



DOING GOOD BUSINESS



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SUSTAINABILITY MANAGEMENT AT ENKA

ENKA MANAGES ITS SOCIAL, ENVIRONMENTAL AND ECONOMIC IMPACT, THAT IT CREATES THROUGH DIFFERENT SECTORS IT OPERATES SUCH AS ENGINEERING AND CONSTRUCTION, ENERGY, REAL ESTATE AND TRADE, AT VARIOUS LOCATIONS, THROUGH A RESPONSIBLE AND ACTIVE SUSTAINABILITY APPROACH.

ENKA Sustainability Committee was established in 2017 in order to determine sustainability strategy and goals, integrate them with ENKA's business strategies and monitor planned actions. The Committee is led by ENKA's President and Chairman of the Executive Committee with the participation of managers of different units and departments at Corporate Headquarters and subsidiaries, representing all main functions at ENKA. The ENKA Sustainability Committee continued its activities in 2018.

ENKA considers sustainability as a holistic approach which all of its employees should integrate to and practice in decision-making and operations mechanisms and carries out activities under the leadership of the Sustainability Committee for the ownership of adherence to its sustainability goals and actions at every level within the company.

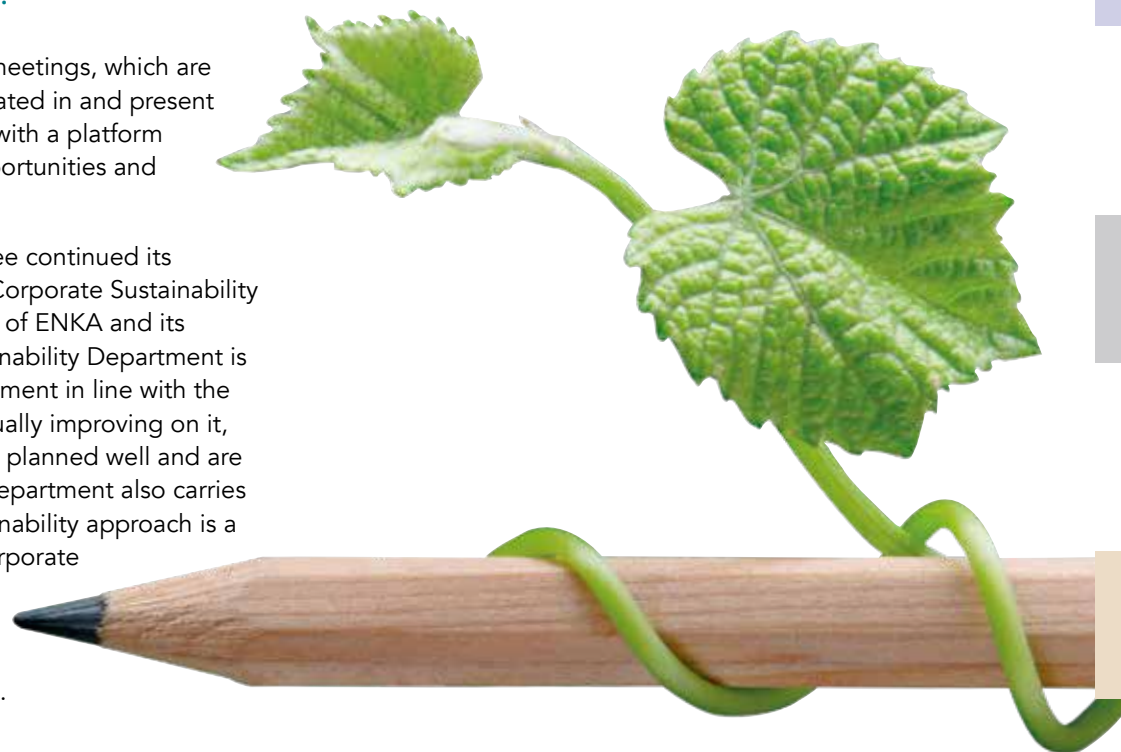
ENKA Sustainability Committee meetings, which are held regularly, are widely participated in and present all subsidiaries and departments with a platform providing equal participation opportunities and right to speak freely.

While the Sustainability Committee continued its activities, ENKA established the Corporate Sustainability Department in 2018. Covering all of ENKA and its subsidiaries, the aim of the Sustainability Department is developing sustainability management in line with the sustainability strategy and continually improving on it, ensuring sustainability actions are planned well and are coordinated. The Sustainability Department also carries out work to ensure that the sustainability approach is a part of the management style, corporate culture and business strategies of ENKA and its subsidiaries and monitors sustainability performance indicators and goals.

The Sustainability Committee's work in 2018 resulted in the formulation of ENKA 2027 Sustainability Goals, which take into account the company's sustainability priorities, risk and opportunities, influence areas and stakeholder feedback.

The ENKA Sustainability Strategy, developed in 2017 by the ENKA Sustainability Committee under the leadership of ENKA's President and Chairman of the Executive Committee, was reviewed at the last Sustainability Committee meeting of 2018 and the 2019 Sustainability Action Plan was developed accordingly.

ENKA is a signatory of the United Nations Global Compact (UNGC), which is the biggest corporate and institutional sustainability initiative which calls on companies to align their strategies and operations with the universal principles of human rights, labour, environment and anti-corruption and take actions that advance societal goals.



SUSTAINABILITY POLICY

1 As a leading global company headquartered in İstanbul, we provide high quality products and services in all the sectors we partake in.

We contribute to the development and welfare of the countries in which we execute our projects; we ensure our credibility by prioritizing occupational health and safety, quality and cost efficiency.

2

3 We carry out our business with a corporate management approach that is transparent and accountable and has a vision of sustainable growth.

We provide employment to thousands of people in geographies we operate in and help local economies flourish. By meeting regional needs, we contribute to local socio-economic development.

4

5 We value stakeholder participation. Our comprehensive strategy takes account of stakeholder expectations, lowers risks and helps us establish long-lasting and permanent relationships.

In all regions where we undertake work, we respect human rights, oppose all forms of discrimination, promote equality of opportunity and expect our business partners to be just as sensitive as us.

6

7 In addition to ensuring the health and safety of our employees, who are our foremost stakeholders, we provide them with a fair and participatory working environment and invest in their development.

We measure and assess the environmental and social impact of our activities. We improve processes that are in place to reduce negative impact.

8

9 We support measures against climate change and take care to protect natural resources.

We support the development of future generations by investing in education, sports, culture and arts.

10

SUSTAINABILITY STRATEGY

ENKA's sustainability strategy, which was prepared with ENKA's fields of impact and sustainable development goals in mind, has the following four main components:



ENKA,

DOES ITS BUSINESS HONESTLY AND IN TIME, ITS WORK IS OF HIGH QUALITY, AND IT MAKES SURE THAT A RESPONSIBLE AND ETHICAL ATTITUDE IS ADOPTED AT EVERY LEVEL.

HAS BROADENED THE DEFINITION OF RISK MANAGEMENT SO AS TO ADDRESS ECONOMIC, ENVIRONMENTAL AND SOCIAL ISSUES IN AN INTEGRATED MANNER.

ENCOURAGES, TRAINS, SUPERVISES AND AMELIORATES ITS BUSINESS PARTNERS, SUBCONTRACTORS AND SUPPLIERS IN THE CONTEXT OF ITS RESPONSIBLE SUPPLY CHAIN MANAGEMENT.

SEEKS TO GENERATE AWARENESS OF SUSTAINABILITY AMONG ITS SALES REPRESENTATIVES AND CUSTOMERS AS WELL, AND PROVIDES LEADERSHIP TO ALL ITS STAKEHOLDERS IN TERMS OF SUSTAINABILITY.

CONTRIBUTES TO THE REALISATION OF SUSTAINABLE DEVELOPMENT THROUGH ITS INNOVATION AND R&D ACTIVITIES.

ENKA,

PROTECTS THE HEALTH AND ENSURES THE SAFETY OF ITS EMPLOYEES AND ITS SUBCONTRACTORS' EMPLOYEES.

WORKS TO INCREASE EMPLOYEE LOYALTY AND ACTIVE ENGAGEMENT OF THE EMPLOYEES IN DECISION-MAKING MECHANISMS.

INVESTS IN THE TRAINING AND DEVELOPMENT OF ITS EMPLOYEES AND PROVIDES THEM WITH EQUAL OPPORTUNITIES FOR TRAINING AND DEVELOPMENT.

SEEKS TO GENERATE AWARENESS OF SUSTAINABILITY AMONG ITS EMPLOYEES.

ENKA,

CONTRIBUTES TO THE WELFARE AND DEVELOPMENT OF LOCAL COMMUNITIES THROUGH THE INFRASTRUCTURE AND SUPERSTRUCTURE INVESTMENTS IT MAKES.

CONTRIBUTES TO THE DEVELOPMENT OF THE ENGINEERING PROFESSION IN ALL REGIONS OF THE WORLD IN WHICH IT OPERATES.

SUPPORTS THE GROWTH OF A RESPONSIBLE GENERATION BY SPREADING AWARENESS OF SUSTAINABILITY IN ITS SCHOOLS.

INVESTS IN EDUCATION, CULTURE AND ARTS, AND SPORT. CARING FOR EMPLOYEES.

ENKA,

MEASURES AND REPORTS ON ITS ENVIRONMENTAL IMPACTS, SETS TARGETS AND AMELIORATES THEM.

CARRIES OUT IMPROVEMENTS TO REDUCE ITS CARBON AND WATER FOOTPRINTS AND ENSURES ENERGY EFFICIENCY.

DEVELOPS AND IMPLEMENTS ENVIRONMENT-FRIENDLY BUILDING SOLUTIONS.

ADOPTS GREEN OFFICE PRACTICES AND ENCOURAGES ITS EMPLOYEES TO RESPECT THE ENVIRONMENT.

STAKEHOLDER ENGAGEMENT AND SURVEYS

Strong and efficient stakeholder dialogue is one of the keystones of how ENKA conducts business, and by extension, of its sustainability approach. ENKA defines its stakeholders as the individuals, groups and organisations who affect, or are affected, directly or indirectly, by its activities, goals or policies.

ENKA categorises its main stakeholders as its employees, customers, business partners, shareholders, community stakeholders and public institutions. In categorising stakeholders as such, ENKA uses criteria including the degree and potential of stakeholders affecting ENKA's activities, strategies, policies or being affected by them, their fields of influence, representation authority and relations with the company.

