTMENTS

As of the end of 2022, Turkish Aerospace ranked 57th in Defence100, the list of the world's 100 largest defense industry companies, which is announced internationally every year, and 2nd in the R&D 250 list announced by TurkishTime in Türkiye every year. The ratio of R&D Expenditure to Turnover was realized as 48.62%. In line with our sustainable R&D strategy, we continue to fund Internally-Funded R&D projects, invest in new equipment pool, and acquire technological infrastructure.



Ratio of R&D Expenditure to Turnover (%)



ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

At Turkish Aerospace, we carry out our efforts and develop new projects to support environmental sustainability, ensure efficient use of resources, prevent environmental pollution, combat climate change, reduce greenhouse gas and carbon footprint emissions, contribute to the circular economy, adopt the zero waste principle and improve our performance by complying with new regulations.

We have been continuing our environmental sustainability activities, launched in 2022. In this context, ISO 14001 Environmental Management System is established along with the identification of environmental risks, environmental targets as well as environmental sustainability and climate change steps.

ISO 14001 Environmental Management System

"Environmental and Climate Change Policy" and "Water Policy" were approved by the Board of Directors of Turkish Aerospace on 01.03.2022.

Turkish Aerospace has an Environmental Permit for "Wastewater Discharge" and "Air Emission" valid until January 25, 2027. Activities are carried out in accordance with the Facility Permit Conditions as specified in the environmental permit document. Also, we have ISO 14001 Environmental Management System Certificate in place, valid until November 21, 2024, which we received on November 23, 2015.

As part of the Environmental Management System practices, we continued the documentation activities, taking into account the current organizational structure and working conditions, in which context the Environmental Management Documents are created and actively used.

In an analysis of the distribution of environmental risk topics as identified through ERMS (Enterprise Risk Management System), it is found out that spillage/leakage/leakage is the most common environmental risk with a rate of 34%, followed by the waste generation with 16.9%.

When the building-based distribution of the risks identified through the ERMS is analyzed, it can be seen that the Helicopter Prototype Development and Assembly Building has the highest number of environmental risk entries with 17%, followed by Composite Manufacturing Building with 8.2%.

In 2022, 150 risks with "Significant" level were identified through the CRMS.

Our Environmental Risk Maturity Score, which shows the effectiveness of the risk management activities carried out, is calculated as 84.2 for 2022.


TÜRKHAVACILIK UZAYSANAYİİ

ÇEVRE VE İKLİM DEĞİŞİKLİĞİ POLİTİKASI

Havacılık, uzay ve savunma sanayi alanlarında, sürekli iyileştirme ilkesiyle tüm süreçlerde çevresel etkileri yasal ve diğer şartlara uygun olarak azaltarak kirliliğin önlenmesini sağlamak ve iklim değişikliği ile mücadeleyi göz önünde bulundurarak çevresel sürdürülebilirliğe katkıda bulunmaktır.

ENVIRONMENTAL AND CLIMATE CHANGE POLICY

To ensure pollution prevention by reducing environmental impacts of all processes in accordance with legal and other requirements through continuous improvement principle in the areas of aerospace and defense industry, and to make contribution to environmental sustainability by considering tackling with climate change.

Prof. Dr. Temel KOTİL
Yönetim Kurulu Üyesi ve Genel Müdür / President and CEO of Turkish Aerospace


TÜRKHAVACILIK UZAYSANAYİİ

SU POLİTİKASI

Havacılık, uzay ve savunma sanayi alanlarında, tüm iş süreçlerinde sorumlu üretim ve tüketim yaklaşımı gözetilerek sürdürülebilir uygulamalarla su kaynaklarını korumak, suyun etkin kullanılmasını sağlamak ve bu konuda değer zincirimizdeki paydaşlarla işbirliği yapmaktır.

WATER POLICY

To protect water resources with sustainable practices, to ensure effective use of water and to cooperate with stakeholders in our value chain in this regard, by considering responsible production and consumption approach in all business processes in the fields of aerospace and defense industry.

Prof. Dr. Temel KOTİL
Yönetim Kurulu Üyesi ve Genel Müdür / President and CEO of Turkish Aerospace

ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

Environmental Goals

In order to monitor environmental performance indicators and measure the effectiveness of environmental management practices, we set process-based environmental targets every year and monitor the progress of the targets quarterly throughout the year. Environmental targets are set by ensuring that the targets are measurable, monitorable, achievable and relevant to the environmental impacts likely to arise from the dimensions of the processes. We also take into consideration factors such as legal and other requirements, Turkish Aerospace's environmental and climate change policy, and the expectations of interested parties during the target setting phase.

Environmental Sustainability and Climate Change Steps

In Q2 2021, the Ministry of Trade published the Green Deal Action Plan. The Plan includes strategic objectives covering Carbon Regulations at the Border, Circular Economy, Green Finance and Combating Climate Change.

The Paris Agreement was ratified by a Presidential Decree on October 7, 2021 and the local ratification process has been completed. The document for the ratification of the Agreement, together with our national declaration, was submitted to the United Nations Secretariat on October 11, 2021. In this context, zero waste philosophy, carbon neutral industrial practices and the use of renewable energy sources will become important in the Green Deal harmonization process, along with the increased role of climate change in strategic objectives.

European Union (EU) countries are committed to reducing greenhouse gas emissions as of 2030 by 50% compared to 1990 levels. In addition, the EU aims to reach net zero emissions by 2050.

In the light of all these national and international developments, we aim to identify risks and opportunities related to climate change and incorporate them into the business strategy and finance processes of Turkish Aerospace, and to reduce carbon emissions from production, design, product use and suppliers.

In this context, we implemented ISO 14064:2018 Corporate Greenhouse Gas Calculations and Verification and Carbon Disclosure Project (CDP) Reporting and Climate Change and Water Security Reporting works in 2022.

Climate Change and Water Security reports were drafted and uploaded to the CDP Online Survey System on July 23, 2022.

In the Climate Change category, our Company received a score (B) which is above the global average in its sector. This score is higher than the average for transportation equipment and the same as the European average. It also scored (A) in scope 1&2 emissions, risk management process and governance categories, and (A-) in business strategy, financial planning and scenario analysis categories.

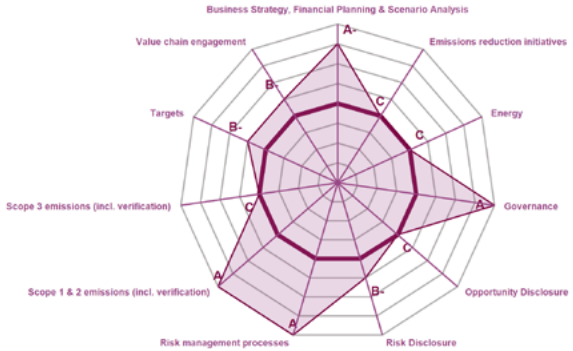
ENVIRONMENTAL MANAGEMENT AND CLIMATE CHANGE

Your CDP score

B

Average performance

C	B	C
Transportation equipment	Europe	Global Average

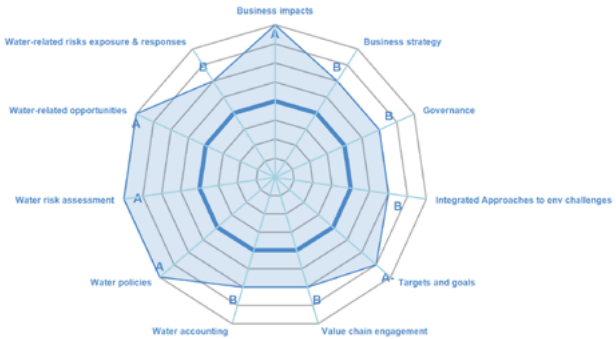


Your CDP score

A-

Average performance

B	B	B
Transportation equipment	Europe	Global Average

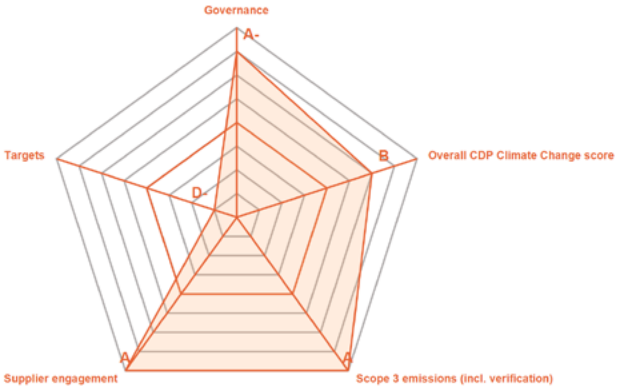


Your SER

A-

Average performance

C	C	C
Transportation equipment	Europe	Global Average



With practices such as "Zero Liquid Discharge" and technological investments such as the migration to an automation system, we received the highest score of (A-) in the Water Safety Module and were ranked in the "Leader" category. This score is higher than the regional average for Europe and the average for the transportation equipment sector. In the water security module, we also scored (A) in the categories of water-related opportunities, water risk assessment, water policies and business impacts, and (A-) in the category of goals and objectives.

Our company received an (A-) score in the evaluation by customer suppliers. We prepared the "Supplier and Outsourcing Companies Environmental Sustainability Assessment Survey" in order to raise the awareness among our suppliers on sustainability and to encourage every supplier to carry out sustainability activities.

AIR QUALITY AND GREENHOUSE GAS EFFORTS

Results of the emission confirmation measurement analysis satisfy the regulatory limits. The measures we have taken to reduce and/or mitigate emissions include:

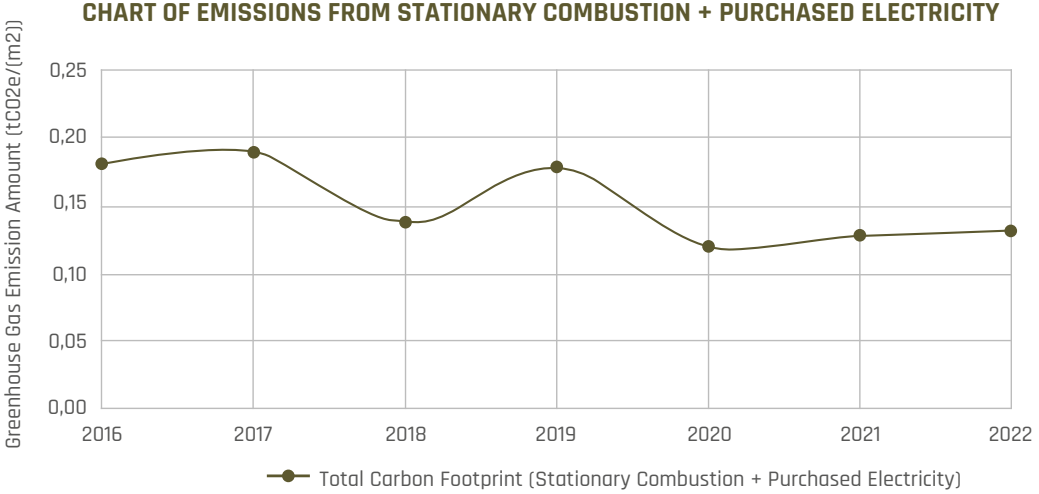
- With the cogeneration facility, the majority of the electricity need in the factory area is met from natural gas, reducing the amount of electricity acquired from the grid. In addition, hot water and steam are generated by utilizing the waste heat in the facility.
- We use scrubbers, activated carbon filters and other air filters to capture the volatile organic carbon released in the painting units on the production line.
- We are working to roll out the use of water-based paint instead of solvent in new painting line projects.
- Emissions from process tanks containing inorganic chemicals are released into the atmosphere after treatment in aqueous washing systems.
- Emissions from process tanks containing organic chemicals are released to the atmosphere after regenerative activated carbon purification systems.
- For dust-containing systems, we also use bag-type dust collection filters.
- Regenerative Thermal Oxidation (RTO) systems are installed in the new paint shops and we ensure that volatile organic compounds (VOC) and odor-causing emissions are reduced by 95%.

3% increase in carbon footprint compared to 2021.[1,2]

ISO 14064:2008 Corporate Carbon Footprint Calculations

In 2022, Turkish Aerospace started to calculate greenhouse gas emissions and corporate carbon footprint within the scope of ISO 14064:2018. In this context, direct and indirect greenhouse gas emissions and corporate carbon footprint resulting from the activities carried out in Turkish Aerospace in 2021 were calculated and reported within the scope of ISO 14064:2018 standard.

CHART OF EMISSIONS FROM STATIONARY COMBUSTION + PURCHASED ELECTRICITY



[1]**NOTE:** Greenhouse gas emission sources from combustion and purchased electricity are taken into account in the calculations.
[2]**NOTE:** Data for 2022 has yet to be verified by the consultant.

Turkish Aerospace's carbon footprint chart is provided below. A 27% reduction in carbon footprint was achieved between 2016 and 2022. In addition, with the increase in production volume and number of employees in 2022, there is a

Emission Categories	2022 (tCO_{2e})
Category 1	78,746
Category 2	33,645

The targets of these efforts include:

- Establish greenhouse gas inventory of Turkish Aerospace,
- Conduct baseline studies to determine greenhouse gas reduction targets and strategies,
- Initiate infrastructure studies to meet current and future legal arrangements,
- Establish a measurable, traceable and consistent greenhouse gas and carbon management mechanism at the corporate level,
- Provide data to the Carbon Disclosure Project (CDP) Climate Change Reporting to be made as per customer demand.

WATER MANAGEMENT

The main aim of Turkish Aerospace's water resources management is to use water resources effectively and efficiently, and the principle of water conservation is taken into consideration in all activities. At Turkish Aerospace, the management and efficient use of water resources are handled holistically in accordance with the principles of sustainability.

Additional water consumption is prevented by using in garden irrigation the wastewater which are treated at the Domestic Wastewater Treatment Facility to meet the relevant irrigation water quality parameters.

At Turkish Aerospace, we carry out the following activities to ensure efficient use of water resources.

- In new building projects, we select appropriate fixtures and equipment, investigate rainwater collection, treatment and utilization options, and evaluate wastewater recovery applications (greywater systems).
- With the water measurement and automation project completed in 2022, we measure water consumption in the production and housing areas of Turkish Aerospace on a daily basis on a building basis with the SCADA system.
- We prefer dry type industrial systems and equipment that do not require water consumption in production.
- Cooling water conditioning automation system is installed and we continue to optimize chemical consumption and blowdown water.
- We continue to design projects to recover approximately 85% of the wastewater from machinery, benches and equipment with on-site recovery systems (Zero Liquid Discharge)-ZLD systems.
- We implement dry landscape applications to reduce the amount of water used for irrigation.
- Wastewater treated at the domestic wastewater treatment facility is used as irrigation water, achieving the recovery of a significant amount of water.

WATER MANAGEMENT

Treatment of Water Intended for Human Consumption

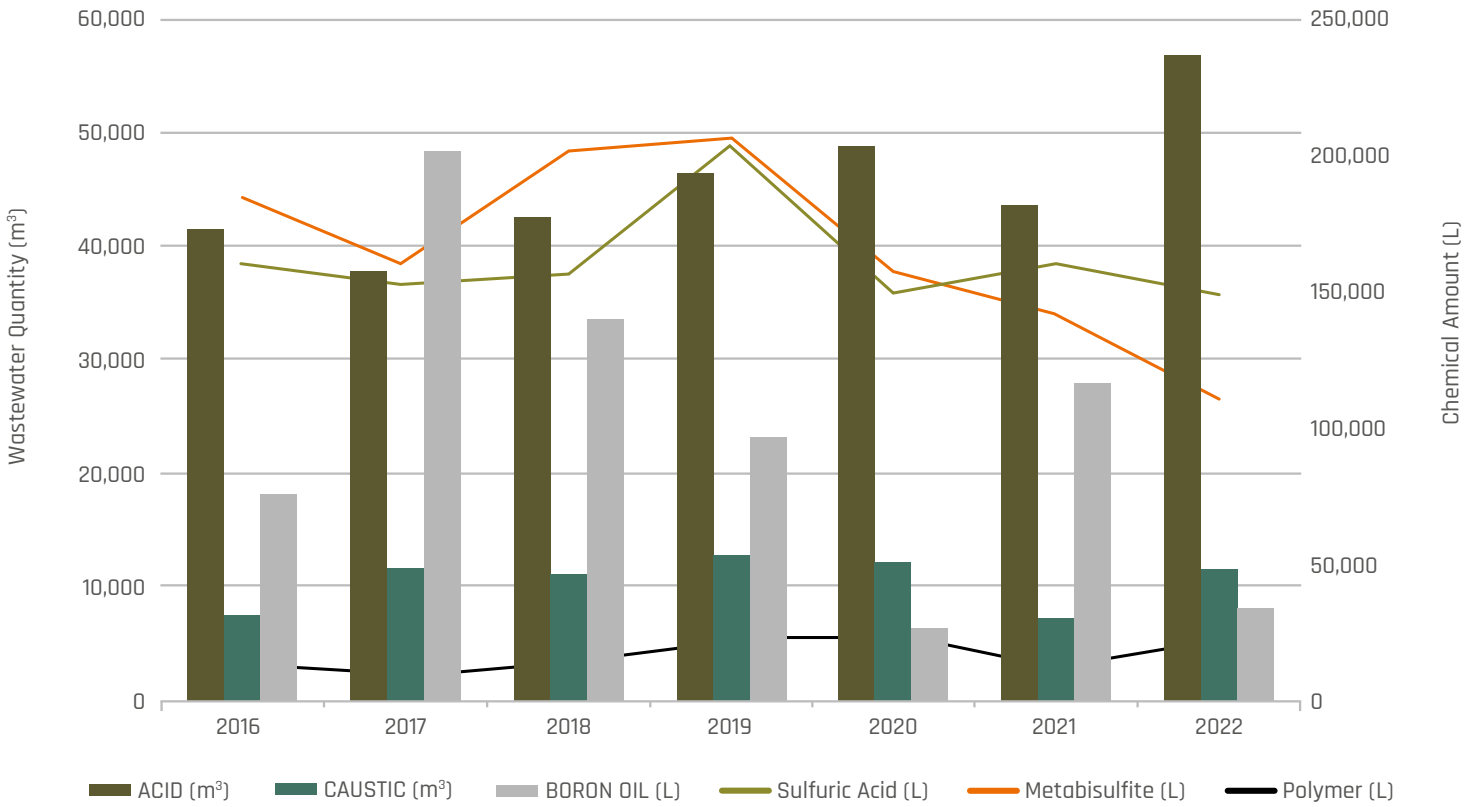
A total of 1,530*103m³ water was treated in the drinking water treatment facility in 2022, and the water consumption amount of Turkish Aerospace factory and housing campus in 2022 is approximately 1,148*103m³. In addition, approximately 31 tons of chemicals were consumed at the facility in 2022.

In an analysis of the Data on Drinking Water Treatment Facility for 2016-2022, it can be seen that water consumption per person decreased by 10% compared to the previous year(s).

Industrial Waste Pretreatment Facility

A total of 68,204 m³ of industrial wastewater, consisting of 56,705 m³ acid and 11,499 m³ caustic wastewater, was treated at the Industrial Pretreatment Facility in 2022. In addition, 8,234 liters of boron oil was treated at the facility in 2022.

	2020 (m³)	2021 (m³)	2022 (m³)
Total Raw Water Treated	1,374,600	1,485,460	1,529,700
Water Consumption	899,654	938,291	1,030,532
Irrigation Water (Lodging Area)	132,680	127,510	117,920
Total Water Consumption (m³)	1,032,334	1,065,801	1,148,452
Water Consumption Per Person	92.64	82.13	75.52



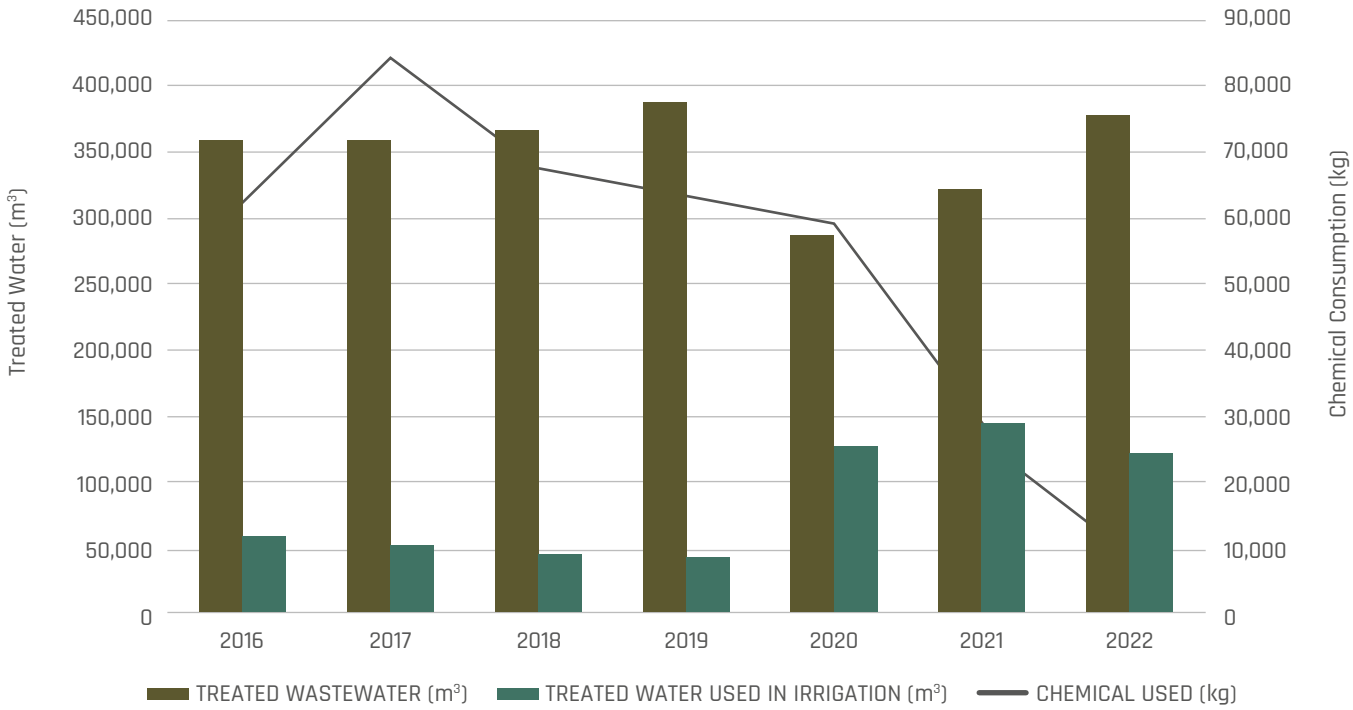
WATER MANAGEMENT

Domestic Wastewater Treatment Facility

The wastewater treated at the Domestic Wastewater Treatment Facility is used as irrigation water. Samples are taken from the outlet of the wastewater treatment facility at two-week intervals every month by an accredited laboratory to prepare a analysis report. Analysis results satisfy the regulatory limits. Wastewater data and recovery rates in 2016-2022 are provided in the table below. In 2022, a saving of TL 1,848,826 was achieved thanks to wastewater recovery.

In 2022, the amount of treated wastewater per person decreased by 1% compared to 2021.

	Treated Wastewater in 2020 (m^3)	Treated Water Used for Irrigation (m^3)	Recovery Rate (%)	Treated Wastewater Per Person (m^3)
2020	287,440	127,800	44	29.60
2021	320,868	143,284	45	28.09
2022	378,239	122,081	32	27.72



WATER MANAGEMENT

Innovations (Installation of 3D Trasar Digital Control Systems)

In order to optimize chemical dosing in cooling towers, we automated cooling water conditioning by implementing a digital control system called 3D TRASAR, which is used in light industrial cooling water applications. In this context, a digital control system was installed at 8 different points in 2022, thanks to which, we achieved a 28% reduction in blowdown wastewater.

In 2022, we commissioned the degreasing chemical treatment f to remove the oil from the component surfaces with the "Alkaline Cleaning" method before the heat treatment process required for aluminum sheet forming process. For the wastewater generated from this system, we installed the Zero Liquid Discharge (ZLD) system.

Zero Liquid Discharge systems are a wastewater management strategy that eliminates liquid waste discharge and maximizes water use efficiency. In principle, they are integrated systems for removing dissolved solids from wastewater and recirculating the treated water back into the process. System is not based on a single technology, rather tailor-made to specific process with various combinations of many advanced treatment technologies.

In 2022, the ZLD system, which was first installed for surface treatment water from the degreasing process, consists of activated carbon, deionization, reverse osmosis and evaporator technologies. In the ZLD system with a capacity of 65 m3/day, energy consumption is minimized by using a heat pump vacuum evaporator, while the carbon footprint of the system is reduced by using refrigerants with lower Global Warming Potential (GWP) in the cooling cycle. The ZLD system is the first high capacity facility in Türkiye.

The installed facility ensures that wastewater is treated and recycled back into the system, saving approximately 15,000 m^3 of water annually. Compared to conventional treatment systems, the amount of chemicals to be used for wastewater treatment in the ZLD system is 70%-90% less.

ISO 14046 Water Footprint Calculations

Water inventory was calculated for Turkish Aerospace's 2022 operational data within the scope of ISO14046:2014 Water Footprint Standard. Prepared inventory data is verified by the authorized body.

Blue Water Footprint in 2022 is 1,152,917.26 m^3. In the 2022 Greywater Footprint calculations, the total amount of wastewater treated was 378,138.00 m^3, of which 91,335.21 m^3 was used in irrigation and 286,802.79 m^3 was discharged. The Greywater Footprint in 2022 was also calculated as 143,921.60 m^3 according to the accredited wastewater analyzes. For 2022, the calculated blue water and greywater footprint data are provided below.

Water Type	Branch	Source	Total (m^3/year)
Blue Water Footprint	Turkish Aerospace Campus (Including HOSB, Housing Area and Plant)	Water Withdrawn from the Dam	1,030,823
	Turkish Aerospace	Irrigation Water	117,920
	Turkish Aerospace	Drinking Water (Bottled Water)	4,174.26
Gray Water Footprint	Turkish Aerospace	Treatment Facility Basin Discharge[1,2]	143,921.60

[1]Flow Source Flowmeter and Accredited Analysis Records
[2]Analysis values were revised in December during the reporting period in accordance with the Water Pollution Control Regulation; therefore, the assessment was adjusted according to the new limit within the scope of the decision rule applied by the laboratory. This change is taken into account in the greywater calculation.

WASTE MANAGEMENT

Waste management system is mainly based on the mitigation and/or minimization of the amount of waste in accordance with the life cycle. In cases where waste generation is unavoidable, it is essential that waste is recovered through reuse, recycling and other processes to obtain secondary raw materials, used as an energy source or properly disposed of.

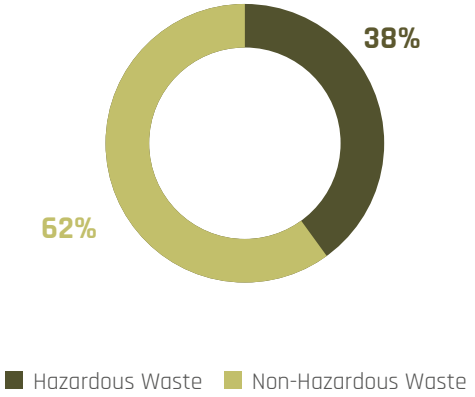
Hazardous wastes collected across the Turkish Aerospace are temporarily stored, while recoverable wastes and scrap materials are temporarily stored and sent to recovery/disposal facilities.

In line with the zero waste philosophy, scrap materials are primarily utilized within the Turkish Aerospace.

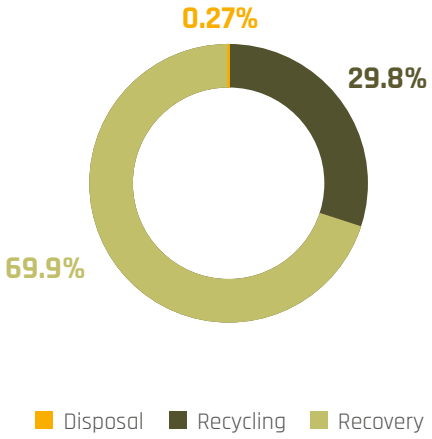
Approximately 7,800 tons of hazardous and non-hazardous waste was collected through the waste management system in 2022. In 2022, the total amount of waste generated per person decreased by 13% compared to 2021 and 47% compared to 2016. In 2022, 99% of the waste generated was recycled/recovered. In 2022, a revenue of TL 19,549,621 was generated from hazardous and non-hazardous waste.

Charts related to these data are provided below.