ENKA makes efforts to ensure that communication with its stakeholders is efficient, transparent and two-sided, and to this end forms structures to ensure stakeholder diversity in its processes and decision-making mechanisms. For this reason, ENKA establishes unique communication channels for each stakeholder group.

One of these communication channels, ENKA Newsletter platform, was developed to provide information for all employees of ENKA and its subsidiaries. ENKA Newsletter is used to share information with all employees about general developments, developments related to management systems, news and developments about sustainability, general announcements about the company, examples of best practices, lessons learned, intercompany policies and procedures and related updates and changes, technology we have developed and other topics of concern to our employees at ENKA and its subsidiaries.

The corporate website is the main channel of communications ENKA uses to communicate with external stakeholders. ENKA shares detailed information about all its fields of activity and subsidiaries through its corporate website and consistently updates the content of its website with the latest news and developments.

Some of the most tangible outcomes of the efficient stakeholder dialogue conducted by ENKA are the company's sustainability strategy and sustainability actions. ENKA's annual sustainability report details its performance towards attaining its sustainability priorities, which are determined with intensive stakeholder participation, for the benefit of stakeholders. In addition to the regularly published corporate reports, audits conducted in projects and subsidiaries, supplier audits, employee surveys, customer satisfaction surveys, trainings,

workshops and meetings held with all business partners help ENKA gather feedback which contribute to ENKA's processes and address stakeholders' concerns and questions.

ENKA Ethics Hotline was established in 2017 to provide communications with employees, local people and all parties with which the company has business relations and became one of the most efficient and practical communication channels for stakeholders to seek advice on subjects they are concerned about, get answers to their questions and convey their complaints or opinions.

ENKA operates in many different sectors together with its subsidiaries and therefore has a diverse range of stakeholders.

**ENKA BELIEVES THAT
BUILDING A SUSTAINABLE
FUTURE IS ONLY POSSIBLE
BY DEVELOPING AND
IMPROVING TOGETHER WITH
ALL ITS STAKEHOLDERS
AND TO THIS END
ESTABLISHES VARIOUS
FORMS OF COOPERATION
WITH DIFFERENT
STAKEHOLDERS AND TAKES
PART IN PROJECTS WITH
THE POTENTIAL TO FORM
LASTING VALUES.**

ENKA's corporate values and ethical principles remain the priority criteria when it comes to choosing stakeholders. Stakeholder groups with which ENKA is in contact, communication platforms and the frequency of communications is shown in the table on the next page:

STAKEHOLDERS	COMMUNICATION PLATFORM	FREQUENCY OF COMMUNICATION
 EMPLOYEES (ENKA employees and other workers performing duties for ENKA)	Websites	Continuous
	Social media	Continuous
	Newsletter – Occupational Health and Safety, Environment, Quality Management Systems, Sustainability Activities, General Announcements	Monthly
	Newsletter – Lessons Learned and Best Practices within the Organisation	Continuous
	ENKA Academy	Continuous
	Employee Loyalty and Satisfaction Survey	Twice a year
	Ethics and Compliance Audits	Periodic
	Ethics Hotline	Continuous
 CUSTOMERS (Investors, Project Owners, etc.)	Employee Volunteering Programme	Continuous
	Customer Satisfaction Survey	Upon the completion of projects
	Websites	Continuous
	Annual Reports	Once a year
	Sustainability Reports, CDP Reports	Once a year
	ENKA Document Management System	Continuous
	Meetings	Periodic
	Ethics Hotline	Continuous
 BUSINESS PARTNERS (Suppliers, Subcontractors, Manufacturers, Joint Ventures, Third-Party Auditing Firms, Insurance Companies, Logistics Firms, Service Providers, Consultancy Companies, Distributors, etc.)	Employee Volunteering Programme	Continuous
	Customer Satisfaction Survey	Upon the completion of projects
	Websites	Continuous
	Annual Reports	Once a year
	Sustainability Reports, CDP Reports	Once a year
	ENKA Document Management System	Continuous
	Meetings	Periodic
	Ethics Hotline	Continuous
 SHAREHOLDERS (Partners, Investors)	Meetings	Continuous
	Ethics Hotline	Continuous
	Audits	Periodic
	Sustainability Reports, CDP Reports	Once a year
	General Assembly	At least once a year
	Websites	Continuous
	Annual Reports	Once a year
	Sustainability Reports, CDP Reports	Once a year
 SOCIAL PARTNERS (Local Communities, NGOs, the Media)	Material Disclosures, Financial Reports, Periodic Disclosures (Public Disclosure Platform – KAP)	As required by the related disclosure
	Meetings	Continuous
	Ethics Hotline	Continuous
	Websites	Continuous
	Media, Social Media	Continuous
	Annual Reports	Once a year
	Sustainability Reports, CDP Reports	Once a year
	Meetings	Periodic
 PUBLIC INSTITUTIONS (Governments, Local Administrations, Universities and Academic Institutions, Tax Offices)	Ethics Hotline	Continuous
	Annual Reports	Once a year
	Websites	Continuous
	Periodic Disclosures (Public Disclosure Platform – KAP)	Periodic
	Sustainability Reports, CDP Reports	Once a year
	Meetings	Periodic
	Official Correspondences	Continuous
	Audits	Periodic
	Memberships	Monthly
	Career Days, Activities of University Clubs and Societies	Periodic
	Conferences and Panels	Periodic

Due to their specific fields of activity, structures and missions, ENKA Foundation and ENKA Schools interact with a different group of stakeholders than those of ENKA companies. ENKA Foundation communicates constantly with sports school students, athletes, members, sports coaches, teams, federations, spectators and artists and develops collaborations where necessary with sponsors, non-governmental organisations and local administrations.

ENKA Schools defines teachers and other employees, students, parents, international stakeholders, public institutions, academic institutions and subcontractors as their major stakeholders. Dialogue is maintained with all these groups of stakeholders through various communication channels and methods

ENKA's Membership Affiliations

ENKA carries out initiatives at the international level in order to take responsibility as a pioneer in all sectors in which it operates. ENKA believes that development and progress in the field of sustainability can only be achieved by working together with all stakeholders with effective communication and for this reason seeks membership of various associations, institutes, unions and sectorial organisations and acts as a sectorial leader by playing an active role in work groups.

BY BECOMING A SIGNATORY OF THE UN GLOBAL COMPACT IN 2017, ENKA HAS PLEDGED TO ACT IN ACCORDANCE WITH ITS TEN FUNDAMENTAL GLOBAL PRINCIPLES AND PRIORITISED CONTRIBUTING TO THE AGENDA OF THE SUSTAINABLE GLOBAL GOALS AMONG ITS OWN COMPANY GOALS.

To this end, ENKA became a member of the Sustainable Supply Chain Workgroup and Women's Empowerment Workgroup operating under the Global Compact Network Turkey.

ENKA became member of the Business Council for Sustainable Development (BCSD Turkey) which is the regional network and business partner of the World Business Council for Sustainable Development (WBCSD) in August 2018, in addition to its other memberships. In September, ENKA's corporate membership application was approved by the Ethics and Reputation Society (TEİD) and ENKA was included among the official corporate members of the TEİD, which undertakes pioneering works regarding business ethics and compliance in Turkey.

ENKA also joined the Turkish Industry and Business Association's (TÜSİAD) Environment and Climate Change Workgroup as of 2019 in order to undertake a more active role in the extensive national and international work conducted on environment and climate change. The TÜSİAD Environment and Climate Change Workgroup contributes to process of forming environmental policies in Turkey and the development of regulations required within the framework of these policies, assesses the implementation of these regulations, carries out studies and presents its opinions to relevant institutions and organisations. For more information about the activities of TÜSİAD Environment and Climate Change Workgroup, please visit

["https://tusiad.org/en/cevre-iklim-degisikligi-cg"](https://tusiad.org/en/cevre-iklim-degisikligi-cg)

MEMBERSHIPS OF ENKA İNŞAAT AND ITS SUBSIDIARIES

Organisations ENKA İnşaat is enrolled in	KALDER
Republic of Turkey Ministry of Environment and Urbanisation Overseas and Domestic Contracting Certificates	American Society of Mechanical Engineers (ASME)
British Safety Council	Bursa Aerospace and Defence Cluster Association (BASDEC)
Organisations ENKA İnşaat has the certificate of	Human Resources Solidarity Association (İKDAY)
American Society of Mechanical Engineers	Turkish Shipbuilders' Association (GİSBİR)
British Standards Institution	Leadership in Energy and Environmental Design (LEED)
TÜV NORD	German-Turkish Chamber of Industry and Commerce
Turkish Organizations ENKA is enrolled in	İstanbul Chamber of Commerce (İTO)
Foreign Economic Relations Board of Turkey (DEİK)	İstanbul Chamber of Industry
The Turkish Contractors Association (TMB)	Gemlik Chamber of Commerce and Industry
The Turkish Employer's Association of Construction Industries (INTES)	Kocaeli Chamber of Commerce and Industry
Turkish Exporters Assembly (TIM)	American Welding Society (AWS)
Turkish Industry and Business Association (TÜSİAD)	Kocaeli Free Zone Shipyards Association (KOSTBİR)
Business Council for Sustainable Development (BCSD Turkey)	Chamber of Shipping (İMEAK)
Ethics and Reputation Society (TEİD)	Organisations Cintas Ningbo is enrolled in
Turkish Road Association (TRA)	American Society for Quality
İstanbul Chamber of Commerce (İTO)	China Lean Enterprise
Organisations Çimtaş Steel, Pipe, Module and Shipyard, and Precision Machining are enrolled in	Turkey Lean Enterprise
Steel Construction Institute	Jishuken Association
People Management Association of Turkey (PerYön)	Ningbo Welding Association
SAHA İstanbul Defence and Aerospace Cluster Association	Liaoning Welding Association
	The Committee of Liaoyang Technical School Consultation

MEMBERSHIPS OF ENKA İNŞAAT AND ITS SUBSIDIARIES

Organisations ENKA Pazarlama is enrolled in
Turkish Construction Equipment Distributors' and Manufacturers' Association (İMDER)
The Material Handling, Storage & Industrial Equipment Association of Turkey (İSDER)
Foreign Economic Relations Board of Turkey (DEİK)
Statistical Institute of Turkey (TÜİK)
İstanbul Chamber of Commerce (İTO)
Organisations ENKA Foundation is enrolled in
Third Sector Foundation of Turkey (TUSEV)
Turkish Marine Environment Protection Association
Mediterranean Opera and Ballet Club Association (AKOB)
Organisations ENKA Power is enrolled in:
İstanbul Mineral and Metals Exporters' Association
Organisations CCI is enrolled in
CRE Russia (Commercial Real Estate)
BREEAM In-Use
Organisations ENKA Systems is enrolled in
Turkey Software Industrialists Association (YASAD)
İstanbul Chamber of Industry
İstanbul Mineral and Metals Exporters' Association (İMMİB)
Organisations MKH is enrolled in
Association of European Businesses