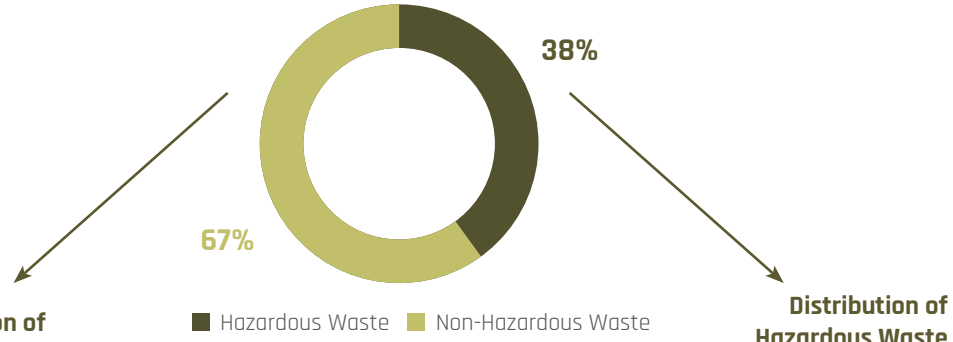
Waste Distribution in 2022 by Type



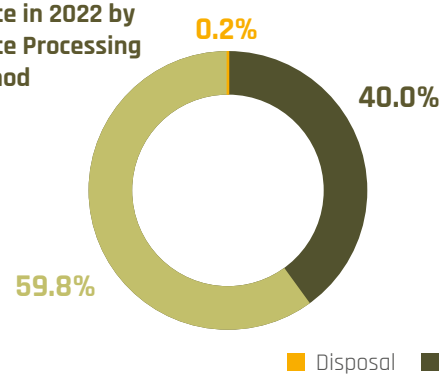
2022 Distribution of All Waste by Waste Processing Method



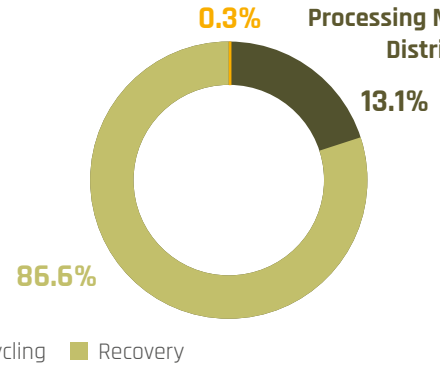
Waste Distribution in 2022 by Type



Distribution of Non-Hazardous Waste in 2022 by Waste Processing Method



Distribution of Hazardous Waste in 2022 by Waste Processing Method Distribution



Disposal | Recycling | Recovery

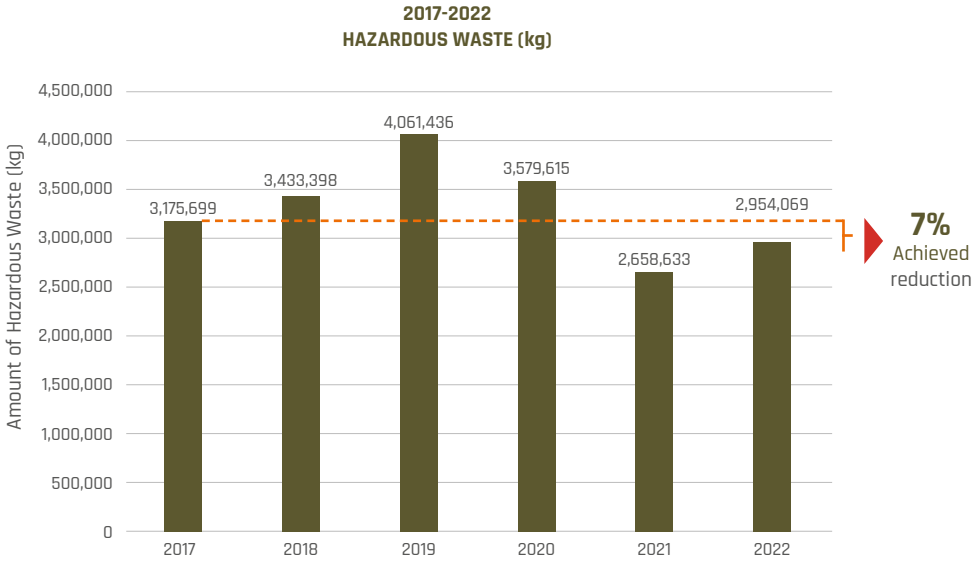
WASTE MANAGEMENT

In an analysis of the amount of hazardous waste collected throughout Turkish Aerospace, it can be seen that there is a decrease of approximately 7% in the amount of hazardous waste, compared to 2017.

Each different hazardous waste is collected in separately marked buckets/ drums/ containers at designated Hazardous Waste Collection (HWC) points in the area where they are generated. Integrated environmental audits are carried out 4 times a year on a quarterly basis. In December 2022, a total of 145 separate HWCs were audited and audit findings were reported to the relevant directorates.

Zero Waste Applications and Recoveries

We launched the Zero Waste Project in March 2019 with the aim of using resources efficiently, reducing the amount of waste generated, establishing an effective waste collection system and ensuring the recovery/recycling of waste. Our company was the first among industrial organizations in Türkiye to receive the Basic Level Zero Waste Certificate issued by Republic of Türkiye Ministry of Environment, Urbanization and Climate Change, The Zero Waste Certificate is received on 30.01.2020, valid until 30.01.2025.



As part of Zero Waste Management System, activities are carried out in line with our Company's Zero Waste Management Plan with an awareness of sustainability and circular economy. Our Zero Waste practices are as follows:

- As part of Zero Waste Project, 99% of the waste generated is recycled and recovered.
- Organic wastes, which are food residuals, are utilized in the Pet Shelter located on campus and used to meet the food needs of stray animals.
- The Wooden Café in the Recreational Area is built entirely with recycled materials as part of the Zero Waste Project and opened for service in September 2019.
- The day planners provided to new employees are made up of recyclable paper materials.
- Internal notices are delivered via e-mail and SMS.
- Zero Waste awareness-raising activities (posters, etc.) are carried out.
- Landscape products and social facilities such as cafes, park seating groups, tables and chairs, prayer rooms, flower beds, etc. were built using wood and metal materials from the scrap yard.
- Efficient use of natural resources and improvements in waste management practices are among our environmental targets.
- With the aim of reuse, surplus materials are reused in different production areas. In 2022, a total of 27,902 kg of surplus products (computer equipment, cabinets, safes, crates, chests, tables, metal parts, etc.) were reused within the factory.

Wooden	18,909
Metal parts	8,809
Plastic	168
Electronics	13
Cardboard	3
TOTAL	**27,902**

WASTE MANAGEMENT

Within our company, the parts sorted as scrap by the relevant production units and the quality unit are recorded in the NMS System and sent to the scrap area.

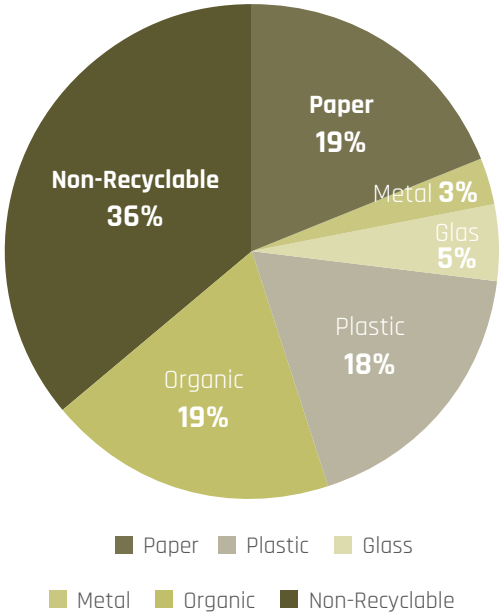
Scrap materials arriving at the site are counted and compared with system records, and accepted if there is no nonconformity. As the materials can be reused for testing and trial purposes, divert operations can be performed upon request. Materials are permanently diverted to the sections that require diverting, provided that they are not used on the aircraft, and the formation of scrap for testing and trial purposes is prevented.

Materials and parts that cannot be reused are treated as waste and sent to the Waste Temporary Storage Area.

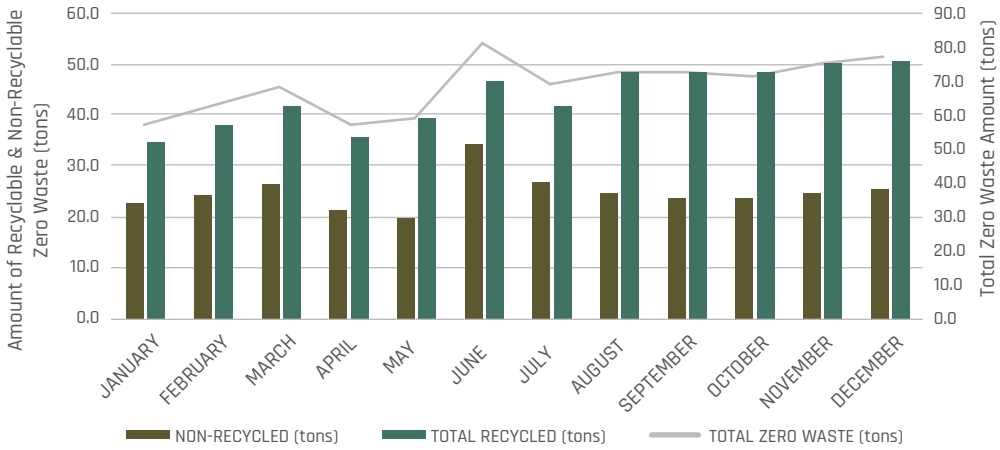
With the Zero Waste Management System, 64% of the waste collected in 2022 was recycled.

Looking at the monthly distribution of the wastes collected through the Zero Waste Management System in 2022, it can be seen that the amount of recyclable waste has increased.

2022 Zero Waste Distribution Percentage



2022
Distribution of Amount of Recyclable and Non-Recyclable Zero Waste



The gains generated in 2022 by collecting non-hazardous wastes separately at source and recycling them are provided in the table below.

Waste Type	Gains in 2022*			
	Storage Space Gain (m^3)	Energy Saving (MWh)	Greenhouse Gas Emissions Reduction (tons)	Oil (Barrel)
Plastic	346	869	6.2	24.53
TOTAL	**346**	**869**	**6.2**	**24.53**

Type of Wast	Gains in 2022*			
	Storage Space Gain (m^3)	Energy Saving (MWh)	Greenhouse Gas Emission Reduction (tons)	Rescued trees (number)
Kağıt	392	642	27.7	26.64
TOPLAM	**392**	**642**	**27.7**	**26.64**

Waste Type	Gains in 2022*			
	Storage Space Gain (m^3)	Energy Saving (MWh)	Greenhouse Gas Emissions Reduction (tons)	Raw material Savings (kg)
Glass	56	1.6	1.1	45
Metal	65	13.9	2.1	28
TOTAL	**121**	**15.5**	**3.2**	**73**

***NOTE:** The data is calculated with the waste counter available at the sifiratik.gov.tr.

ENVIRONMENTAL AWARENESS

The Green Flag League, a fun and competitive application, is launched on June 05, 2020, World Environment Day, with the aim of ensuring waste reduction, and raising the level of environmental awareness throughout our company. Employees of the departments are evaluated on specific scoring criteria for four quarters a year. The total points scored by each department is ranked in descending order in certain score brackets.

The ranks of the departments in the league is determined by quarterly scoring. In this way, departments compete with each other while increasing their level of environmental awareness and consciousness. The departments in the green category are working hard to maintain their position in the ongoing period, while the departments in the yellow and red categories are working harder to reach the green level. The scores of the department are instantly made available on the in-house web portal so that departments can track their current position.

With this activity, our departments are evaluated cumulatively on the basis of quarterly environmental audit findings, participation in the survey, environmental awareness rate, risk management through CRMS module, preparation of environmental information forms, output reduction, JIRA finding closure rate, suggestions and environmental targets.

In the Green Flag League, rescoring is done every period. The top three departments in the end-of-semester scoring receive an Environmental Achievement Certificate and the first department receives a Green Flag. The department that comes first keeps the flag until the next period's scoring.

Starting on June 5, 2020, World Environment Day, the second year of the Green Flag League ended on June 5, 2022.

In the second year of the Green Flag League, the following gains were achieved:

- Awareness rate reached by 87%.
- The number of suggestions increased by 36%.
- Non-recyclable waste per person reduced by 62%
- The environmental target determination rate of our departments by 84%
- The rate of setting environmental targets reached by 45%.

Environmental Trainings

As part of the environmental regulations, ISO 14001 Environmental Management System, ISO 14064:2018 GHG emissions calculation works and hazardous material transportation, our company has six different environmental training modules: Environmental Audits and Environmental Obligations, Environmental Awareness and Environmental Management System, Zero Waste Management, ISO 14001 Environmental Management System and Environmental Information Forms, ISO 14064 GHG Emissions and Corporate Carbon Footprint, and Awareness and Safety on Transportation of Dangerous Goods by Road. Trainings are provided as e-learning/online.

Information on environmental trainings provided in 2022 is provided in the table below.

Training Title	Number of Trainees in 2022
Environmental Audits and Environmental Obligations	7,322
Environmental Awareness and Environmental Management System	8,744
Zero Waste Management	7,288
ISO 14001 Environmental Management System and Environmental Information Forms	3,343
TOTAL	**26,697**

ENVIRONMENTAL AWARENESS

Corporate Communication Activities

In order to raise environmental awareness and draw attention to vital issues such as sustainability, climate change, circular economy, resource efficiency and zero waste, joint efforts are carried out with the Corporate Communications Unit.

In this context, in 2022, we carried out awareness raising activities based on the themes of "Sustainability", "Carbon Footprint", "Climate Change" and "Waste Management" and the slogan "Are we aware?".

Environmental Awareness Surveys

Environmental Awareness surveys are conducted 4 times a year in parallel with the Green Flag League. The participation rate in Green Flag League was 8% according to the end-of-year data in 2021 and 2022

Our corporate communication activities and field work continue to ensure the sustainability of progress.

Environmental Suggestions

Departments submit suggestions on environmental practices through environmental surveys and/or the suggestion system. In 2022, a total of 266 environmental suggestions were made, mainly focused on waste reduction (31.6%), energy saving (20.3%), material waste prevention (13.5%) and recycling (11.3%).

ENERGY MANAGEMENT

Green Building Conversions

Application for LEED certification is submitted for Istanbul Turkish Aerospace Engineering Building (ITMB) project, currently under construction at Sabiha Gökçen Technopark with an area of approx. 68,000 m^2 . When the project is completed, we will have LEED GOLD certificate.

Our Energy Savings in 2022	2022
ELECTRICITY SAVINGS (kWh)	**1,229,107**
Compressed Air Saving	227,150
Lighting Automation	589,037
Air Handling Unit Automation	262,920
Aluminum and Small Oven Automation Control	150,000
Cogeneration Facility Secondary Energy Production	**50,120**
Cogen Secondary Energy Production (Mwh)	50,120
STEAM SAVINGS (Tons)	**1,086**
Prevention of Steam Leaks	1,086
EFFICIENCY IMPROVEMENT PROJECT GAINS (kWh)	**171,705**
Pump Efficiency Improvement Project	171,705

Energy Monitoring System	
Energy Monitoring System Distribution	**1,482**
Energy Analyzer	1,307
Steam Meter	47
Flow Meter	11
Calorimeter	117

ENERGY MANAGEMENT

It is a study showing our major energy use areas, Cumulative Expected Savings, and that we use energy properly in all major energy use areas except two major energy use areas.

Compared to previous periods, we saved 62,037,044 kWh thanks to the measures taken and the Energy Management System.

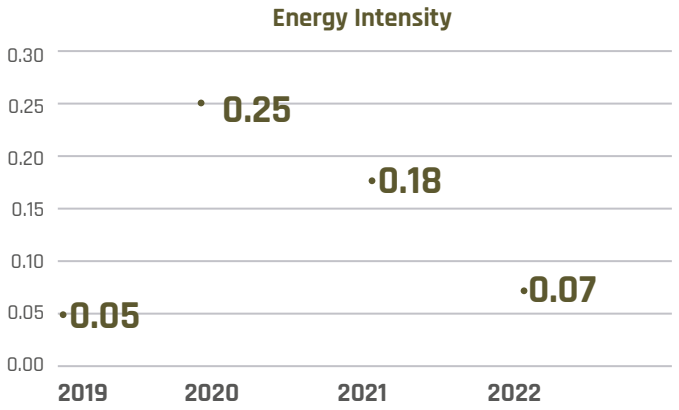
We renewed our ISO50001-2018 certification in November 2022.

We plan to increase renewable energy sources. For this purpose, we are conducting feasibility studies for solar energy panels investment. With our SPP projec, we aim meet 13% of the total electricity need according to 2021 consumption data, with a total 86,000 m^2, 9 mWh power, expected annual production of 16,000 mWh, 7,971 tons of CO_2 reduction.

Our Energy Intensity according to our production amount shows that energy use and factory production have returned to pre-pandemic conditions.

While our energy consumption is increasing, the decrease in our energy intensity is an indication that we use energy efficiently.

Unit (kWh)	2022 Consumption	Variables	Cumulative Expected Savings
Electrical	14,073,304	Number of job orders, Number of parts, Number of operators, Labor time, Overtime, Downtime, Maintenance time, HDD, CDD	1,444,657
Natural Gas	162,419,428	Electricity generation, Motor runtime, Steam generation, Hot water generation	17,219,257
Electricity	8,855,438	HDD, CDD	45,794
Electricity	1,855,293	Machine Preparation Time, Runtime, Number of loading, Number of parts, HDD, CDD	119,364
Electricity	38,400,136	Number of job orders, Number of parts, Number of operators, Labor time, Overtime, Downtime, Maintenance time, HDD, CDD	34,036,106
Electricity	21,148,600	Number of job orders, Number of parts, Number of operators, Labor time, Overtime, Downtime, Maintenance time, HDD, CDD	10,222,310
Electricity	3,127,523	Production count, Loading count, HDD, CDD	243,256
		Total Expected SAVING	**62,037,044**



BIODIVERSITY

Measures We Have Taken to Conserve Biodiversity

- Biodiversity conservation is crucial not only because of its intrinsic value, but also because it provides us with clean air, drinkable water, good quality soil and crop pollination. They help us to combat and adapt to climate change and reduce the impact of natural hazards. At the same time, as the rose is a perennial plant, it is important for sustainability.
- We prefer rose species that are completely local, suitable for the climate of the region and grafted.
- In order to contribute to biodiversity, we have added 4 different rose species this year.
- This year we planted a total of 2,957 roses.
- By planting a total of 16,250 roses, we realize our goal of one rose for each employee.

Endemic Flower Species within our Campus

- We use 9 different types of seasonal flowers in the Turkish Aerospace campus, different for summer and winter seasons.
- When determining the species, we take into account criteria such as being endemic and suitability for seasonal conditions.

Our Endemic Plant Species

- About 10,000 plant species grow in Türkiye. About 3,000 of these plant species are endemic to Türkiye. With this characteristic, Türkiye has more endemic plant species than the whole of Europe.
- In the Turkish Aerospace campus, the following plants are among these endemic species.
- There is a total of 177,000 trees and shrubs within the factory and Recreational Area.
- With planting in our facility, we aim to contribute to biodiversity by preferring species endemic to our country.

Our Strategic Goals for Increasing Biodiversity

- AKSUNGUR, developed by Turkish Aerospace, provides fire warning services to the Directorate General of Forestry in various regions of Türkiye.
- We continue our efforts to receive free saplings from the Directorate General of Forestry and plant them.
- Last year, we planted 9,830 saplings, surpassing our 5,000-target.
- We aim to contribute to biodiversity by planting 6,000 saplings next year.

SOCIAL RESPONSIBILITY

Barrier-Free Turkish Aerospace Project

We organize "Tea Time Meetings" to come together with our colleagues as part of the "Barrier-Free Turkish Aerospace Project". Thanks to the meeting, which was held for the fourth time so far, we talk with all our disabled colleagues, evaluate the practices and novelties that would make their lives easier within the campus, and implement important actions.

For instance, the "Priority Parking" application is put into practice ensuring that our disabled and pregnant colleagues who come to our company with their vehicles can easily find a parking space. In addition, the "Priority Cafeteria" application is initiated in our cafeterias, allocating a meal line special for our disabled and pregnant colleagues.

Extend Your Hand

Starting to work as a community within our company in 2019, "Extend Your Hand" today continues as an association. The association reaches out to those in need with its volunteer teams and carries out many social responsibility projects.

In this context, important projects are implemented, such as nursing home visits, donation campaigns after natural disasters such as forest fires/ earthquakes, children's homes, Ramadan box distribution, support for the relatives of our deceased colleagues, Serdar Demir Orphanage Project, school aids and book donations.

With the voluntary contributions of our employees, we continued to work for vulnerable groups in 2022. In this context, we provided stationery and winter clothing to children in need, food boxes, household goods and shopping vouchers to families in need. In addition, we also provided assistance to our colleagues who needed cash assistance due to death or illness through campaigns organized within the company.

Social responsibility projects implemented in 2022 as part of Extend Your Hand:

- 500 families in need received food boxes during Ramadan
- 430 children (353 Ankara + 77 Istanbul) received winter clothing (boots and coats)
- 130 children received stationery aid during the opening of schools
- 2 Red Crescent Blood Donation campaigns
- 40 families in need received household goods
- 75 children sheltering in Ankara Children's Homes received stationery, cleaning and clothing aid
- 131 families received grocery gift vouchers
- 6 employees or their families (due to death or illness) received cash assistance

TADOK- Turkish Aerospace Wildlife Conservation Society

We meet the feeding and care needs of dogs in shelters established with the efforts of TADOK volunteers.

The Wildlife Park is established in 2017, exclusively for the care of the dogs within the campus. We currently have 110 pawed friends. The needs of the park where our animal friends live are met with the food from the cafeteria, and there are 4 cat houses within campus and 2 cat houses around the houses. The maintenance of the park is covered by donations to the community and the labor and contributions of our animal-loving colleagues.

Life Workshop and Sports Club Activities

We support our employees to enjoy their hobbies at more than 25 sportive and social communities under the Life Workshop Association and Sports Club within our company. Life workshop activities, which strengthen the motivation of our employees by observing the balance between career and social life, offer a wide range of activities from diving to amateur photography from skiing to folk dances and sailing, while the Sports Club participates under name of our company in tournaments across different categories such as football, basketball, volleyball, e-sports and table tennis.

We encourage our employees to participate in events organized both in Türkiye and abroad, and we contribute to the equipment, material and transportation costs of social and sports events.

QUALITY MANAGEMENT

> We structured our quality management system to the national and international standards to achieve excellent customer satisfaction, **provide high quality products and maintenance and continuous airworthiness management services.**

As Turkish Aerospace, we adopt a continuous improvement and first-time quality approach without compromising on the principle of full compliance with regulations and standards throughout the design, production and post-delivery activities of aircraft, helicopters, Unmanned Aerial Vehicle (UAV) systems, space systems, Turkish Fighter Aircraft (KAAN) and structural products for civil and military use. We aim to ensure the satisfaction of our stakeholders and to achieve better. We ensure that our Quality Management System fulfills its purpose, is adequate, maintains its effectiveness and complies with the strategic goals of our Company.

Our Product and Service Quality Efforts

We structured our quality management system to the national and international standards to achieve excellent customer satisfaction, provide high quality products and maintenance and continuous airworthiness management services. In our Quality Management System, we have defined the systems, standards, organization, processes, procedures and capabilities that we have created, developed and effectively managed in our Company. We consider these concepts as a requirement to provide services that meet or surpass customer and applicable legal and regulatory requirements, such as the manufacture and maintenance of high quality products or the continuous management of airworthiness.

The quality management system is validated in 2022 and we regard it as our top priority to meet the expectations of our customers with high quality products without compromising on the principle of on-time delivery. With our Quality Management System, we have documented and audited how we meet the quality requirements of our customers by describing them in our Company's procedures.

We have created our Quality Management System, which we have structured in accordance with national and international standards, in order to monitor, measure, analyze and continuously improve the processes, as well as to carry out the activities required to achieve the planned results.

In line with the requirements of our customers and our obligations arising from international regulations, we have established and documented Quality Management Systems. We develop our processes within the framework of our continuous improvement policy as required by the standards.

We make our Quality Management System planning to cover our Quality Management System processes, the resources required to achieve our quality targets and the activities to continuously improve the system.

QUALITY MANAGEMENT

Our Quality Management System

We ensured verification and certification of the definitions, processes and performance of our Quality Management System through internal and external audits in 2022. We assure the effective implementation and continuity of the requirements of management systems standards in our company through audits.

Our Certified Quality Management Systems

- ISO 9001 Quality Management System
- AS/EN 9100 Quality Management System for Aerospace and Defense Industry Organizations
- AS/EN 9110 Quality Management Systems for Aviation Maintenance Organizations Requirements
- AQAP 2110 NATO Quality Assurance Requirements for Design, Development and Production
- AQAP 2310 NATO Quality Management System Requirements for Aerospace and Defense Contractors

In order to ensure standardization in management systems, we also have the following certified management systems.

Our Certified Management Systems

- ISO 14001 Environmental Management System
- ISO/IEC 20000 Information Technology Service Management System
- ISO/IEC 27001 Information Security Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 50001 Energy Management System
- ISO 14064 Corporate Carbon Footprint Certificate

In addition to the aforelisted Management Systems standards, we continue our work in accordance with the following regulations of the civil and military authorities.

Civil and Military Authority Approvals

- Design Organization Approval (DOA/ TOO)/EASA - DGCA
- Design Organization Qualification Approval (TOYO)/SSB
- Production Organization Approval (POA/ PPO)/EASA - DGCA
- Production Organization Qualification Approval (ÜrOYO)/SSB
- Type Certificate (EASA - DGCA - SSB)
- Maintenance Organization Approval (MOA)/ DGCA
- Approved Training Organization (ATO) DGCA
- Continuous Airworthiness Management Organization (CAMO)/ DGCA

NADCAP Special Process Approvals

As Turkish Aerospace, we continue our activities under NADCAP (National Aerospace and Defense Contractors Accreditation Program) certification in 8 special processes including composites, chemical processes, heat treatments, non-destructive testing, surface reinforcement, welding, measurement and inspection, and areostructure assembly.

APQP Works

APQP (Advanced Product Quality Planning) is a method used throughout the product life cycle to confirm that the design and manufacturing processes produce appropriate outputs as per the pre-defined plan. With the release of AS/EN 9145 APQP&PPAP standard, it has become widely demanded in the aviation industry. In this direction, our APQP activities continue at the customer level, and our APQP promotion activities and training organizations continue within the company and in the local sector. We anticipate that APQP studies, as an important means of increasing customer satisfaction, will become more widespread day by day and will be actively used in the processes of new work packages, work transfers or major engineering changes, including our suppliers, and we continue our work in this direction.


Bureau Veritas Certification

TUSAŞ TÜRK HAVACILIK VE UZAY SANAYİİ A.Ş.

ISO 45001:2018

AVIATION SAFETY

> As Turkish Aerospace, we aim to promote a positive safety culture and **effective safety management system to ensure flight safety in a sustainable manner.**

As Turkish Aerospace, we continue our activities in a planned manner to establish and effectively operate the Safety Management System in all our aviation activities as per ICAO Annex 19 and SHY-SMS. We have identified the 4 main functions of our Safety Management System as Safety Policy and Objectives, Safety Risk Management, Safety Assurance and Promotion of Safety.

ICAO ANNEX 19 / SHY-SMS SAFETY MANAGEMENT SYSTEM

Safety Policies and Objectives

- Management Commitment and Responsibility
- Safety Responsibilities
- Identification of Key Safety Personnel
- Coordination of Emergency Action Plan
- SMS Documentation

Safety Risk Management

- Identification of Dangers and Risks
- Safety Risk Assessment and Elimination

Safety Assurance

- Safety Performance Monitoring and Measurement
- Change Management
- Continuous Improvement

Promotion of Safety

- Education and Training
- Safety Communication

AVIATION SAFETY

> Our safety policy is to continuously improve safety performance by managing aviation safety risks together with all our stakeholders, **in compliance with legal, regulatoryand other requirements and in an environment based on a just culture.**

Our safety policy is to continuously improve safety performance by managing aviation safety risks together with all our stakeholders, in compliance with legal, regulatory and other requirements and in an environment based on a just culture. We effectively implement our Safety Policy by observing the following principles.

- We ensure that all levels of management and all employees of our company are aware of their responsibilities in achieving the highest level of safety performance and are committed to our safety policy.
- We ensure the establishment and maintenance of a risk-based and effective Safety
- Management System for all activities we carry out in the field of aerospace.
- We adopt an approach of creating, implementing, maintaining and continuously improving our strategy and processes to achieve the highest safety performance.
- By providing all necessary resources, we create a corporate culture that promotes safety practices and encourages effective safety-related reporting and communication.
- We ensure the continuity of our Safety Management System activities in accordance with all relevant national and international legal and other requirements such as AS/EN 9110, EASA Part21, SHY 21, SHY SMS, EASA Part 145, SHY-145, etc.
- In order to continuously improve our safety performance, we follow a hazard identification and risk management process, including a safety reporting system, to eliminate or mitigate the risks arising from hazards in our operations.
- We see safety management as the fundamental responsibility of all our employees.

We define the legal safety obligations of our employees regarding the operations in their areas of responsibility.

Reporting Culture: In order for all our employees to freely communicate safety-related hazards, risks and other related issues, we enable them to report anonymously or with a user login through our Company's Safety Reporting System.