Organisations ENKA TC is enrolled in
Russian Council of Shopping Centers (RCSC)
US Green Building Council (Gold) (USGBC)
Green Building Council Russia (Premium) (RUGBC)
Moscow Investors Club
Organisations ENKA Schools Adapazarı is enrolled in
Eco-Schools
White Flag
The International Baccalaureate Organisation (IBO)
Organisations ENKA Schools İstanbul is enrolled in
Eco-Schools
The International Baccalaureate Organisation (IBO)
Round Square
New England Association of Schools and Colleges (NEASC)
Council of International Schools (CIS)
Duke of Edinburgh Programme
World Wildlife Fund (WWF)
Organisations ENKA Schools Kocaeli is enrolled in
Ministry of Education School Democracy Assembly

SUSTAINABILITY PRIORITISATION
PROCESS AND STAKEHOLDER
PARTICIPATION

ENKA identified its sustainability priorities through studies which took place over a three-month period in 2017 with intensive engagement of its internal and external stakeholders. In determining these priorities, ENKA made use of the dynamics of the sectors it is engaged in, economic, social and environmental impacts of these sectors and its own, sustainability risks and opportunities for ENKA and finally feedback from stakeholders which were received directly or indirectly, as described below.

DURING THE PROCESS OF IDENTIFYING PRIORITIES, FACE-TO-FACE WORKSHOPS WERE HELD WITH GROUPS OF STAKEHOLDERS, ESPECIALLY ENKA SUSTAINABILITY COMMITTEE, AND ONLINE QUESTIONNAIRES WERE PROVIDED FOR THOSE STAKEHOLDERS WHO COULD NOT BE REACHED FACE-TO-FACE.

A total of 266 stakeholder representatives, including the Sustainability Committee, senior management, ENKA employees, suppliers, non-governmental organisations and professional organisations, subsidiaries, vendors and customers participated and contributed to identifying the sustainability priorities for ENKA. Stakeholder groups which were included in the undertaking were identified together with ENKA's subsidiaries by taking into account influence and accessibility factors.

As a direct input to the development of ENKA's Sustainability Strategy, sustainability priorities were reviewed in 2018 in ENKA Sustainability Committee meetings through a review of the current activities of ENKA and its subsidiaries, stakeholders, risks, opportunities and goals and were updated with the addition of the Biodiversity topic. ENKA promises to conduct sustainability materiality surveys and detailed stakeholder participation process every two years.

WORKSHOPS AND SURVEYS CONDUCTED (2017)		
Method	Stakeholder Group	Number of participants
Workshop	Senior Management	42
	Employees Group 1	27
	Employees Group 2	25
	Suppliers	10
	Non-Governmental Organisations and Professional Organisations	11
	Çimtaş	30
	Total	145
Survey	Customers	15
	Sales Representatives	6
	Suppliers Group 1	3
	Suppliers Group 2	39
	Employees Group 1	10
	Employees Group 2	48
	Total	121
Overall Total		266

The table on the next page lists ENKA's prioritised (material) sustainability topics and their scope which constitute the basis for sustainability works and were referenced and updated during the 2018 reporting period.



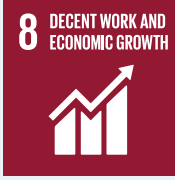



ENKA'S SUSTAINABILITY GOALS








As the result of the Sustainability Committee's work in 2018, taking the company's sustainability priorities, risk and opportunities, influence areas and stakeholder feedbacks into account, realistic and robust sustainability goals were identified for the year 2027, the year marking the 10th anniversary of ENKA's sustainability works and 70th anniversary of the company's establishment.

ENKA 70th Year Sustainability Goals are detailed on its corporate website and at the end of each chapter of this report for all stakeholders' information.

<https://www.enka.com/sustainability/home/strategy/sustainability-goals/>

ENKA'S MOST MATERIAL SUSTAINABILITY TOPICS

SUSTAINABLE DEVELOPMENT GOALS	MATERIALITY STRATEGY	MATERIAL ISSUES	GRI INDICATORS	UNGC	IMPACT (INTERNAL/EXTERNAL)
	<p>ENKA believes that the best way to social development is through quality education. ENKA Schools, which were founded in line with this purpose, provide quality education and learning opportunities to students and raise equipped individuals for society.</p> <p>As part of its principle of Care for Employees, ENKA believes in the need to invest in its employees, whom it sees as its primary stakeholders. Through ENKA Academy, it provides training opportunities prepared by industry-leading education firms and academic institutions to strengthen the professional and social abilities of its employees.</p>	<p>Employee Training and Development Socio-Economic Impact on Local Community Community Investment Programmes</p>	404-1/404-2		* / *
 	<p>During its operations, ENKA follows an approach that includes encouragement for entrepreneurship, creativity and innovation, ensures diversity and equality of opportunity, provides full and productive employment and abides by the principle of equal pay for equal work. In its operations around the world, ENKA takes the highest standards of business ethics to ensure sustainable growth.</p>	<p>Economic Performance Ethics and Compliance Employee Rights and Employee Satisfaction Occupational Health and Safety To be an Employer Brand</p>	<p>GRI 201-1/201-2/201-4 GRI 205-1 through 205-3 GRI 202-1/202-2 GRI 203-1/203-2 GRI 401-1 through 404-4 GRI 404-1 GRI CRE6 GRI 405-1 GRI 407-1/408-1 GRI 409-1 GRI 412-1 through 412-3</p>	<p>Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6</p>	* /
	<p>With the awareness that water is the most vital resource, ENKA adopts a responsible water management approach in its projects and operations. ENKA integrates practices of sustainable and recyclable water use in its operations. In all of ENKA's operations, the uninterrupted access of employees to clean water and sanitary facilities is of the utmost importance.</p>	<p>Employee Rights and Employee Satisfaction Water Management Socio-Economic Impact on Local Community</p>	303-1 through 303-5 413-2	Principle 8	* / *
	<p>In all the fields in which it is active, ENKA is sensitive to the effective management of energy. ENKA contributes to SDG 7 by generating power as efficiently as possible in its power generation activities, which is one of ENKA's main business segments; its contributions to developing environment-friendly buildings, facilities and renewable power plants through its project and construction work and energy management which it has integrated to its operational activities.</p>	<p>Carbon Footprint and Energy Efficiency Environment Friendly Materials, Equipment and Green Buildings</p>	<p>GRI 302-1 through 302-4 GRI 305-1 through 305-5 GRI CRE3/CRE4</p>	<p>Principle 7 Principle 9</p>	* / *
	<p>With industrial and infrastructure projects to which it makes direct contributions for sustainable growth, ENKA always prioritises an innovative perspective. As the first Turkish construction company to be given the title of "Design Centre", ENKA has always provided services at the highest level in all design and engineering activities it was involved in and has always valued innovation works to constantly improve its capabilities in this field.</p>	<p>Innovation and R&D Work Community Investment Programmes Customer Satisfaction</p>	ENKA Specific topic	Principle 9	* / *

SUSTAINABLE DEVELOPMENT GOALS	MATERIALITY STRATEGY	MATERIAL ISSUES	GRI INDICATORS	UNGC	IMPACT (INTERNAL/EXTERNAL)
	With the infrastructure projects it has realised over the years, ENKA has provided dependable resources for the needs of low-income and fragile groups. Furthermore, it provides scholarship opportunities for students at ENKA Schools Adapazarı, which was founded to provide education for children affected by the 1999 Marmara Earthquake and at ENKA Schools Kocaeli.	Community Investment Programmes	ENKA Specific topic		/ *
	With the durable, sustainable and resource effective environment-friendly buildings it produces, ENKA contributes to the development of comprehensive and sustainable urbanisation.	Environment Friendly Materials, Equipment and Green Buildings	ENKA Specific topic		* / *
	ENKA has proven its commitment to responsible consumption and production with its work on the sustainable management and efficient use of natural resources and its projects for increasing efficiency. IENKA supports its commitment with responsible supply chain management and resource-efficient productivity increasing innovation works.	Responsible Supply Chain Management Product and Service Quality	GRI 308-1/308-2 GRI 414-1/414-2	Principle 10	* / *
	ENKA accepts that climate change is one of the greatest problems that humankind faces and contributes to combating climate change with works on emissions reduction, energy efficiency, impact mitigation and adaptation.	Carbon Footprint and Energy Efficiency Environment Friendly Materials, Equipment and Green Buildings Water Management Waste Management	GRI 302-1 through 302-4 GRI 305-1 through 305-5 GRI CRE3/CRE4	Principle 7	* / *
	ENKA is aware of the importance of partnerships to achieve the Sustainable Development Goals. As a signatory of the United Nations Global Compact and a member of the Business Council for Sustainable Development, ENKA supports the works carried out with NGOs to achieve the Sustainable Development Goals in national and international platforms.	-	ENKA Specific topic		/ *
 	In all its activities, ENKA takes all necessary measures to manage its impact on the nature and keeps biodiversity protection as its basis. ENKA also develops biodiversity action plans to reduce the impact on flora and fauna at locations where it operates.	Biodiversity	GRI 304-1 through 304-4		/ *

ETHICS AND COMPLIANCE

ENKA ADOPTS ETHICAL PRINCIPLES AS A CORE VALUE, AS PART OF THE PRINCIPLE OF "NOT COMPROMISING ON INTEGRITY, HONESTY AND FAIRNESS", WHICH IS AN IMMUTABLE PART OF ITS CULTURE. IN THIS REGARD, ENKA TAKES A TRANSPARENT AND ACCOUNTABLE APPROACH TO GOVERNANCE AND DOING BUSINESS IN FULL COMPLIANCE WITH LAWS AND UNIVERSAL PRINCIPLES OF HUMAN RIGHTS AS A UNIFIED WHOLE.

ENKA expects all of its employees, representatives, subsidiaries, suppliers and subcontractors to engage in fair, honest, impartial, transparent and accountable relations with their co-workers, society-at-large and rivals and to comply without fail with all relevant national and international laws and regulations throughout their activities.

ENKA communicates its ethical values, form of governance and rules to all of its employees using ENKA Code of Business Conduct. These rules apply equally to all employees at ENKA and its subsidiaries, including ENKA's senior management and managers at every level.

TEİD MEMBERSHIP

In 2017, ENKA became a member of the Ethics and Reputation Society (TEİD), which is the most active civil society organisation in Turkey that aims to form a culture of ethics and compliance at the institutional level and to combat corruption and bribery. Following the onset of cooperation with TEİD, three ENKA employees from ENKA Corporate Quality, HSE & Integrity Directorate and ENKA Corporate Legal Department took part in

the Ethics and Compliance Management Certification Programme and successfully completed 36 hours of training. The ENKA Code of Business Conduct including the anti-corruption policy was revised using gains made from the training carried out in cooperation with TEİD.

ENKA CODE OF BUSINESS CONDUCT

ENKA Code of Business Conduct, which was formed to communicate ENKA's ethical values and principles to all stakeholders consists of elements that describe the way ENKA does business. ENKA Code of Business Conduct, which is published upon approval of ENKA's President and Chairman of the Executive Committee can be accessed by all employees through ENKA's Document Management System EDMS. All stakeholders may access the Code of Business Conduct in English, Turkish, Russian and Arabic on ENKA's corporate website.⁵

To ensure that all of its employees act in compliance with ethics and human rights from day one, ENKA has made the Code of Business Conduct a part of the orientation training for new hires. As of the end of 2018, all employees at ENKA had completed the orientation program, which means they have also completed the Code of Business Conduct Training.

ENKA SUPPLIER CODE OF CONDUCT

ENKA expects all persons, groups and organisation with which it works to comply with its culture of ethics. In this regard, ENKA expects all suppliers, subcontractors, consultants and business partners (altogether referred to as "Suppliers") to comply with the ENKA Supplier Code of Conduct.

ENKA has grouped the rules for conduct it expects its suppliers to follow into five categories:

- Compliance with the Law
- Human Rights and Fair Working Conditions
- Occupational Health and Safety and the Environment
- Security
- Combating Bribery and Corruption and Preventing Anti-Competitive Behaviour

⁵ https://www.enka.com/allfiles/media/pdfs/ENKA_Code_of_Conduct_2018_ENG.pdf

As required by ENKA internal procurement procedures, the Supplier Code of Conduct and the procedure to be followed in case of violations are communicated to suppliers before the signing of the contract. In addition, ENKA Supplier Code of Conduct is available on ENKA's corporate website in English, Turkish, Russian and Arabic.⁶

ENKA Supplier Code of Conduct, which was published in 2017, was revised during the final quarter of 2018 to extend its scope to cover ENKA Pazarlama's dealers and to detail the procedure to be followed in case of violations.

Suppliers' performance in complying with ENKA Supplier Code of Conduct is inspected through the Supplier Sustainability Audit Programme that began in 2018. As part of its work on sustainability, ENKA plans to carry out supplier and dealer workshops that will cover ENKA Supplier Code of Conduct in 2019.

EXECUTIVE ETHICS AND COMPLIANCE COMMITTEE

The Executive Ethics and Compliance Committee was established in 2017 in order to ensure that ENKA runs an effective and robust ethics and compliance programme. In addition to the ongoing activities of the Executive Ethics and Compliance Committee, all managers at ENKA and its subsidiaries are responsible for forming a positive working environment and to encourage the continuation of a culture which treats of people with respect and dignity, which is necessary for the sustainability of a positive working environment.

For more information on the Executive Ethics and Compliance Committee, please visit:

<https://www.enka.com/sustainability/home/ethics-compliance/executive-ethics-compliance-committee/>

ENKA ETHICS HOTLINE

In 2017, ENKA introduced its Ethics Hotline to ensure that open and transparent communication is maintained, that employee, local communities and all parties engaged in a business relationship (suppliers, subcontractors, subcontractors' workers, customers, business partners etc.) can report behaviour that violates company policies and receive advice for matters that are unclear to them. Employees and all relevant stakeholders may convey concerns that they cannot alleviate by dealing with their managers or local project management to ENKA Ethics Hotline.

For more information on Ethics Hotline, please visit:

<https://www.enka.com/sustainability/home/ethics-compliance/enka-ethics-hotline/>

⁶ https://www.enka.com/allfiles/media/pdfs/ENKA_Supplier_Code_of_Conduct_2018_ENG.pdf

INTEGRITY MATTERS. DO THE RIGHT THING.
speak up!



Ethics Hotline

+90 (212) 376 10 10

Confidential

Available on Monday - Friday from 9:00 am to 6:00 pm
in Turkish, English, Russian & Kazakh languages

for more information:

<http://www.enka.com/sustainability/home/ethics-compliance/enka-ethics-hotline/>



Calls to the Ethics Hotline are categorised by Ethics Hotline personnel and are reported to the Executive Ethics and Compliance Committee. The Executive Ethics and Compliance Committee is responsible for assessing, investigating and concluding every report made to the Ethics Hotline.

In order to ensure awareness of the Ethics Hotline at ENKA Corporate Headquarters and subsidiaries, newsletters have been published and posters for the Ethics Hotline in various languages were put up where employees can see them at every location. In addition, communication details for the Ethics Hotline were included in the orientation training and placed on ENKA's website.

In order to raise awareness among employees and managers on ethics and human rights, as well as the ENKA Code of Business Conduct and ENKA Ethics Hotline, companywide Ethics and Human Rights in Working Life training was held in 2018. The 12 training sessions, which were carried out at ENKA and its subsidiaries at different locations, included a session for ENKA senior management with the aim of increasing the awareness of managers in this field.

The table below shows the number of participants in the Ethics and Human Rights in Working Life training held in 2018.

2018 DATA FOR ETHICS AND HUMAN RIGHTS IN WORKING LIFE TRAINING			
Training Group	Number of participants	Tranining duration (hours)	Total -person-hours
Ethics Hotline Employees	12	14	168
ENKA Headquarters (various departments)	73	3.5	255.5
Senior Management	14	3.5	49
ENKA Sports	9	3.5	31.5
ENKA Schools	43	3.5	150.5
ENKA Moscow	36	3.5	126
ENKA Power	140	3.5	490
Çimtaş	5	3.5	17.5
Total person-hours of training			1,288

In addition to this training, Occupational Health and Safety Training for all ENKA Headquarters employees was held in 2018. The training, which was delivered by Corporate HSE, Human Resources and Healthcare Office representatives as trainers, included ENKA Code of Business Conduct as a separate chapter.

In 2018, ENKA Ethics Hotline received calls on a number of subjects from ENKA and subsidiaries' employees, former employees, suppliers and subcontractors. Most of the calls were for purposes of seeking information or on subjects not relevant to the Ethics Hotline, but eight were treated

as reporting an incident. Among the reports, there was one allegation of discrimination, one allegation of mobbing, three allegations of bribery/corruption and each allegation was investigated by the Executive Ethics and Compliance Committee. As of December 2018, all reports to the Ethics Hotline had been resolved and there weren't any reports pending response.

People who file reports with the Ethics Hotline are not treated negatively in any way and their personal information remained confidential.

HUMAN RIGHTS ASSESSMENT

ENKA CONDUCTS ALL OF ITS BUSINESS ACTIVITIES IN A MANNER RESPECTFUL OF HUMAN RIGHTS OUTLINED IN THE UNIVERSAL DECLARATION OF HUMAN RIGHTS, COMPLYING WITH THE REQUIREMENTS OF UNITED NATIONS GLOBAL COMPACT OF WHICH IT IS A SIGNATORY, IN COMPLIANCE WITH THE CONVENTIONS PUBLISHED BY INTERNATIONAL LABOUR ORGANISATION AND EXPECTS ALL OF ITS STAKEHOLDERS TO ADOPT A SIMILAR ATTITUDE.

A number of activities were carried out to ensure that human rights requirements are met at the same standards by all units and employees of ENKA in all activities. In 2017, ENKA Code of Business Conduct was revised, ENKA Supplier Code of Conduct was formulated and all relevant parties were informed. In addition, internal procurement procedures were updated with the addition of sustainability requirements to the selection criteria and performance evaluation questions and the updated procurement procedure was adopted by all departments in 2018.

A procedure prepared for use at ENKA projects and group companies which details requirements for communicating with local communities in project locations for formulated and began to be used at active projects in 2018.

ENKA believes that education and training play an important role in raising the awareness of its employees on human rights. In 2018, Ethics and Human Rights in Working Life training was held with comprehensive participation. ENKA's approach to human rights is communicated at ENKA projects through the introduction of ENKA Code of Business Conduct at orientation training for new employees.

In addition, in line with human rights risks that project locations may be exposed to, location-specific trainings are also held. For example, at an ongoing project in Sri Lanka, due to the country being located in a high-risk region for human trafficking, 199 employees participated in training sessions titled "Combating Human Trafficking" and "Know Your Rights" and informative leaflets were distributed to employees after the training sessions. 89% of the participants of the training were local personnel.

ENKA constantly communicates with local administrations in countries where it operates in order to establish cooperation that will contribute to ENKA's local employees and to protect their rights. One of the most significant examples of this practice is ENKA's Industrial Working Relations Department, specifically for its employees who are Kazakh citizens in Kazakhstan, where ENKA has been active for long years. This department runs joint work for Kazakh employees with departments at Governor's Offices and especially with the Office for Employment, Social Programmes and Registration of Marital Status.

All of ENKA's operations and investments are assessed in terms of human rights. Among the diverse sectors and locations in which ENKA is active, the human rights issues that come up the most are the prevention of forced labour and child labour and respect for right to organise and collective bargaining. ENKA's stance on these issues and what it expects from its stakeholders are clearly outlined in ENKA Code of Business Conduct and Supplier Code of Conduct.

Child labour and forced labour is forbidden throughout the value chain, including the activities of ENKA and its subsidiaries and the activities of suppliers and subcontractors working with ENKA. The activities of ENKA and its subsidiaries are regularly inspected by internal audit teams to this end. With Ethics and Compliance Audits that will be carried out in addition to internal audits beginning in 2019, the compliance of projects and group companies with human rights and ENKA Code of Business Conduct will become subject to additional audits. ENKA and its group companies do not do business with any supplier that has a record of employing informal child or youth labour and forced labour. Suppliers are inspected to this end during audits by project Quality and HSE departments. Furthermore, with the Supplier Sustainability Audits that began in 2018, other firms are assessed in terms of human rights compliance.

During routine inspections and audits undertaken in the reporting period, no cases of forced labour or employment of child labour were encountered at ENKA, its subsidiaries and suppliers.