Information Culture: We ensure that our employees who operate and manage the system have the most up-to-date knowledge of the human, technical, environmental and organizational factors that determine the safety of the system as a whole.

Culture of Flexibility: Regardless of the hierarchical structure of our company, we enable our employees to report directly to the relevant decision makers in extraordinary situations

Learning Culture: We collect, analyze and convert relevant data into safety information and disseminate them to improve safety. We constantly inform our employees on safety-related issues. We support making the necessary changes by learning from any safety incident.

AVIATION SAFETY

> We strive to establish a nationally and internationally recognized safety management system **in the light of the strategies and policies we have defined to ensure consistent, functioning and effective operation of our company, covering all aviation activities.**

Culture of Fairness: We provide our employees with a fair and safe working atmosphere where they can share safety knowledge and ensure that our employees have the knowledge and experience to clearly distinguish what is acceptable and what is not. As Turkish Aerospace, we aim to promote a positive safety culture and effective Safety Management System to ensure flight safety in a sustainable manner.

Our Safety Management System (SMS)

Safety Policies and Objectives: We define our safety policies and objectives and safety incentive components to cover the mandatory organizational arrangements of the SMS. We place safety risk management and safety assurance components at the core of the IMS.

At Turkish Aerospace, we transparently share our safety targets set by our Safety Review Board with all our employees and periodically review them.

Safety Risk Management: In the hazard and risk identification process, we effectively collect, record, evaluate, make actionable and improve feedback on the hazards in our operations by using a combination of retrospective safety data evaluation methods and prospective predictive safety data collection methods.

As Turkish Aerospace, we conduct Safety Risk Management through the Safety Risk Assessment module of the Enterprise Risk Management System (ERMS), and we ensure that the module is open to the participation of all our employees.

Safety Assurance: As Turkish Aerospace, we have identified the 3 key pillars of Safety Assurance as monitoring, measuring, improving and tracking safety performance, change management, and continuous improvement of SMS.

Monitoring, Measuring, Improving and Tracking Safety Performance: We use ICAO Document 9859 as our guidance document when defining performance indicators and acceptable safety levels within the scope of SMS. We collect information to monitor and measure our safety performance through hazard/risk reporting, incident reporting, audits and inspections, safety meetings.

Change Management: We organize change management meetings within the scope of IMS for changes that have a safety impact. We evaluate the changes and potential impacts at periodic safety meetings.

Continuous Improvement of SMS: We follow our continuous improvement approach through internal assessments, internal and external audits by establishing our processes to identify the possible reasons for our safety performance that remains below SMS standards and to eliminate the root causes thereof.

SUPPLY CHAIN MANAGEMENT

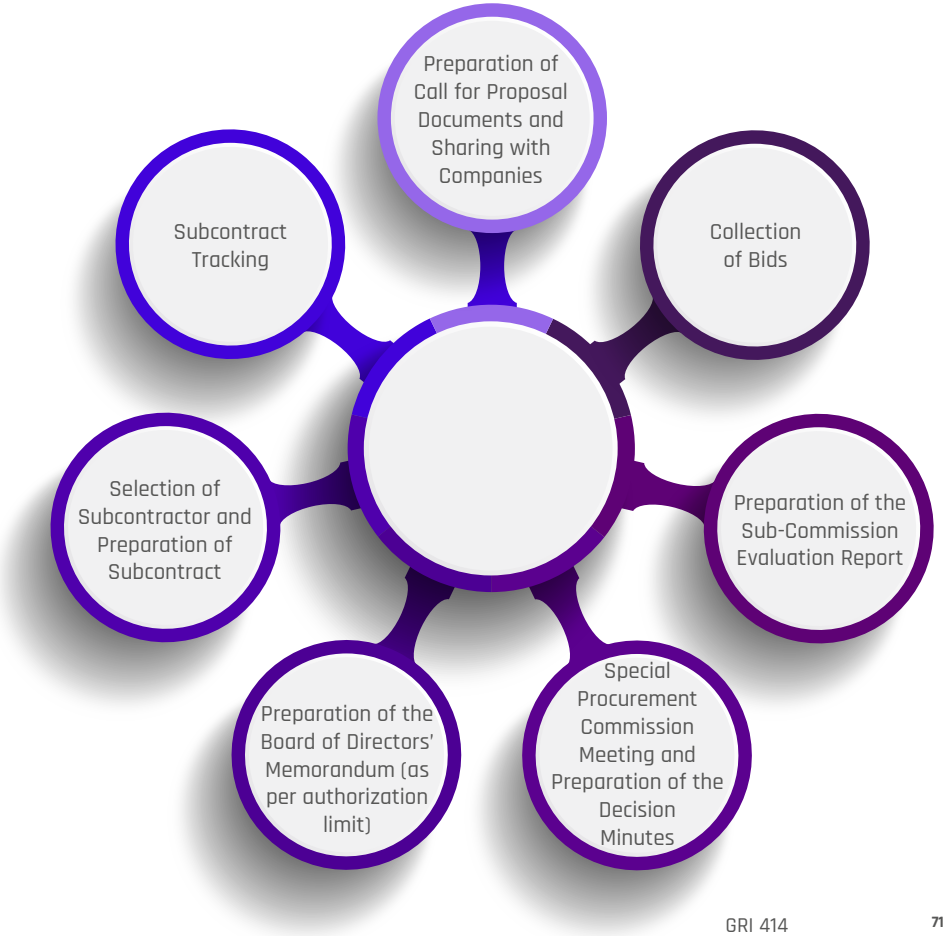
> In the selection and evaluation processes of the suppliers to be included in our supply chain, we consider the quality system, qualified workforce, technological infrastructure and financial strength criteria as well as our **company's sustainability goals and policies as per the international standards.**

As Turkish Aerospace, we act in line with our sustainability approach that we follow in all our fields of activity while creating and managing our expansive supplier ecosystem. In the selection and evaluation processes of the suppliers to be included in our supply chain, we consider the quality system, qualified workforce, technological infrastructure and financial strength criteria as well as our company's sustainability goals and policies as per the international standards.

In all material, equipment and service procurements from local and foreign sources in line with the needs of our company, we ensure the sustainability of material procurement by evaluating multiple sources and meeting our needs competitively, cost-effectively, in appropriate quality and at the right time as per our Company's procurement policy. In 2022, we worked with 344 local and 958 foreign suppliers.

Our Supplier Selection Process We collect quotations from approved manufacturers for materials for which approved manufacturers are specified in the engineering documents or on the specified platforms. For cases where the source of supply is not pre-defined, we manage our bidding process according to the approved source lists of the main contractor of the relevant procurement program, or our own approved source lists.

In all our material, equipment and service procurements, we ensure the sustainability of material procurement by evaluating multiple sources and meeting our needs competitively, cost-effectively, in appropriate quality and at the right time as per our company's procurement policy.



SUPPLY CHAIN MANAGEMENT

Subcontractor Performance Evaluation Activities

We evaluate the activities of subcontractors in terms of delivery, support and quality performance, and issue a "Subcontractor Company Performance Evaluation Report" on a company basis at the end of each year.

In line with the pre-defined main criteria, we score subcontractors to classify them as Exceptional, Competent, Adequate, Unsuccessful.

In addition to category-based evaluations, we ensure that all issues that pose risks or problems in terms of calendar, commercial or technical terms are notified to our procurement units and units that play an active role in company selection stages through official correspondence.

We make sure that all our employees have equal information and risk awareness regarding the performance of our Company's subcontractors. We take an inclusive approach by ensuring that subcontractor performance is monitored by all relevant units in order to increase our effectiveness in the drafting and negotiation of future agreements and to manage our supplier selection process with the right decisions.

Supply Chain Risk Assessment Activities

We manage our supply chain risks in the Enterprise Risk Management System in accordance with the definition, scope and principles set out in our Risk Management Procedure.

We conduct risk/opportunity assessments of raw material, semi-finished and finished product suppliers through our Supply Risk Assessment module in cooperation with our procurement units under the categories of capacity, capability, financial strength, location/geographical location, IT system, physical infrastructure, industrial security, regulations, contract, supply chain (subcontractor), logistics, human resources, satisfaction of requirements (analysis and technical documentation), single source.

We conduct capacity assessments for the production and design areas of our business partners and identify situations that may affect our activities. We check the capacities of our suppliers on a monthly basis or during business transfer processes with the help of the data entries they make on the Outsourcing Portal. In case we foresee bottlenecks in the medium and long term, we make risk entries and implement joint control and improvement plans with our suppliers.

While evaluating the technical competencies of our suppliers, we identify cases that may affect the activities carried out/to be carried out, cases that may affect information security by considering their IT infrastructure, and areas that may affect business continuity by examining their physical infrastructure. We evaluate potential incidents that may occur at our suppliers' locations, their industrial security, contracts, export options and logistics activities, their human resources, their capacity to meet customer and authority requirements, and most importantly, their single source status.

We carry out the processes of identifying and defining risk categories with our procurement units and evaluate the risks of suppliers at Procurement Risk Assessment meetings.

We carry out the evaluation of our working partners by categorizing them into supply, subcontractor, subsystem and prototype risk groups.

In supply chain management, we monitor many indicators such as delivery performance, quality performance, supplier performance, delay time, number of repetitive errors, and we take quality performance indicators into account in our risk assessments.

Supporting Outsourcing Portal through our highly functional Outsourcing Portal, we interact and exchange data with all our local suppliers online. Thanks to our Outsourcing Portal, we ensure the sustainability of all the systems we use within the scope of Supply Chain Management and the integration with our suppliers.

SUPPLY CHAIN MANAGEMENT

- **Order Management:** We realize the tracking and management of all orders we placed to our local suppliers through the portal.
- **Inventory Management:** We manage all inventory movements of the materials both stored in-house or at our suppliers' warehouses through the portal. In this way, we ensure that materials are used in the right quantities in production and prevent material waste.
- **Nonconformity Management and Technical Support:** We enable nonconformities that arise during production to be reported through the portal, our quality and manufacturing units to examine problems on an item-by-item basis, and to create technical support tickets during the production process.
- **Capacity Management:** We perform workload and capacity analysis by defining the machine information and part routes used in our local companies on the portal.
- **Shipment Management:** We use barcode system and track all orders shipped to our Company by our domestic suppliers. We manage through the portal the shipping process of products to be delivered from industrial zones in Ankara.
- **Delivery Performance Evaluation:** We evaluate our suppliers according to many metrics through monthly scorecards. We enable our suppliers to monitor their own performance metrics through the Outsourcing Portal. We can create quality, planning and technical analyzes with the data we collect through the portal.

Sustainability of Material Supply Used in the Product

Through our Procurement Management System, we systematically manage supplier company information as well as requisition, purchase order, and product acceptance processes of our Company. We also consider parameters such as the amount of energy consumption and annual maintenance cost that we demand from the companies while evaluating the offers.

We systematically monitor the compliance of supplier audits with quality standards. We procure products/services from the suppliers that have satisfied our criteria.

We carry out preliminary inspections within the plans and standards we set to maintain the quality level. When a problem is detected during the pre-inspections, we ensure that supply quality standards are maintained by taking the necessary actions on product and company basis.

Supply Chain Quality Assurance

Quality Performance Indicators We measure quality performance of each of our suppliers in the supply chain by tracking the number of non-conforming products and corrective action performance indicators. We monitor the quality performance of our suppliers on a monthly basis and take immediate action if we observe a sudden negative change or negative trend in their performance scores. We analyze errors and carry out supplier improvement and development activities to prevent their recurrence. We send our suppliers a monthly Quality Performance Scorecard containing their Quality Performance and related data.

A new portal is underway to notify our suppliers of nonconformities detected in our Nonconformity Management and Technical Support facilities or suppliers, and to carry out Root Cause Analysis and Corrective Actions more effectively. In order to determine the root cause of the error and contribute to the development of suppliers, we are in constant communication with our suppliers and continue our technical support in the production processes of our suppliers, while also ensuring coordination for Turkish Aerospace.

HUMAN RESOURCES

Our Employee Profile

In parallel with our expanding fields of activity and increasing business volume, we increase our employment every year, strengthening our staff with new recruits and contributing to the national economy with trained labor resources.

By the end of 2022, we increased the number of our employees assigned to our R&D activities by 32% (4,345), and thus increasing our total number of employees to 13,570. The distribution of our employees by age groups, gender, contract type and seniority is provided in the tables below. In addition to the distribution of our current employees in the aforementioned categories, we also provided the number of new recruits and employee turnover rate in 2022 in order to track the change in the workforce in the tables below. In 2022, 2146 friends joined our family. The ratio of female employees was realized as 14.5%, and 19.2% of our women employees were assigned to managerial positions.

AGE DISTRIBUTION						
AGE	**0-29**	**30-39**	**40-49**	**50-59**	**60+**	**TOTAL**
2022	5,388	5,429	2,009	652	92	**13,570**

GENDER	NUMBER OF EMPLOYEES	RATIO
Women	2,025	14.9%
Men	11,545	85%
Women Manager Ratio 18.3% (99/541)		

* includes supervisors; manager and above is 8.8% (24/273).

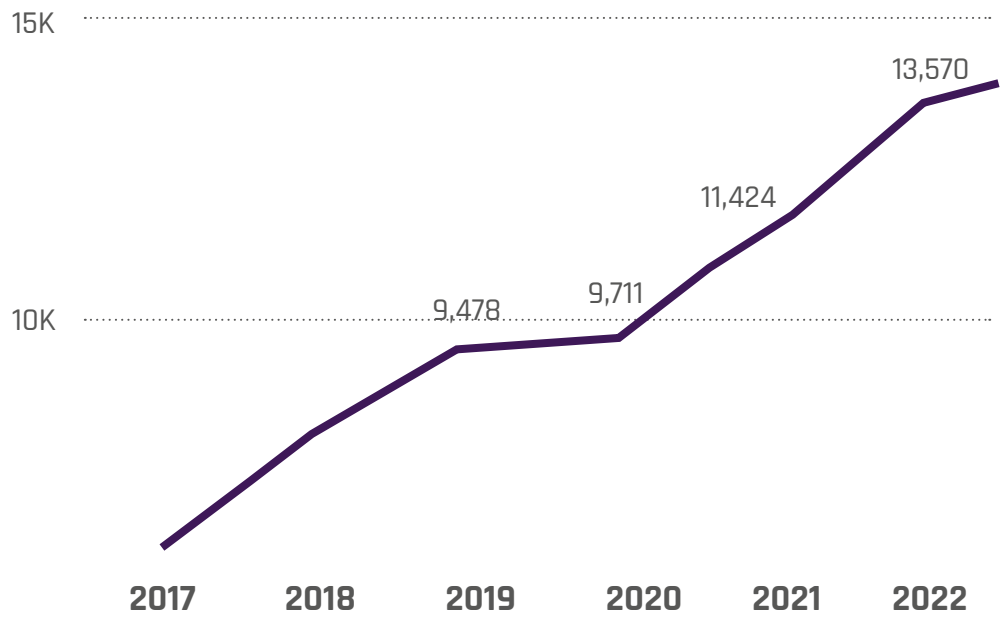
WHITE/BLUE COLLAR	NUMBER OF EMPLOYEES	RATIO
White	7,145	52.7%
Blue	6,425	47.3%

GENERAL EMPLOYMENT

As Turkish Aerospace, we are expanding our employee base every year for the design and production of our national and genuine projects. We emphasize inclusiveness and equal opportunity in our employment policies, and we give value and opportunity to both new generation and experienced candidates. In this way, we effectively implement mentoring and reverse mentoring processes and provide our employees with the opportunity to share their mutual experiences.