The right to organise and collective bargaining as defined by the relevant laws and regulations is abided by and employees’ and suppliers’ right to set up or join trade unions is respected at all activity locations. No demands or complaints were conveyed to ENKA during the reporting period regarding this matter and no violations were encountered during internal audits that were carried out. For employees and suppliers who want to convey potential demands or complaints regarding this matter, projects

regularly hold OHS Committee Meetings and ENKA Ethics Hotline, that became operational in 2017, is available.

At the Tengiz Oil Field Development Works Project in Kazakhstan where ENKA İnşaat is active, all local employees work under conditions established by collective bargaining.

The distribution of workers at the said project is shown in the table below.

	WHITE COLLAR			BLUE COLLAR			TOTAL
	Turkish National	Local National	Other National	Turkish National	Local National	Other National	
Tengiz Oil Field Development Works	206	665	75	111	1,832	48	2,937



Kashagan Oil Field Development

ÇİMTAŞ PRACTICES

At ENKA subsidiary Çimtaş, trade unions are active and collective bargaining is implemented.

At Çimtaş Steel, Cımtas Pipe and Çimtaş Precision Machining locations the Türk Metal Trade Union and at Çimtaş Module and Shipyard location Türkiye Dok Gemi-İş trade unions are authorised workers’ trade unions. A NFTZ committee is active at Cımtas Ningbo (China).

At Çimtaş Module and Shipyard location, a collective bargaining agreement covering the period from March 1st 2017 to February 28th 2020 was signed with the Türkiye Dok Gemi-İş trade union on March 27th 2017. The collective bargaining agreements that apply for Çimtaş Steel, Cımtas Pipe and Çimtaş Precision Machining locations were extended to cover the period from September 1st 2017 to August 31st 2019 following negotiations with the Türk Metal trade union.

LOCATION	TOTAL NUMBER OF EMPLOYEES	EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT	PERCENTAGE (%)
Çimtaş Steel	797	571	71.6%
Cımtas Pipe	803	477	59.4%
Çimtaş Module and Shipyard	136	71	52.2%
Çimtaş Precision Machining	209	105	50.2%
Cımtas Ningbo	347	343	98.8%
Total	2,292	1,567	68.4%

PREVENTION OF CORRUPTION AND UNFAIR COMPETITION

While ENKA strengthens its corporate management systems to meet international standards in best practices and further develops its competitiveness in the challenging locations and sectors in which it is active, it does not compromise on its ethical, fair and transparent way of doing business.

ENKA ACTS IN KEEPING WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AND EXPECTS ALL OF ITS EMPLOYEES, BUSINESS PARTNERS AND PERSONS AND INDIVIDUALS WITH WHICH IT ESTABLISHES BUSINESS RELATIONSHIPS TO ACT IN FULL COMPLIANCE OF LAWS AND REGULATIONS AND IN AN ETHICAL AND FAIR MANNER.

In all of its business activities, ENKA maintains the principle of anti-bribery and anti-corruption, which constitutes principle 10 of the United Nations Global Compact and enforces the principle of “zero tolerance” for bribery and corruption.

ENKA’s approach and policy for combating bribery and corruption is clearly outlined in ENKA Code of Business Conduct and Supplier Code of Conduct.

All operations by ENKA and its subsidiaries are evaluated in terms of risks to compliance with human rights and combating corruption by the Early Identification of Risks Committee, Risk Management Work Group and project management teams. Monitoring and reporting activities are then carried out by various internal mechanisms that are established and a compliance programme that includes training activities, is implemented.

The anti-bribery and anti-corruption policy is communicated to all employees as part of the ENKA Code of Business Conduct through newsletters and orientation training activities that cover the entire company, including senior management and managers at every location. ENKA Academy and project training departments provide trainings on the ENKA Code of Business Conduct and combating corruption, especially for ENKA employees but also for business partners, shareholders, suppliers and all other stakeholders.

To make fundamental human rights widely observed throughout the value chain and for organisations engaged in business to act in keeping with ENKA's ethical rules, ENKA organises ethics and compliance training. Of the 19,500 employees who attended training on human rights, the Code of Conduct and combating corruption, 1,239 were employees of business partners. A breakdown of number of attending employees by business partner is given below:

COMPANY	NUMBER OF PERSONNEL ATTENDED
Personnel from Bechtel	1,020
Personnel from GE	40
Personnel from Caddell	54
Personnel from Kentz	105
Personnel from the Clean Energy Group	20

In 2018, 882 people employed at various positions took part in training that included ENKA Code of Business Conduct and combating bribery and corruption through either Ethics and Human Rights in Working Life training or Occupational Health and Safety training. A separate training session was held for the senior management of ENKA and its subsidiaries to raise awareness.

SENIOR MANAGEMENT UNITS TRAINED IN ANTI-CORRUPTION

As specified under 2027 ENKA Sustainability Goals, 100% of all white-collar and 90% of all blue-collar workers are expected to receive Ethics and Human Rights training by 2027. To this end, an online training programme that covers ENKA Code of Business Conduct, as well as the policy on combating bribery and corruption will be formulated in 2019.



As a result of the risk assessment carried out with the locations of ENKA's activities in mind, local supply chains were found to present risks in terms of combating corruption. ENKA shares its rules on anti-bribery and anti-corruption as part of its Supplier Code of Conduct on its website, through newsletters and workshops, and directly with all suppliers, sub-contractors and business partners before a contract is signed. ENKA assesses all suppliers and subcontractors during selection

and performance evaluation on the issue of bribery and corruption and does not work with firms which have a negative record. No cases of corruption were encountered in supplier audits carried out in 2018 and no allegations of corruption against its suppliers have been communicated to ENKA.

In all of its worldwide activities, ENKA complies with the laws of relevant countries. Any type of action that breaches the law, could cause damages to the company and/or can be defined as criminal corruption is treated with caution and monitored sensitively. All of ENKA's processes are run in accordance with corporate and project procedures and corporate headquarters departments take a part in the processes, acting as both support and control mechanisms.

In addition to control mechanisms, all ENKA projects and subsidiaries are inspected by internal audit teams at regular intervals to combat bribery and corruption. Within the scope of annual audit plan, comprehensive audits consisting of policy and performance based process control, financial tables and reports, cost control, local and international regulations and compliance and quality audits are conducted. The audits are carried out by the internal audit team of more than 30 experienced auditors and in compliance with the International Standards on Auditing. The audit results are reported to senior management and corrective actions on any nonconformities are implemented as soon as possible. No cases of corruption were identified in the internal audits that took place in 2018.

FOR CONTROL AND AUDITING PROCESS, A MULTI-STAKEHOLDER APPROACH IS PREFERRED AT ENKA AND IN COMPLIANCE WITH THIS APPROACH, MANAGEMENT SYSTEMS ARE REGULARLY AUDITED BY INDEPENDENT AUDITORS.

In addition to regular internal audits, it is planned to conduct Ethics and Compliance audits at all ENKA subsidiaries and projects from 2019 onwards to cover the issue of combating bribery and corruption.

In addition to all other control systems, Ethics Hotline has been instituted, which is available for all employees, suppliers, subcontractors and business partners to report any cases or suspicions of corruption. The hotline can be reached by all stakeholders, who can make reports anonymously should they choose to do so.

During the reporting period, no criminal cases were launched against the company on charges of corruption and no business contracts have been annulled due to corruption. Two cases of corruption or bribery were identified by ENKA's internal control mechanisms during the reporting period. Both cases were identified in procurement processes by works performed as part of ENKA's internal control procedures and the employment contracts of two ENKA employees involved in these cases were terminated. Following the identification of the cases, root cause analyses were carried out and an investigation sponsored by ENKA's senior management was launched, improvements were made to procedures and ENKA's internal softwares in order to prevent similar cases, employees were informed by newsletters and the scope of internal audits was extended in the fields of finance, accounting and financial control.

ENKA follows the principle of not adopting any political views and beliefs and not providing in cash or in kind, direct or indirect aid or support to political organisations and persons in countries where it operates. ENKA establishes transparent communications with public authorities in countries of operation, and keeps its communication level in compliance with the fair competition laws of the said country. ENKA maintains the same ethical, transparent and fair approach in relations with its competitors and avoids all forms of behaviour that may be anti-competitive, abides by established confidentiality rules and takes a stance against all actions that may constitute steps towards monopolisation or forming trusts. There were no cases of anti-competitive behaviour, monopolisation or trusts forming identified during the reporting period and no court cases were brought against the company.



"CUSTOMERS RELY ON ENKA TO HELP ADDRESS SUSTAINABILITY CHALLENGES AND ISSUES."

Sustainability at ENKA means meeting the needs of our Customers while conducting business in a socially, economically and environmentally responsible manner to the benefit of future generations.

Our Customers expect ethical conduct; high levels of employee knowledge and expertise; excellence in health, safety and environmental matters; a proactive approach to community involvement; and an aggressive supply chain and procurement methodology.

Customers rely on ENKA to help address sustainability challenges and issues, including the need to improve energy efficiency, reduce

greenhouse gas emissions and design and build more environmentally friendly, less costly manufacturing facilities.

Our practices create fundamental value for ENKA and all of our stakeholders, Customers and their customers, employees, investors, suppliers, subcontractors and the communities in which we operate to sustain a better future.

Onur Kaya
Director of Quality, HSE & Integrity



RESPONSIBLE SUPPLY CHAIN MANAGEMENT

ENKA believes that in order for its sustainability efforts to be successful, the sustainability approach needs to be spread throughout the value chain. In this sense, ENKA views its suppliers as important parts of the value chain and intends to make the entire supply chain a part of the progress and development it seeks for itself.

IN ALL FIELDS IT IS INVOLVED IN, ENKA WORKS WITHOUT COMPROMISE FROM ETHICAL RULES AND IN KEEPING WITH THE NATIONAL AND LOCAL LAWS AND REGULATIONS AS WELL AS THE STIPULATIONS OF INTERNATIONAL STANDARDS. IN LINE WITH THIS, ENKA EXPECTS ITS SUPPLIERS AND PARTNERS TO ACT IN KEEPING WITH ETHICAL RULES AND TO MEET THE REQUIREMENTS OF RESPONSIBLE MANAGEMENT.

With its philosophy of continual improvement and creating value together, ENKA assesses all of its suppliers according to their fields of activity and reviews supply chain risks and suppliers' approach to environmental, social and economic sustainability.