We value equality in our employment policies and offer equal opportunities to female candidates in every field and title. We are increasing our women employment ratio every year. With the principle of "equal pay for equal work", we ensure that all our employees benefit from a fair salary policy regardless of gender.

Number of Employees Trend



Education	
Bachelor's	5,987
Master's	1,722
PhD	137
Other	5,724
Total	**13,570**

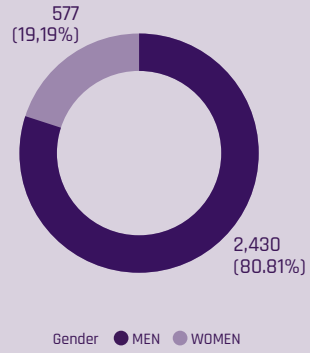
Seniority	
0-3 Years	6,843
3-5 Years	2,675
5-10 Years	1,692
10-15 Years	1,438
>15 Years	922

GENERAL EMPLOYMENT

INDUCTION AND ONBOARDING

Onboarding	Average Daily Onboarding	Average Monthly Onboarding
3,007	12.0	250.6

Gender Distribution

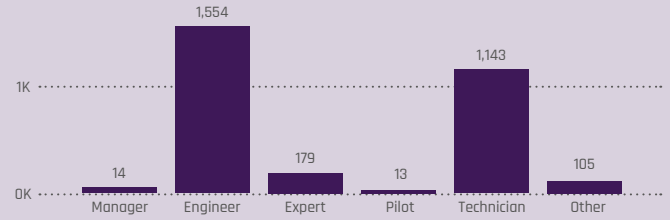


Job Class Distribution

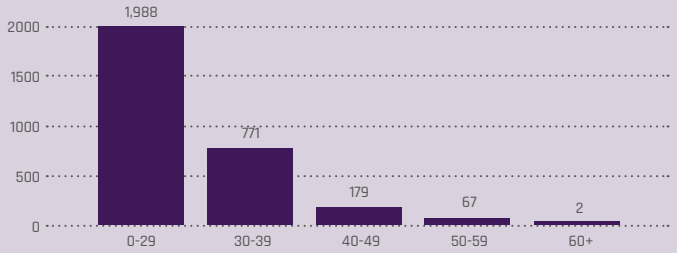
1,806
White Collar

1,201
Blue Collar

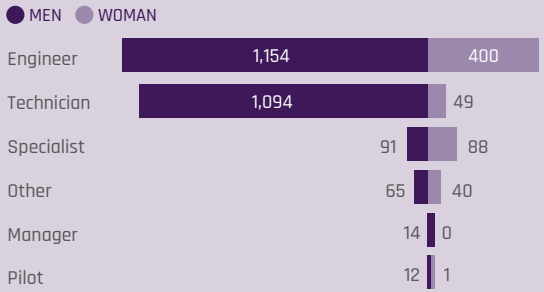
Title Group Distribution

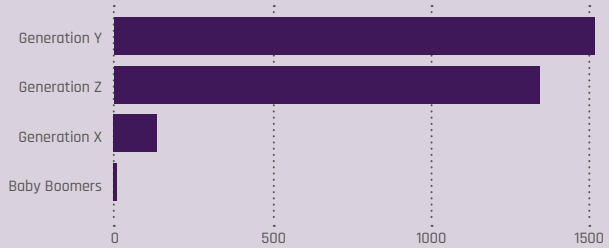


Age Distribution



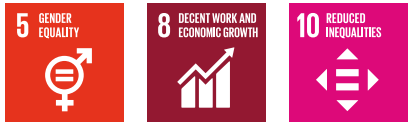
Title Group / Gender Distribution





NOTE: Data for employees onboarded in 2022.

REMUNERATION AND BENEFITS



Our Remuneration Policy

As a company, we adopt an equal pay for equal work approach; we define our remuneration policy by making measurable, transparent, balanced and fair evaluations, taking into account the value of the job. We make use of analyses to maintain the balance between internal and external salaries in line with sectoral salary surveys. We aim to implement more competitive, motivating and rewarding practices with an objective approach, taking into account our country's economic indicators and sectoral market data.

Academic Leave

With the awareness of the value that the academic knowledge of our employees adds to our Company, we attach importance to our employees developing themselves in the academic field as well as gaining experience in the workplace. For this reason, we grant our employees the right to use academic leave during their master's and/or doctoral studies, and we provide paid leave for each study period, provided that it is compatible with our employees' course schedules. With the academic leave opportunity we provide, we create opportunities for our employees to continue their academic studies alongside jobs and to use the academic knowledge they have acquired in their fields.

Social Benefits, Paid Leaves and Flexible Working

We provide our employees with benefits such as annual compassionate leave, private health insurance, life insurance, infirmary service, kindergarten, housing and postgraduate education opportunities. In addition, we offer flexible working opportunities to our employees so that they can maintain a work-life balance in line with their priorities.

Health Policy

From the moment the health policy was released and implemented, we have received many appreciations. Many of our employees can meet their health needs at our health center without wasting time and without any cost. Even our patients who will be treated externally apply to us first and meet their examination and imaging needs at our health center and then apply to external physicians with the results. This allows them to spend less time in hospitals, which are very busy due to pandemic, and to access treatment services faster.

Having clinical psychologist and dietitian services in our company provides fast and cost-free access to these two branches, which are not covered by insurance, adding an extra contribution to satisfaction.

In cases such as work accidents and emergencies, referral and follow-up of our patients to the hospitals is one of our services that receive the highest satisfaction.

The implementation of the health policy is quite recent where the number of employees benefiting from the service is increasing day by day, contributing increasingly positively on the satisfaction, set to make greater contributions to our organization by reducing our company's health insurance costs and labor loss.

Minik Kanatlar Nursery and Kindergarten

Our Name is Minik Kanatlar, Our Goal is Great Happiness, Turkish Aerospace Minik Kanatlar Kindergarten is located in the heart of nature with its huge garden in our campus. The doors of the classrooms open directly to the garden, bringing fresh air and the smell of earth into the classrooms and corridors of the school every day.

Our full-day school aims to raise happy children in a safe environment.

In our school, where Thematic Learning, Reggio Emilia, Montessori, Waldorf, Play-based learning methods are blended, preparing the children for the future with an "Eclectic Approach". In our kindergarten, where an international education program that fully supports children's developmental areas is implemented, every child starts life as a self-confident, self-discovering and most importantly happy individual.

Our school, which opens the doors of a new world to children with its bilingual education system, supports natural language acquisition and aims for children to learn English in the natural flow of life. With bilingual education, each class has both an English and a preschool teacher simultaneously. Two teachers work full time together to provide all the activities and trainings, so that children learn English by living it.

Every week, a different class steps into new adventures in our project classes, which we created inspired by our project names with the belief that you cannot dream in the same classroom every day. Each new class sets sail for a new world, a new horizon.

REMUNERATION AND BENEFITS

We also support our children in their nutrition processes while they receive full-day education in a safe environment. Breakfast, lunch and snacks are prepared by our food engineers by checking calories and ensuring all hygiene conditions in our nursery and kirdergarten.

Nurturing the generation of the future, carrying the future on their wings. That's why we are called Minik Kanatlar.

- We provide pre-school education services to 360 children of employees in a total of 20 branches, including 10 branches as Turkish Aerospace Minik Kanatlar Nursery and Kindergarten and 10 branches as Turkish Aerospace Minik Kanatlar Kindergarten,
- At Minik Kanatlar Nursery and Kindergarten, where 40 teachers are employed in 20 branches, a total of 56 people contribute to the service as management, kitchen and cleaning team,
- We will expand our nursery and kindergarten by 5 branches in 2023,
- In line with today's changing vision of education, we have adopted psychology-based educational approaches and implemented a thematic education approach,
- In line with the adopted approaches, we supported all teachers with in-service trainings and carried out activities to put the educational approaches into practice,
- We emphasized the importance of early age in language acquisition and switched to a bilingual education system,
- In order to enable and support students to discover their talents and skills, branch courses in about 8 areas (drama, orf, gymnastics, dance, Spanish, visual arts, chess, speaking, etc.) were started,
- We have employed psychological counselors to monitor the development of students and provide support in terms of development and problems,
- While support was received from the guesthouse in terms of student meals, now 3 meals are provided by the nursery and kindergarten chef and his team in the kitchen of our nursery,
- Beyond the support we receive from the health center in terms of health follow-ups, there is a paramedic in our daycare center to regularly monitor children's fever and medication.
- We won the "Green Flag" by winning the "Eco-School" project, which emphasizes both the sustainability of nature and the importance of local production.

Digitalization Process in Human Resources

As a company that produces with high technology, we attach importance to utilizing technology in our human resources processes.

We are improving our human resources processes through digitalization efforts. Established in 2022, our Human Resources Analytics Unit carries out proactive dashboard applications, Robotic Process Automation works, data visualization, meeting instant data needs, forecasting, etc.

REMUNERATION AND BENEFITS

Thanks to Human Resources Analytics methods, we offer the opportunity to make decisions and actions not based on insights and assumptions, but more informed and efficiency-oriented manner by using data.

In the technology sector, where competition is high and knowledge is the biggest capital, we ensure that the loss of trained labor force is analyzed accurately and thus our employees are retained in our company, and we ensure the continuity of the right labor capital by making data-driven future predictions in order to recruit the appropriate employee profile. In 2023, we aim to develop our projects on identifying employees at risk of leaving their jobs, analyzing exit interviews, and conducting near-miss analyses.

We are also working to transfer the processes that facilitate the working lives of our employees to digital environments. In this context, our employees will be able to easily access the systems such as performance, feedback, thank-you and appreciation via the employee mobile app, currently under development.

Human Resources Business Partnership

Our Human Resources Business Partners work in cooperation with our employees in all our units in order to effectively monitor and support applications in the field, increase communication and coordination between units and provide one-to-one support to our employees on Strategic Human Resources issues.

The main objectives of our HR partners:

- Be proactive and result-oriented with an accessible HR approach, taking fast and correct actions to address employee questions and problems,
- Make regular visits to managers, to inform managers about current Human Resources issues during these visits, to listen to their questions and problems, and to provide quick feedback,
- Facilitate communication between employees and HR units,
- Review Human Resources strategies and coordinate the implementation of systems in the field,
- Contribute to employee motivation by increasing employee loyalty.

In order to achieve these goals, one-on-one meetings are held with our employees and managers, Human Resources Coordination Meetings are organized and tea hours are organized. These meetings, activities and practices contribute to the sustainability of human resources by strengthening the loyalty of our employees to our company.

Reverse Brain Drain Program

While we meet our need for skilled labor force in all end-to-end processes from design to production of our national and genuine projects from local graduates and experienced candidates, we also include in our processes the eligible candidates who were born and raised and studied, worked or gained experience abroad. As part of our reverse brain drain program, we evaluated eligible applications in 2022 and previous years and brought skilled workforce to our Company. With this employment, we also contribute to our projects in transferring the aviation experience abroad to our Company. In 2023, as part of reverse brain drain, we will organize events in various cities abroad and work to bring eligible candidates to our Company through on-site interviews. We plan to carry out special orientation and adaptation programs to ensure that the employees we will employ through reverse brain drain adapt to our Company and our country and are retained in our Company.

Green Human Resources Projects

By 2023, we will introduce water dispensers to reduce the use of plastic water bottles. Thus, we will reduce our plastic waste and raise awareness among our employees.

Awareness Talks

We draw attention to the issues we want to raise awareness with our in-house interviews. In 2023, as was in 2022, we plan to organize awareness talks on environment, zero waste and sustainability.

PERFORMANCE DEVELOPMENT, CAREER AND TALENT MANAGEMENT

Competency Management

We have defined the roles, role-related competencies and competency requirements in order to maintain the level of knowledge and competencies of our employees throughout their career life in line with their specializations, and to develop them through competency trainings. In 2022, we evaluated the competency development of our managers and organized coaching activities for our managers on the development topics identified.

Performance Management

We follow an effective performance management process by setting individual goals in order to sustain the development of our employees and increase their contribution to the business. We conduct mid-term review processes every quarter during an evaluation year.

In line with our corporate and strategic goals, we evaluate our employees with the participation of their first and second managers to whom they report, with the individual goals set by our managers and the behavioral success criteria we defined according to their positions.

We aim for continuous improvement by providing feedback to our employees during the evaluation process and at interim periods.

INTERNAL COMMUNICATION

Employee Loyalty and Satisfaction Survey: We conduct various surveys in order to ensure the continuity of our employees' satisfaction and loyalty. We regularly conduct the employee loyalty survey, which measures the overall satisfaction and loyalty of our employees, and report it on a unit-specific basis. We develop unit-based action plans based on the survey reports and share them with unit managers as feedback. In addition, we regularly conduct surveys throughout the year on service-based processes such as health, occupational health and safety, service, cafeteria, etc. within our Company and formulate our improvement roadmaps.

As a company, we attach importance to employee experience design. Employee Experience Design is briefly a set of solutions and applications developed to identify employee needs, demands and problems and to generate effective solutions to them. On each point on the Employee Experience map, we aim to build our working environments more efficient and motivation-oriented by positioning our colleagues at the center of the process in all aspects. First, we receive feedback on what our colleagues feel and think through appropriate platforms, and then we develop action plans on the employee experience map points by making accurate analysis and reporting.

Each interaction along this journey creates a new employee and employer persona. Thus, by updating our existing practices, we aim to ensure the happiness of our employees.

In addition to our surveys, thanks to the feedback received through our feedback channels, we resolve existing problems before they become complex, and ensure the satisfaction of our employees by resolving the problems we see as areas of opportunity.

Thanks to our Employee Support application, one of our feedback channels, we believe that together we can conceive a better working environment where our colleagues can exchange all kinds of problems, requests and opinions with respect to their working life. We coordinate with the relevant units regarding all kinds of opinions, suggestions and problems communicated by our colleagues and implement practices that address their suggestions and problems. By enabling our colleagues to support the improvement of processes and the implementation of new practices in our company, we increase their motivation and commitment to our company.