ENKA's senior management decided in May 2018 to form a Corporate Supply Chain Department and the department was established and began operating in August 2018. The Corporate Supply Chain Department is responsible for the functional management and auditing of all procurement units throughout ENKA, but it does not carry out procurement itself. By focusing on the company-wide use of new generation procurement methods and e-trade applications, it ensures a widening of the supplier pool and its effective use by all procurement units.

To establish data mining infrastructure in order to carry out mass analyses of all procurement transactions and to keep statistics that will ensure future strategic decisions are taken based on data, an experienced data architect is employed full time at the department. Intensive work is being undertaken with the software team on new generation procurement applications, development of a supplier interface and data mining. As a result of the work carried out over a few months, all procurement transactions carried out at ENKA projects over the last eight years were stored on a shared platform for analysis to reveal ENKA's procurement profile for the last eight years.

ENKA Supplier Code of Conduct was published in 2017 in Turkish, English, Russian and Arabic and was communicated to new and existing suppliers by various means of communications and ENKA's website. All contracts signed with our suppliers include the terms of ENKA Supplier Code of Conduct and suppliers and their employees are asked to conduct their activities in line with ENKA Supplier Code of Conduct.

ENKA aims to expand its sustainable and responsible supply chain approach to include ENKA Pazarlama dealers, which are among its stakeholders. ENKA plans to hold a sustainability workshop for ENKA Pazarlama dealers in February 2019 to communicate the ENKA Supplier Code of Conduct, including sustainability policy and approach and anti-bribery and anti-corruption policy and to increase the awareness and consciousness of participating firms on these issues.

SELECTION OF SUPPLIERS

The selection of suppliers is carried out by procurement departments, using criteria such as line of business, the needs and expectations of parties and special requirements concerning the demanded products or services.

Procurement activities are carried out by treating every supplier fairly and as equals and in line with the procurement and supplier selections procedures prepared for ENKA and its subsidiaries and other requirements. ENKA pays utmost attention to select suppliers according to their competence and pays its suppliers by criteria established by contract.

Any firm that wants to develop a business relationship with ENKA may register to the ENKA Global Vendor Network portal. The ENKA Global Vendor Network (EGVN) contains trade information on all suppliers,

service providers, subcontractors and other third parties with which business relations have been established. All information belonging to other firms are kept confidential at ENKA.



ENKA Global Procurement System (EGPS) is a global procurement and warehouse management software that was developed to monitor the entire procurement process end-to-end, beginning with procurement planning, proceeding through receiving offers, holding a tender, evaluating tenders, issuing purchase orders, shipping, warehouse acceptance, storing and finally issuing of the goods and allows recording and control of material and equipment purchases at every stage.

With improvements made to the EGPS in 2018, it became possible for registered suppliers to be invited to put in tender offers using the EGPS. Suppliers that are invited to tenders can enter the portal with their own user information to make offers directly and can access the details of tenders they have previously participated in on their home page. Furthermore, the questions and answers and informative correspondence throughout the tender process are shared with all suppliers in full transparency. Thus the offers process, which used to be run by e-mail and on the phone, has been fully integrated with the online system and become fully observable and transparent. In 2019, work will continue on perfecting these applications in light of feedback from suppliers and procurement units.

THE TARGET FOR THE END OF 2019 IS TO HAVE CARRIED OUT MORE THAN HALF OF THE NUMBER OF PROCUREMENT TRANSACTIONS USING ELECTRONIC PROCUREMENT METHODS.

Before coming to an agreement with any firm, ENKA's procurement units run a pre-qualification assessment. Among the criteria for the pre-qualification assessment are the volume of goods and services to be purchased, risk level, supplier assessment results, time and cost analyses, quality assessment analyses, environmental performance, business experience of the supplier as well as their performance and attitude to ethics, compliance and sustainability.

Sustainability factors were included in the corporate procurement procedure and the supplier pre-qualification and performance evaluation criteria in 2017 and began to be used by all procurement units in 2018. These factors include the following main criteria:

- Health, Safety and Environment Management Systems
- Measurements for water consumption, carbon footprint and waste management
- Promises to conduct ethically and in compliance with human rights
- Policies and procedures on preventing child labour and forced labour
- Policies and procedures on bribery and corruption
- Policies and procedures on preventing discrimination and harassment
- Legal compliance with workers' rights and working hours
- Social responsibility projects
- Supplier's evaluation of its sub-suppliers on social and environmental compliance criteria

Given business lines ENKA is engaged in, among the most important selection and evaluation criteria are Occupational Health and Safety (OHS) and Environmental performance. Suppliers with which work is carried out or will be carried out as stakeholders have to meet comprehensive and detailed OHS and Environmental selection criteria.

Suppliers are categorised by their sector, amount and value of procurement, critical materials or services they offer, the continuity of the business relationship, ability to offer goods and services at international standards, strategic importance due to constraints on time or resources and risk class. The categorisation guarantees outputs that provide the highest benefit and value added in keeping with requirements.

SUPPLIER ASSESSMENT

The monitoring and evaluation of the performance of suppliers is among the most important criteria for the healthy functioning of a sustainable supply chain.

ENKA RUNS EVALUATION SYSTEMS ON ELECTRONICAL PLATFORMS TO MEASURE ITS SUPPLIERS' PERFORMANCE, SCHEDULE, COST, QUALITY, OCCUPATIONAL HEALTH AND SAFETY, ENVIRONMENTAL, ETHICAL AND SOCIAL PERFORMANCE.

In 2017, additional sustainability subjects such as compliance with ethics, human rights and ENKA Supplier Code of Conduct, environmental and social compliance and combating bribery and corruption were added to the list of questions for performance evaluation.

The evaluations were carried out electronically, using the ENKA Global Vender Network (EGVN) database. Performance scores based on the assessments can be accessed by all ENKA users through the EGVN. Before any potential supplier is contracted, the former performance of the supplier is checked on EGVN and no contracts are offered to suppliers whose assessment score is under the acceptable limit, and if any human rights violations or cases of bribery and corruption have been detected.

In 2018, ENKA assessed 9.82% of the suppliers it works with in terms of ethics, human rights, combating bribery and corruption, OHS, environmental and social issues. No cases of environmental or social non-compliance were identified at the firms as a result of the evaluation. ENKA decided not to work with 14 suppliers as they did not meet the assessment criteria or performed poorly.



Moscow Public Buildings

During the reporting period, ENKA TC, an ENKA real estate subsidiary active in Russian Federation, carried out an assessment of six waste disposal services firms for environmental impact and two cleaning services firms for their social impact, as the activities of these suppliers were identified as risk areas. Contracts with two of the firms assessed for environmental impact were cancelled, as it was identified that they did not practice waste sorting at their own facilities. The firms assessed for their social impact were examined especially in terms of working conditions and worker payments and no cases of non-compliance were observed.

In 2018, ENKA began to carry out sustainability audits of suppliers which are of strategic significance to ENKA. The audits carried out by Corporate Sustainability Department focused on ethics and compliance, human and workers' rights, combating bribery and corruption, social compliance, occupational health, safety and environmental management. In the audits that took place during the reporting period, no cases of child labour or forced labour, or cases of corruption, were encountered. The audits are intended to identify issues in need of improvement, leading suppliers to prepare the necessary sustainable improvement action plans and act in accordance with the plans. The audits are therefore intended to contribute to improvements in the existing systems of suppliers.

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COMPANIES' PERFORMANCE EVALUATION COMPLETED IN 2018

According to article 7 of section 3.2 Human Rights and Fair Working Conditions of ENKA Supplier Code of Conduct, all suppliers and service providers that work with ENKA have to respect the right of their employees to establish independent trade unions, become members of such unions and to organise at the workplace. During the reporting period, no violations of employees' right to organise and collective bargaining were encountered at supplier firms and no reports, complaints or tip-offs about such an issue were received.

Any cases of non-compliance identified during supplier assessment are officially communicated to the supplier's management as soon as possible. According to the type of non-compliance and the stipulations of the contract with the supplier, measures such as issuing a warning, punitive action or annulment of contract may be enforced.

LOCAL PROCUREMENT

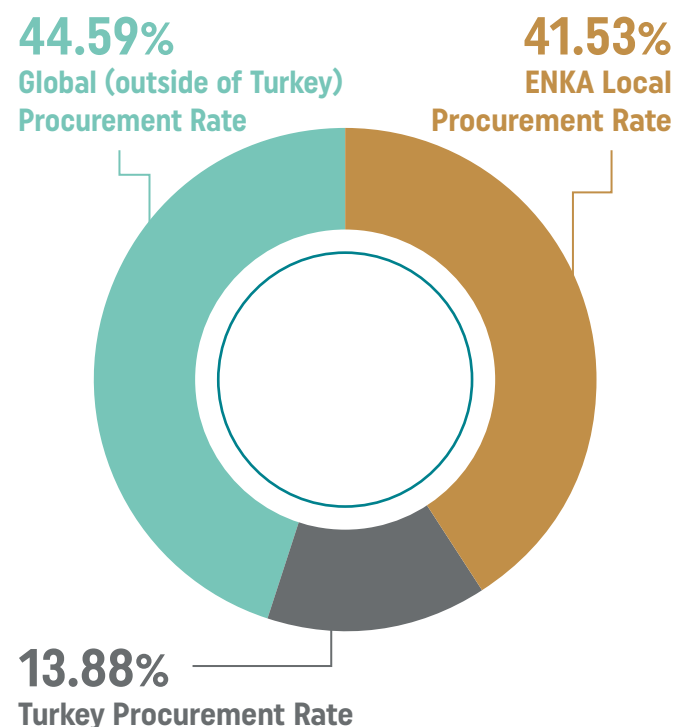
In projects it undertakes in many regions around the world, ENKA carries out considerable local procurement and thereby supports the economic development of local communities. For ENKA, the term 'local suppliers' denotes suppliers registered within the territory in which ENKA is active.

With its strategy of local procurement, ENKA not only supports the development of local communities, but also prevents loss of natural resources and time as well as negative impacts on society and the environment due to the logistics of international procurement.

During the reporting period, ENKA İnşaat's share of consolidated local procurement of goods and services stood at 41.53% of its consolidated international purchases. 13.88% of procurement was sourced from Turkey.

LOCAL PROCUREMENT RATES BY PROJECT

In line with ENKA's sustainability strategy, ENKA subsidiaries also prioritise local firms for purchases, provided that technical conditions and standards are met. In 2018, the local procurement rate was 94% at ENKA Power, 37% at ENKA Pazarlama; 95% at MKH, 100% at Mosenka, 99.4% at ENKA TC and 95% at CCI which operate in Russia; and 82% in Cimtas Ningbo which operates in China.



PROJECT NAME	LOCAL PROCUREMENT RATE (%)
Athens Embassy Project	21.96%
Dhi Qar 750 MW Combined Cycle Power Station	46.12%
FGP 3GP Project	14.99%
India Embassy Project	16.89%
Kashirskaya Project	84.22%
Kenya Embassy Project	5.75%
Kosovo Route 6 Project	54.64%
Mexico Embassy Project	14.44%
Nizhnekamskneftekhim Combined Cycle Power Station	19.74%
Paraguay Embassy Project	23.49%
Basra Umm Qasr Project	32.46%
Samawa Combined Cycle Power Plant	51.52%
SCPX Early Works and Facilities	58.13%
Sri Lanka Embassy Project	18.30%
Kazan TAIF Business Centre Project	95.53%
Tengiz Projects	66.94%
West Qurma 1 IOT Project	77.13%

RISK MANAGEMENT

BEHIND ENKA'S ABILITY TO OVERCOME CHALLENGES AND CONTINUE ITS SUCCESS IN THE DIFFICULT GEOGRAPHIES AND COMPETITIVE SECTORS IT ENGAGES IN, LIES A RISK MANAGEMENT APPROACH THAT ENCOURAGES MULTI-STAKEHOLDER PARTICIPATION, FOLLOWS CHANGES, MONITORS INTERNATIONAL STANDARDS AND DEVELOPMENTS AND AS A RESULT IS CAPABLE OF TURNING RISKS INTO OPPORTUNITIES.

Risk management is a component of all ENKA's processes and activities, and risk-based thinking is encouraged by ENKA's senior management.

During the risk management process, ENKA's present and potential activities are assessed not only in terms of financial and legal risks, but also for economic, environmental and social risks. At ENKA, the highest organ responsible for the risk management function is the Early Identification of Risks Committee, which reports to the Board of Directors. In 2017, a Risk Management Work Group was established under the Committee to ensure that an active and effective risk management programme is implemented.

The purpose of the Committee is the early identification of any potential risks that might jeopardise the existence, development and continuation of the company, the implementation of preventive actions concerning identified risks, and undertaking work related to risk management and review risks management systems in force at least once a year. The Committee meets at least six times every year with a maximum interval of two months and consists of the non-executive members of the Board of Directors.

The Risk Management Work Group was formed to ensure that corporate risks are identified, the means of risk reduction are specified, and that identified measures against risks are assessed and implemented.



Given the field of activity of the ENKA, the risks are taken up concerning sustainability issues and risk management covers ethics and compliance, human rights, anti-corruption, climate change, biodiversity and natural resources, engagement with communities as well as talent management risks in addition to strategic, financial, operational, external environment and brand management risks. Sustainability related risks are identified early by means of communications with stakeholders and the monitoring of international trends, standards and practices performed by the Sustainability Department and the Sustainability Committee and are mitigated through a proactive approach.

Risks identified during the risk management process are assessed and scored according to their probability and impact potential. For the mitigation of highest scored risks, a responsible manager is appointed at the company and/or group level. Identified risks are categorised as "to be avoided", "to be transferred", "to be mitigated" or "to be accepted" in the risk management strategy. The risk management strategy is formulated so that risks remain below the tolerance threshold identified by the Board of Directors.

ENKA's internal risk management mechanisms and procedures for the identification, monitoring and mitigation of risks are supplemented in sustainability fields such as ethics and compliance, human rights, combating corruption and the environment by the international promises and guidelines such as United Nations Global Compact (UNGC) of which ENKA is a signatory and the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures (TCFD) and management standards ISO 9001, ISO 14001 and OHSAS 18001 for which ENKA is audited and certified.

In assessments that were carried out during the reporting period, emerging risks on international scale were identified as changes to legislation and regulations in countries where ENKA is active, climate change risks, information security risks that advancing technology brings along and especially financial risks caused by exchange rate fluctuations.



PRODUCT AND SERVICE QUALITY

ENKA has established a reliable Quality Management System, that is certified, implemented and continually improved in order to ensure business efficiency in projects undertaken, develop process performance, constantly improve organizational knowledge and capabilities and to systematically meet customer needs and expectations. ENKA's Quality Management System is compliant with ISO 9001 standard and accordingly certified by the British Standards Institute (BSI) since 2001. The BSI carries out compliance audits at regular intervals, ensuring that product and service quality is maintained at the best international level.

In addition to the ISO 9001 certification, ENKA's Quality Assurance Programme for the realisation of construction works, including engineering and design, procurement, quality control, contracting, fabrication and installation activities, complies with the ASME Boiler and Pressure Vessel Codes.

IN ALL PROJECTS IT UNDERTAKES, ENKA CONSIDERS ITS CUSTOMERS' AND OTHER STAKEHOLDERS' NEEDS AND EXPECTATIONS AS WELL AS PROJECT CONTRACT REQUIREMENTS AS ESSENTIAL, ESTABLISHES A DEPENDABLE AND OBSERVABLE QUALITY MANAGEMENT SYSTEM AND MAINTAINS ITS CORPORATE QUALITY STANDARDS.

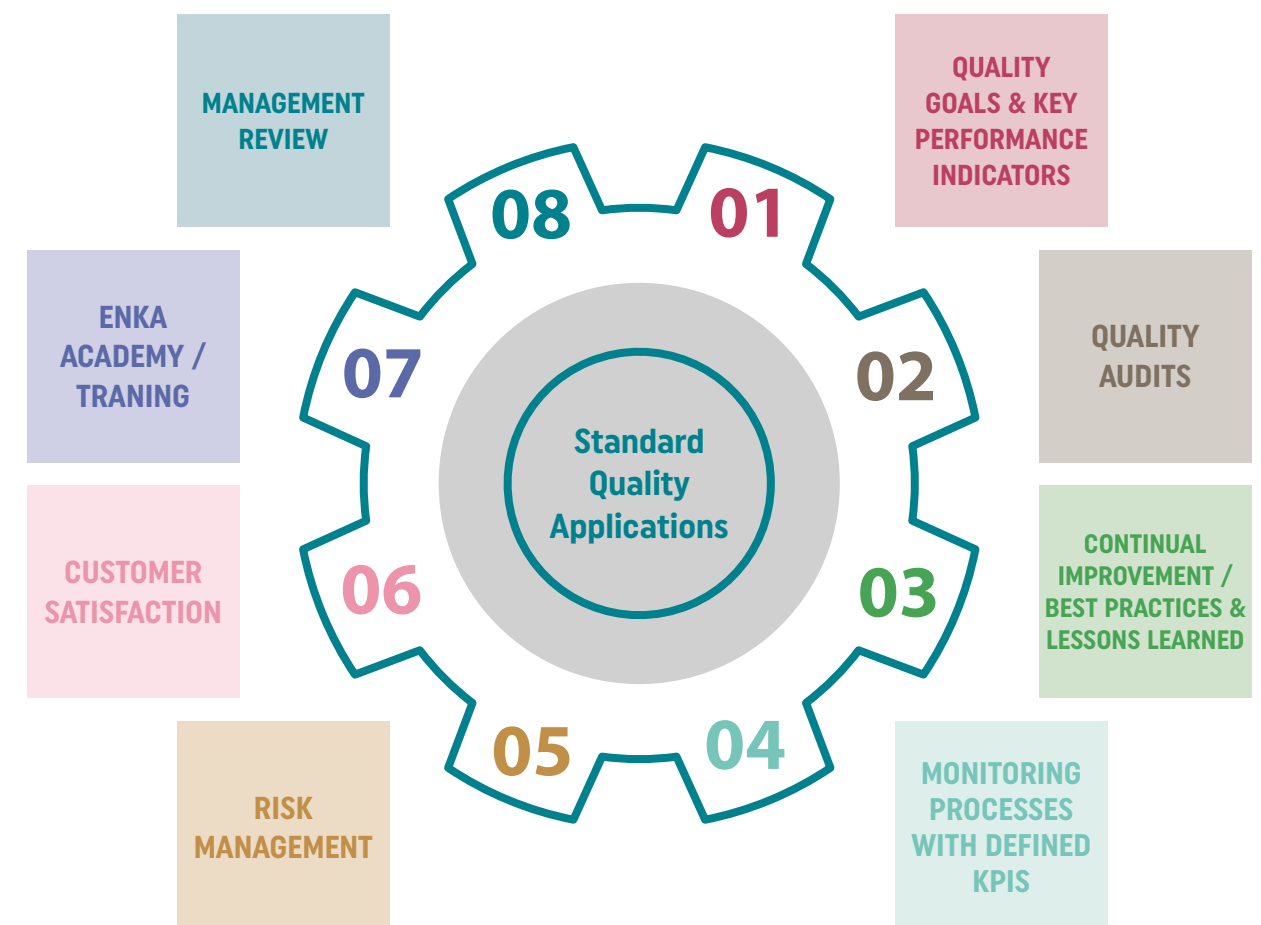
In order to maintain and update its corporate processes and activities with a stronger, more integrated and systematic structure, ENKA regularly runs audit and inspection activities and continues its work on quality standardisation under its continual improvement activities.

The quality management system established at projects acts as an effective tool for ensuring that the products and services supplied by ENKA are compliant with the requirements of the prime contract, as well as focusing on identifying and preventing potential problems.



In order to establish, run, maintain and continually improve the quality management system, the following requirements of ENKA's Culture of Quality must be met without fail:

- The assignment of necessary resources,
- Identification of authorities and responsibilities for roles within the company,
- Identifying internal and external issues that are related with the company's objectives and strategic direction and that affect the company's capability of attaining to the intended results of the quality management system,
- Identifying monitoring and measurement criteria and the monitoring, measuring and review of process performance,
- Integration of quality management system requirements with the company's business processes,
- Encouragement of a process approach and risk-based thinking management,
- The quality management system attaining the intended results of the quality management system,
- The adoption of the principles of customer satisfaction and customer-focused work by all employees,
- Encouragement and support for continual improvement.



HEALTH AND SAFETY EFFECTS OF PRODUCTS AND SERVICES

The health and safety effects of goods and services are continually assessed as part of quality management. ENKA İnşaat has undertaken some exemplary work in this field. ENKA İnşaat's most important products are infrastructure, building and industrial projects for which it carries out the entire engineering, procurement and construction work.