In order for our employees to take a small break from their work, we carry out many communication activities at our campuses. With the Success Talks, one of these communication activities, we conduct development-focused talks with our colleagues, who are experts in their fields and have success stories. With another talk series, Health&Well-Being Talks, we bring our colleagues together with specialist doctors and help them find answers to the questions they wonder about their health.

With Active Life activities, we attach importance to work-life balance and offer our colleagues the opportunity to learn about and experience their hobbies and interests. In this context, we aim to increase the motivation of our colleagues by organizing talks and workshops. We organize Super Team tournaments to nurture our colleagues' sense of teamwork.

INTERNAL COMMUNICATION

In the Energetic Monday event, which is held on the first Monday of every month at both our central and local campuses, we organize different activities and discount sales to help our colleagues start the month more motivated.

We also support our employees with activities for the families of our colleagues. We organize Child Inventors workshops to contribute to the awareness and STE(A)M-oriented development of our colleagues' children. We organize events to foster the loyalty of our colleagues with their families with the family day organized every year.

We know how important the special days of our employees are for them and we stand by them on their special days. We welcome our new recruits by displaying their names on digital screens within the company buildings. We also organize special celebrations for our colleagues on their birthdays on digital screens located near their buildings. In addition, we present gifts to our employees on special occasions.

We value the contributions of our employees to our Company and hold an annual ceremony to celebrate their seniority. We thank our colleagues for their efforts for our company with an appreciation and thank you themed event and souvenirs for our colleagues with 10-20-30 years of seniority.

ETHICAL PRINCIPLES

Ethical Structuring in Turkish Aerospace

At Turkish Aerospace, we initiated an ethical structuring work to strengthen the ethical climate and develop a corporate culture centered on ethical values. With this work, we established an organization for disciplinary and ethics processes and created the Ethics Board and Ethics Board Subcommittee. With the ethical structuring, we have ensured that our employees have a more harmonious and happier working environment in their relations with each other and with other groups.

Ethics Handbook

The Turkish Aerospace Ethics Handbook is a guidance document that provides information on the basic policies and procedures to be followed in order to carry out commercial activities in accordance with the applicable laws and the rules of law and ethics in light of the principle of respect for the law. Purpose of the ethics handbook:

- Create and document a common corporate culture on business ethics in Turkish Aerospace,
- Define ethical rules and application processes,
- Guide our employees to act in accordance with the ethical rules of Turkish Aerospace,
- Ensure the development of professional ethics by raising awareness on the ethics,
- Foster behaviors that respect business ethics and laws in the working life,
- Create and maintain an environment that promotes behavior in compliance with all relevant laws and regulations, ethical standards and industrial obligations,
- Bring ethical standards into corporate life within Turkish Aerospace,
- Provide guidance in the relations within the Turkish Aerospace, to harmonize interpersonal relations, to contribute to cooperation and labor peace.

Ethics Board

Ethics Board, is the committee that investigates and decides on reports of Turkish Aerospace employees, under Personal Data Protection Act, on the violations of the ethical values, principles and responsibilities as set out in the Turkish Aerospace Ethics Handbook.

Ethics Line

The ethics hotline is a reporting line consisting of an e-mail address and a phone number communicated to all employees to report violations of ethical principles. In addition, our employees can report ethical violations with a form handled by an independent outsourced service.

Applications received via the ethics hotline are carefully reviewed by the Ethical Compliance Sub-Committee and escalated to the Ethical Compliance Committee. We are extremely sensitive in responding to each application and informing the applicant about the process, stages and decision.

Ethics Trainings

- We provide new employees with training on company ethical rules and concepts as part of their orientation training.
- On 01/06/2022, with the participation of our CEO Prof. Dr. Temel Kotil, we organized a face-to-face “Ethics and Mobbing Awareness Seminar” lectured by Prof. Dr. İnayet Aydın.

Actions Planned within the Scope of Ethics Studies

- Making mobbing and ethical awareness a mandatory training topic for all employees,
- Providing regular reminders and information on topics such as definitions of ethical principles, violations, etc. on screensavers, portal, billboards, etc. to instill ethical awareness,
- Establishment and implementation of the “Ethical Behavior Reward” system to foster an ethical culture and encourage ethical behavior.

OUR ACADEMIC ACTIVITIES

Training and development activities carried out with a "lifelong learning" approach play an important role in the creation of high-quality human resources, which is a vital driver for global competitiveness of our Company. We carry out and continuously improve learning and development activities in line with our company's goals and strategies.

The main trainings offered to the employees of our Company are categorized as: the trainings provided by the trainers of Turkish Aerospace, the trainings organized by Turkish Aerospace and provided by consultancy firms or academicians, and the individual trainings attended by the employees at various companies or universities.

"Accelerated Executive Leadership for Transformation" Program

The Leadership Base program, created to strengthen the managerial competencies of line managers of Turkish Aerospace, is based on classroom activities and social learning.

Launched in 2019, the program is organized annually by TEGEP Education and Development Platform Association.

It received the "Bronze Award" in the Training and Development Awards category among 32 companies and 62 different programs. The "Accelerated Executive Leadership for Transformation" Program, which is held every year for three semesters with a total quota of 144 people, has trained 352 out of 1,113 line managers. 93% of the trainees are satisfied of the program according to trainee feedbacks. For executives who complete the program, Turkish Aerospace

Academy in-house trainers also provide follow-up trainings to refresh their learning acquisitions and to ensure the continuity of the topics in the program.

"Masters of Change - Chief Technician Development Program"

In 2021, we designed the Masters of Change - Chief Technician Development Program in order to improve the behavioral and leadership competencies of our Chief Technicians.

In this context, the priority is given to chief technicians who are also line managers and attended the ""Accelerated Executive Leadership for Transformation" Program" in order to create a shared managerial language. Trainings for the designed program are provided by internal trainers of Turkish Aerospace.

59 of our 323 chief technicians have completed the program. 98% of the trainees are satisfied of the program according to trainee feedbacks.

Middle and Senior Managers

We conduct managerial competency programs to contribute to the development of the competencies that our managers need to have to achieve the company's strategic goals.

Our Senior Managers

In order to create a common managerial ground for Turkish Aerospace, we aim to organize one-on-one coaching sessions for our senior executives on topics they would like to improve and/or receive support on.

All coaches in the program hold the title of Master Certified Coach (MCC), the highest coaching credential offered by the International Coach Federation. During the program, which started in July 2021, a total of 105 coaching sessions were conducted with 24 executive board members. As of 2023, coaching interviews are ongoing with managers who wish to contribute to the process.

As part of Leadership Development Programs, the training program "Getting Things Done: Strategic Leadership" was organized on June 13-15, 2022 at the IESE Barcelona campus by **IESE Business School,** one of the world's leading business schools, with participation of 5 senior managers of Turkish Aerospace, who, thereby, accessed new insights into the management strategy.

Short MBA programs are organized to support the managerial skills of our managers. To date, a total of 398 managers with 3 or more years of seniority and from first-level supervisor and above positions benefited from the program. 76% of the participants expressed their satisfaction with the program according to the satisfaction questionnaire.

Blanchard SLII Leadership Training aims to enable managers to develop an adaptive and flexible leadership style according to the needs and expectations of their team. The relevant training is provided by licensed in-house trainers of the Turkish Aerospace Academy, and 113 out of 270 managers completed the training. 97% of the participants expressed their satisfaction with the program according to the satisfaction questionnaire.

OUR ACADEMIC ACTIVITIES

The Leadership Base+ Program, designed in collaboration between the Turkish Aerospace Academy and Airbus AirBusiness Academy, is started with our managers who successfully completed the Leadership Base Executive Development program. We aim to complete the program by the end of 2023, which will proceed with a total of 8 trainings to be received from experts in the field at the Toulouse/France campus of Airbusiness Academy and the Ankara campus of Turkish Aerospace, and a closing event.

Development Center

The Development Center is established to support the development areas of managerial candidates who remained below the expected level in the competencies required for their promotion and appointment. Candidates who are included in the Development Center process are provided with a competency-based development map according to their needs based on the results of the assessment center. The steps for the map include 4 classroom trainings, online trainings on 24 different topics, one-to-one coaching sessions and the use of 13 assessment tools in different combinations.

Category	Course Count
Technical	539
Engineering	184
Organizational	43
Specialization	53
Personal Development and Management	25
Legally Required Trainings	10

The table below shows the duration of the trainings provided at the Academy in 2020, 2021 and 2022.

Category	2020	2021	2022
In-house Training Duration (Hours)	**475,468**	**579,103**	**590,558**

The Academy provides 854 trainings in 6 different categories.

As of December 2022, the Turkish Aerospace Academy provided an average of **49 hours** of training per person.

As of December 2022, **6,073** employees participated in OHS training.

Measurement and Evaluation

Data on all trainings conducted at the Academy are systematically analyzed and reports are prepared. With these reports, the general situation is shown to the experts designing the training, training design supervisors and Academy departments, along with suggestions for actions to be taken. For 2022, four reports were prepared and presented for both internal trainings, external trainings and e-learning trainings. These reports analyze the satisfaction of Turkish Aerospace employees with the training they have received. In 2022, over 400 thousand lines of data were analyzed and the findings were shared with the relevant authorities. In addition, measurement and evaluation support is provided to the projects carried out by the Academy. In this context, the project is further improved with the analysis conducted with data collected from 488 trainees, all trainers of Technician Development Program (now Aircraft Technician), and 10 supervisors via 4 measurement tools, according to the report specific to the program, which is developed for the orientation of technicians. Another ongoing project is the Academy Question Pool Project. This project aims to develop achievement tests for all trainings in the Academy catalog. In this context, 25 sets of exams are developed for 21 trainings. Surveys are conducted continuously to measure employee satisfaction on the trainings, and survey data is analyzed and reported at regular intervals. Similarly, the Question Pool project is another ongoing project.

OUR ACADEMIC ACTIVITIES

Digital Training Applications

We care about the sustainability of trainings and we know that e-learning is a greener way of training. For this reason, we expand our digital education catalog every year, reducing transportation and classroom costs, paper and energy waste, as well as saving energy. With accessible e-learning materials and platforms, our employees can continue learning anytime, anywhere. By 2022, our digital training catalog reached 71 e-trainings and 13 VR trainings and applications.

In addition, we provided our employees with free access to hundreds of thousands of courses on global education platforms such as Udemy, edX and MIT Sloan.

Academy Operational Activities

- 18,121 Number of books in the Academy Library
- 1,507 Number of books in the Vehici Hürkuş Library
- 2,335 Number of electronic books
- 17,239 Number of printed books

Total training provided at the Academy in 2022;

- 13,806 individual participants
- 618 individual trainings
- 49 hours training hours per person

Number of Trainees and Realization Times of External Companies Subcontractor / Affiliate and Other Company Trainings

- 2083 Trainees 7,227 hours of training

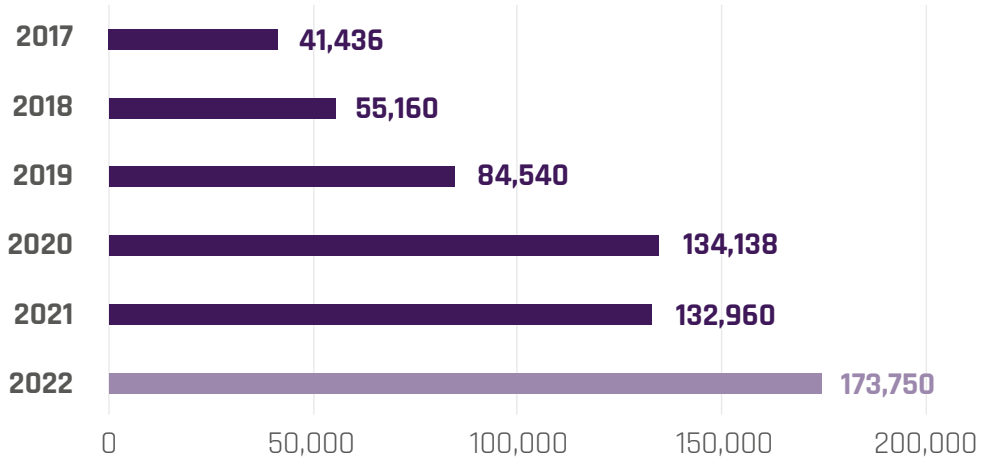
Academy Physical infrastructure;

- 3 practice workshops
- + 1 mtc,
- 2 libraries,
- 1 conference hall,
- 3 + 4 Classroom with computers,
- 18 + 1 classroom

Internship Programs

- SKY (Bachelor's) Programs 1,592
- MYO/MTAL Programs 737
- SKY International and Special Programs 97

IN-HOUSE TRAINING REQUESTS MET



Technical and Certification Trainings Activities

As part of the technician training, the **Aircraft Technician Development Program (ATD)** was launched for newly recruited technicians, aiming to improve their technical knowledge and skills.

The Aircraft Technician Development Program (ATD) includes various theoretical and technical trainings aimed at providing our newly recruited technicians with the knowledge and skills related to the field they will work in, as well as practical trainings to improve their manual skills. During the program, in addition to basic skills such as business knowledge, manual skills, work efficiency, occupational health and safety and workplace rules, a large part of the seal training required to work for Turkish Aerospace is also provided. We aim to continuously improve the skills of technicians, who are directed to their departments after the program, by following their development processes.

Program received its first group on 10 January 2022. In 2022, 20 groups of a total of 1,021 technicians successfully completed their trainings and were directed to their departments. As the technical and certification trainings department, we provided certification

OUR ACADEMIC ACTIVITIES

and qualification training to 2,713 people in the last quarter, excluding those who participated in the ATD program.

After the training demand analysis conducted at the beginning of 2022, the trainings that affect the most technicians depending on the role were determined, and we updated 41 trainings by updating the content of the most demanded trainings, especially the trainings in the ATD program, and visualization works.

With the increasing number of our employees and the prolonged time to meet the demands in the existing infrastructure, 26 trainings were updated as department-specific trainings in order to increase training efficiency by determining application-oriented trainings and using 4-step on-the-job training method.

As of the beginning of 2022, as part of Trainer Development Program, 46 of our trainers have successfully completed the "Train the Trainer" program and 124 people have successfully completed the "Technical Trainer" program, for a total of 165 in-house trainers.

Engineering Training Activities

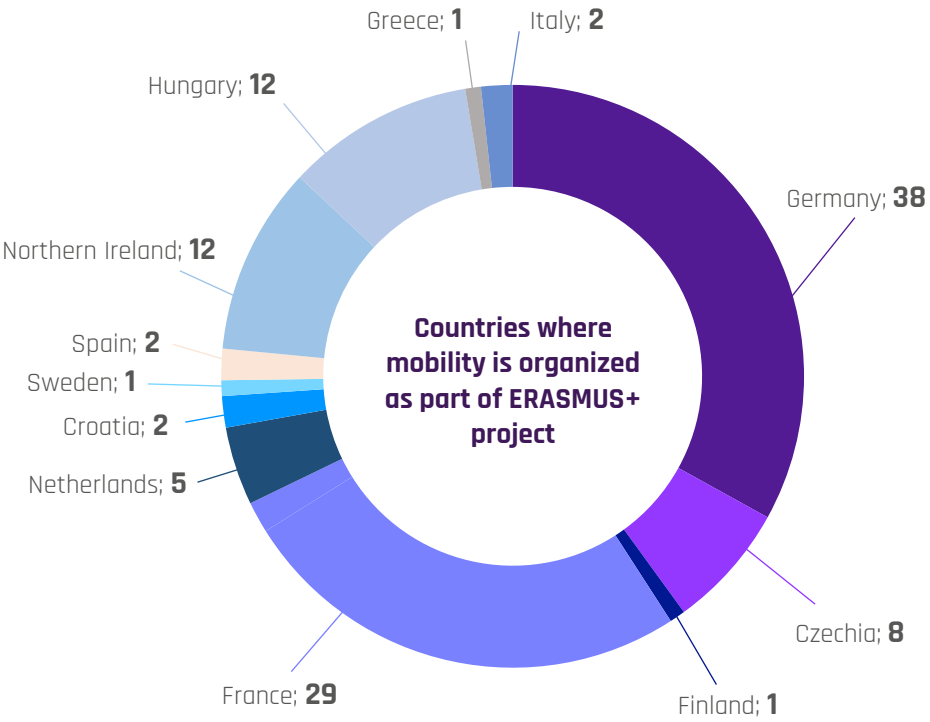
- **PLM and Software Training Programs;** In 2022, 56 courses were provided as part of PLM and Software Trainings to improve the competencies of our employees.
- **University Collaboration;** Again this year, the Product and Lifecycle Management (PLM) Program is launched with 63 senior students from the Faculty of Aircraft and Space Vehicles at Istanbul Technical University in the fall and spring semesters, and future engineers are trained on digital transformation and the product lifecycle approach.
- **Overseas Employee Trainings;** As part of PAKTAI program, we developed and implemented a program for the use of methods and software tools on PLM and different engineering software for the Pakistani engineering group of 20 people working at the Pakistan office.

ERASMUS+

Turkish Aerospace Academy received Erasmus+ accreditation in the field of Vocational Education and Training in 2020. With this accreditation process, planned to continue for seven years, a certain amount of grants are collected every year for Turkish Aerospace employees to attend courses and trainings, job shadowing activities, short-term training mobility activities in European Union (EU) countries in the field of vocational education and training (VET/ Vocational Education and Training) and to invite experts to their own institutions.

As part of Erasmus+, mobility trips were organized to different countries, especially European Union countries, to convey the values, culture and achievements of Turkish Aerospace, and similarly, our employees were given the opportunity to observe the work, culture and values in the countries they visited.

As part of Erasmus+, participants from various units of Turkish Aerospace have been involved in international mobility activities such as job shadowing, education and training activities.



OUR ACADEMIC ACTIVITIES

Competency Management

As part of the Competency Management Process, the roles, competencies and requirements that will support the success of our employees in their careers and help them shed light on the future have been renewed and updated in cooperation with the relevant units in line with the new needs and capabilities of our company.

Campus Events (year 2022)

Technical tours

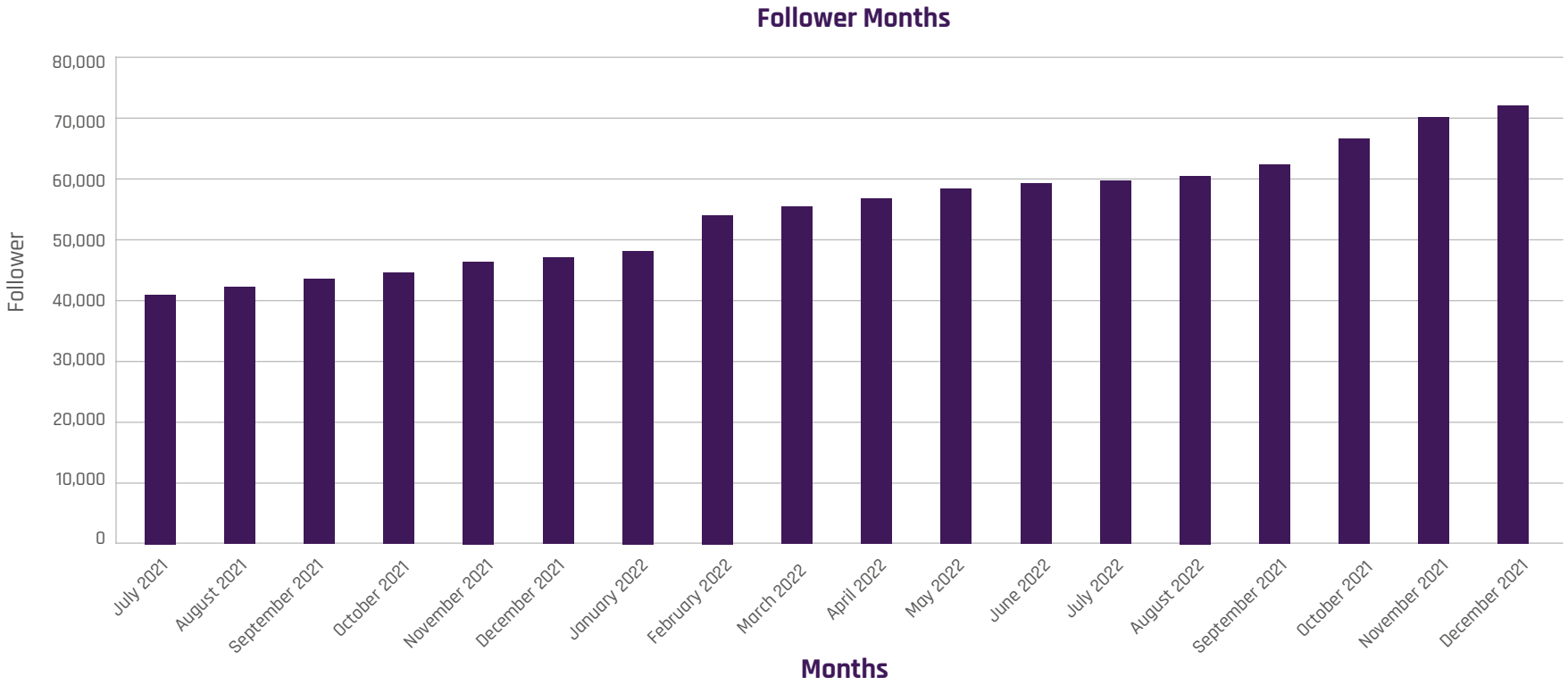
- **80+** Technical Tours
- **4,000+** Young Talents
- **1** Technical Tour XL
- **10,000+** Children and Youth Participation from **42** Cities

Campus Events

- **70+** Universities
- **171** Campus Events

Career website

- Total Unique Visitors **482,046** people
- Total Unique Visitors **173,810** people



OCCUPATIONAL HEALTH AND SAFETY

> **We prioritize Occupational Health and Safety** to ensure sustainability in all our activities conducted on the path to becoming a global company!

Occupational Health and Safety (OHS), which is among the most important topics of sustainable development, ranks first as an indispensable part of the roadmap formulated for global advancement of our activities in the field of defense, aerospace with the mission of providing innovative and original solutions.

We carry out our activities under the OHS policy declared and committed by the senior management of Turkish Aerospace with practices certified by the internationally recognized ISO 45001 Occupational Health and Safety Management System (OHSMS) Standard, based on OHS-oriented trainings that ensure the management of risks and emergencies and the continuity of safety culture.

We fully comply with international standard requirements in the management system established with the awareness that OHS activities are one of the basic requirements for future existence.

As part of the ISO 45001 Occupational Health and Safety Management System Standard, the OHS Management System, which covers all operational activities, is audited by accredited organizations on an annual basis to ensure continued compliance with the standard requirements.

In the audit conducted in 2022, no findings were reported at any level, and the continuity of the ISO 45001 Occupational Health and Safety Management System certificate obtained through the effectiveness of OHS performance was ensured.

We are aware of the importance of trainings in the effective management of OHS processes.

Increasing OHS awareness throughout the company and adopting this as a corporate culture

in order to maintain uninterrupted operations in all activities are among our main goals. We attach importance to sharing knowledge and experience among employees at all levels through trainings planned with reference to the needs identified with this goal.

OHS trainings are among the important drivers in the preparation of work instructions containing OHS requirements with reference to legal legislation and national/international standards, increasing work efficiency and implementing practices in a standardized manner in all operations.

The control hierarchy we follow while managing risks aims to cover all our operations.

As part of OHS Management System established in reference to international standards, risk assessments are at the heart of all practices created to ensure the health and safety conditions of operational activities.

We have created each element that constitutes the sub-headings of the OHS Management System in line with these studies.

It plays a leading role in identifying the hazards and risks arising from the execution of operational activities, determining the measures and needs to be taken to prevent occupational accidents, occupational diseases and disruption of facility integrity.

In 2022, 3,955 operational risks were identified, 3,446 of which were monitored at an acceptable level and 509 of which required a risk mitigation plan, and risk mitigation plans were developed together with process owners for the effective management of risks.

3,955

operational risks identified in 2022

***3,446** acceptable level

***509** level requiring a risk mitigation plan

OCCUPATIONAL HEALTH AND SAFETY

We utilize internal communication channels to monitor continuous improvement in Occupational Health and Safety Management System performance based on data. **We aim to embed OHS culture and awareness by ensuring that all employees report through these channels.**

OCCUPATIONAL HEALTH AND SAFETY

We actively use software tools created by our internal resources for the continuous improvement of our OHSMS performance and effective management of risks with a predictive approach, and we ensure continuous monitoring of OHSYS performance through statistical analyses on the data collected by these software tools on a monthly basis, identifying the limitations in achieving the targets in a short time and planning the actions.

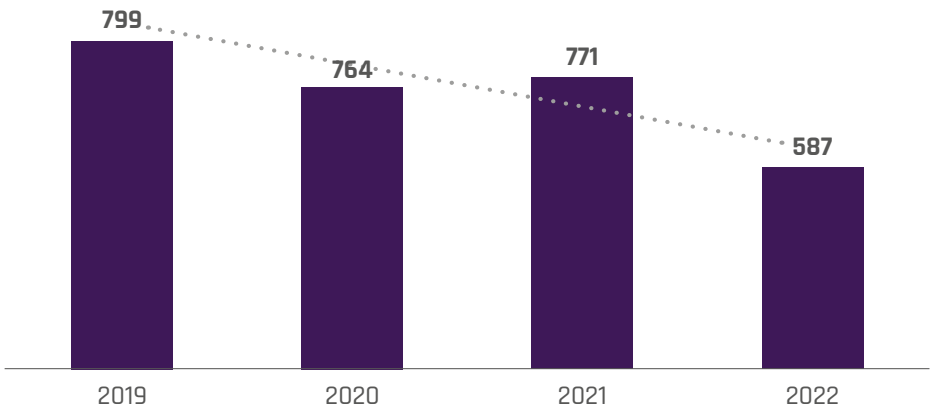
Notifications of unsafe/safe situations and behaviors, near misses and change management through the OHS module, which is open to all employees, play an important role in preventing occupational accidents and occupational diseases, directly contributing to the improvement of the OHS management system performance. To this end, we encourage our employees involved in operational activities to report.

In addition, we measure occupational accidents that occur during our operational activities and their impact on the OHS management system.

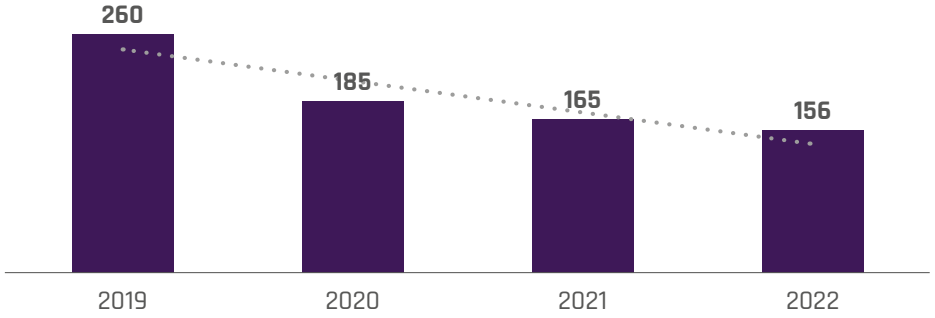
The same internal communication source is used in the assessment of legal compliance, for which the Company is committed to full compliance, and the risk of deviation from legal compliance is eliminated.

At any time, all our employees can access the statistics of occupational accidents throughout our company and data related to the corrective action taken as a result of all reports regarding OHS. Reports in 2021 and 2022 and accident statistics can be seen in the table below.

2019 - 2022 Total Days Lost in Work Accidents



Total Number of Occupational Accidents in 2019-2022



	2021	2022
Accident frequency rate	**8.21**	**6.26**
Accident severity rate	**38.35**	**31.6**
Near miss, unsafe condition & change management reporting	**396**	**237**

OCCUPATIONAL HEALTH AND SAFETY

Promotion of Safety: As Turkish Aerospace, we aim to develop a positive safety culture and support it with safety incentives in order to achieve the safety targets we set as part of SMS. We ensure the values, attitudes and behaviors we see as the main components of our positive safety culture through technical competence, effective communication and information sharing, supported by education and training.

We are committed to providing the necessary resources for the development of a safety culture within our company.

We strive to establish a nationally and internationally recognized Safety Management System in the light of the strategies and policies we have defined to ensure consistent, functioning and effective operation of our company, covering all aviation activities.

ISO 45001 OHSMS Audit is conducted by an accredited organization. The effectiveness of the Turkish Aerospace OHS Management System is proven without any major or minor findings ensuring continuity of the certificate.

As a result of the efforts carried out within the framework of the OHS policy, which aims to provide a working environment free from occupational accidents and occupational diseases and to fully comply with legal and other requirements, we continue to perform above the targeted values in accident frequency rate and accident severity rates. In a comparison of the last 3 years, a 40% decrease is achieved in the number of occupational accidents in 2022, while an improvement of 26.5% is recorded in the days lost due to occupational accidents.

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