From the design stage of these products onwards, all processes including construction, pre-commissioning (testing) and commissioning are assessed in terms of Occupational Health and Safety impacts. Analyses carried out by industry-leading firms are used for the design phase. Assessments during the construction and commissioning phases are carried out using internationally accepted risk assessment methods, risks are identified according to activities to take place in the project and measures against risks are identified and integrated into the construction method.

For more information, please visit:

<https://www.enka.com/corporate-groups/quality-integrity/>

For ENKA Quality Policy, please visit:

[http:// http://www.enka.com/allfiles/media/posters/QUALITY_POLICY_ENG.pdf](http://http://www.enka.com/allfiles/media/posters/QUALITY_POLICY_ENG.pdf)

INTEGRATED BUSINESS MANAGEMENT TOOLS

In order to run its activities more efficiently and effectively and to guarantee the quality of the goods and services its provides, ENKA uses software tools that were designed and developed in-house, including the integrated project management and execution tools that uses cloud computing and is referred to as "E-Cloud". The software tools can be used for projects of any scope, budget or schedule.

EGPS GLOBAL
PROCUREMENT
SYSTEM

EDMS GLOBAL
DOCUMENT
MANAGEMENT
SYSTEM

EGEM GLOBAL
EQUIPMENT
MANAGEMENT
SYSTEM

EGFS GLOBAL
FINANCE
SYSTEM

EGVN GLOBAL
VENDOR
NETWORK

EGHR GLOBAL
HUMAN
RESOURCES
SYSTEM

EGWM GLOBAL
WELDING
MANAGEMENT
SYSTEM

ESMS SCHOOL
MANAGEMENT
SYSTEM

EGIM GLOBAL
INVESTMENT
MANAGEMENT
SYSTEM

EHSE GLOBAL
HSE
MANAGEMENT
SYSTEM

ETM ENKA
TURNOVER
MANAGEMENT

EMC ENKA
MEETING
CENTER

QUALITY MANAGEMENT AT ÇİMTAŞ STEEL

Çimtaş's aim of becoming the leading company in its sector has led to the formation of Çimtaş Management Systems and obtaining a total of 22 national and international certificates. Çimtaş Management System is a set of systems formed to manage the certificates and ensure the continuity of design and engineering, Occupational Health and Safety, environment, energy and information security management systems.



PREVENTING ERRORS BEFORE THEY OCCUR, IDENTIFYING ERRORS ON-SITE AND PREVENTING THEIR TRANSFER TO THE NEXT OPERATION ARE THE MOST IMPORTANT FACTORS FOR MEETING QUALITY REQUIREMENTS AND CUSTOMER SATISFACTION WITH THE APPLICATION OF ÇİMTAŞ MANAGEMENT SYSTEMS AT ALL STAGES OF PRODUCTION FROM MANUFACTURING TO DELIVERY.

Çimtaş's management system certificates may be viewed at:
<https://www.Çimtaş.com/en/about-us/certification-2-2/>

As part of the management system that focuses on continual improvement at Çimtaş Steel, lean production techniques are applied with an innovative and pro-change perspective. Lean production has been adopted as the culture of production at Çimtaş Steel. In order to expend fewer resources to create greater value and to prevent



waste, rapid kaizen and team kaizen activities are undertaken for continual improvement. In 2018, a total of 174 team kaizen projects were held. White-collar teams from different departments have participated in 44 rapid kaizen activities. Using the Individual Suggestion System which allows employees to make suggestions towards the improvement of the status quo, assesses them, puts those that are appropriate into practice and rewards suggestions, a total of 7,059 before-after kaizen activities were carried out in 2018.

The 5S Method is implemented in all manufacturing and non-manufacturing areas and an autonomous maintenance system is employed at all machines in order to ensure improvements to workplace safety, ergonomics, product flow and systematic formation with work on materials, workmanship, equipment, space and energy efficiency.

The R&D and improvement works undertaken in all fields serve the entirety of Çimtaş Steel systems, with quality, Occupational Health and Safety, environment and energy management systems benefiting in the first place.

For more information on Çimtaş Quality Policy, please visit: <https://www.Çimtaş.com/en/departments/quality/quality-and-client-satisfaction-policy/>

QUALITY MANAGEMENT AT ENKA POWER

Quality is among core values of ENKA Power Plants' Management System.

Works on quality undertaken at ENKA Power plants also serves towards developing operational and maintenance services' quality, reducing losses in time and materials, increasing the efficiency of production, planning and employees, and improving the working environment. The effectiveness, efficiency and sustainability of the quality management system is ensured through routine quality audits carried out at the plants.

ENKA POWER PLANTS' QUALITY MANAGEMENT SYSTEM HAS BEEN AUDITED AND CERTIFIED BY THE TURKISH STANDARDS INSTITUTE IN LINE WITH TS EN ISO 9001 STANDARD.

CUSTOMER SATISFACTION

As stated in the first article of its Quality Policy, focus on customers and feedback are ENKA's priorities. With this perspective, ENKA intends to attain lasting customer satisfaction and establish sustainable relations with its customers. ENKA begins to value its customers' views and expectation even before the contract is signed and identifies project requirements and the indicators that will allow for the monitoring of whether these requirements have been met in cooperation with the customer.

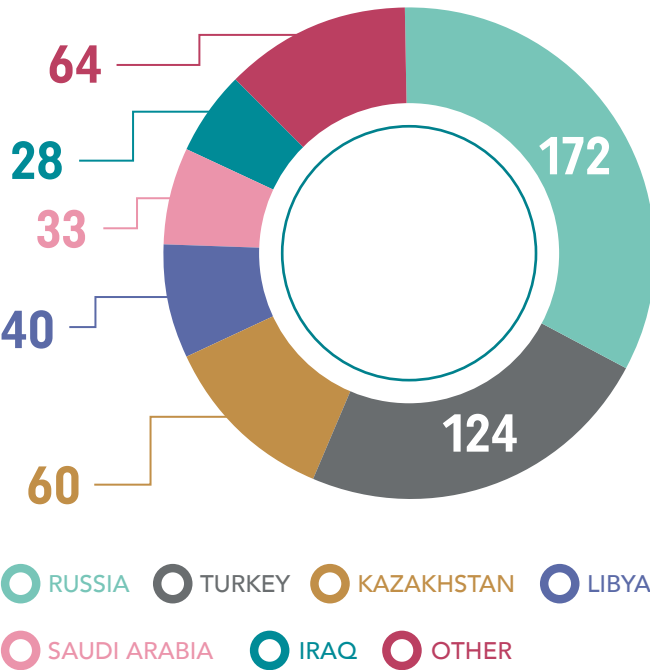
ENKA PROVIDES REGULAR FLOW OF INFORMATION TO ITS CUSTOMERS ON QUALITY PERFORMANCE THROUGHOUT THE PROCESS AND INTENDS FOR THERE TO BE NOT THE SLIGHTEST DOUBT REGARDING THE QUALITY OF THE GOODS DELIVERED.

Furthermore, ENKA mobilises relevant departments immediately to assess questions, suggestions and opinions from customers and takes care to respond as soon as possible to queries from customers.

In line with its customer-focused understanding of business, ENKA views its practice of running customer satisfaction surveys upon completion of projects as one of the most important stakeholder feedback mechanisms. Survey results are treated as important data in improving process performance, system updating work and the formation of action plans.

The next figure shows the distribution of ENKA İnşaat's completed and ongoing projects by country. Countries in which ENKA İnşaat performed less than 25 projects, have been grouped together in the "Others" category. In every region where it operates, ENKA has succeeded in laying strong foundations with its customer-focused approach and quality of work and has established long-term sustainable relations with customers.

DISTRIBUTION OF ENKA İNŞAAT PROJECTS BY COUNTRY



Besides requesting its customers to evaluate projects as a whole, ENKA makes use of its "Customer Satisfaction Monitoring" procedure in order to be able to evaluate customers' expectations and views clearly concerning each and every aspect of the work done during the project.

Within the reporting period, no surveys were completed by customers and customers have not reported complaints through other channels.

In general, this procedure is implemented at the completion phase of projects, in coming periods it will be implemented at more than one phase of the project and the necessary improvements will be carried out while the project is underway, ensuring that customers receive the projects with maximum satisfaction.

The security of the data of all customers and stakeholders is of great importance in stakeholder relations which rest on mutual trust. To this end, works on ISO 27001 – Information Security Management System has begun under the direction of Corporate Quality and Corporate Information Technology departments. Governance policies and procedures were prepared and the information technology infrastructure has been revised as part of the relevant standards requirements associated with this undertaking. Examinations and risk analyses have been carried out in the field of information security and improvement areas were identified.

ÇİMTAŞ

In order to define methods of measuring customer satisfaction, assessing results, defining the process to be followed in cases of complaints and expressions of satisfaction and identifying the root causes and remedial actions for complaints, Çimtaş Steel received certification of fully implementing the ISO 10002 Customer Satisfaction Management System in 2014 and became the first company in the ENKA Group of Companies to start implementing the system.

The core values for managing customer satisfaction and complaints at Çimtaş Steel are accessibility, responsiveness, objectivity, confidentiality, customer-focused approach, accountability and continuous improvement.

In addition to Çimtaş Steel; Cintas Pipe, Çimtaş Precision Machining and Cintas Ningbo companies also hold Customer Satisfaction Certificates.

ENKA SYSTEMS

ENKA Systems implements a policy of "Unconditional Customer Satisfaction". In full awareness that the software sector is also a service sector, it has structured itself in such a way as to provide a seamless service to its customers to enable them to derive the maximum benefit from its products. In this context, the company supports its customers and gathers feedback from them throughout the lifetimes of its products.

The results of the Customer Satisfaction Surveys 2018 carried out by the ENKA subsidiaries are shown in the table below:

ENKA SUBSIDIARIES*	ENKA SUBSIDIARIES' CUSTOMER SATISFACTION RATES (%)
CCI	90
ENKA TC	96.6
ENKA Foundation	99.5
MKH	80
Mosenka	100
OMKH	90
ENKA Pazarlama	90
Cimtas Ningbo	92
Cimtas Pipe	95
Çimtaş Steel	86

*As ENKA Power is operated under the Law on Build-Operate, a customer satisfaction survey cannot be carried out.



"ENKA SETS AN EXAMPLE FOR CORPORATE SUSTAINABILITY MANAGEMENT FOR ALL ITS STAKEHOLDERS AND SOCIETY-AT-LARGE."

We believe that ENKA and Honeywell, which is a global leader in Industry 4.0 technologies and has been active in Turkey since 1992, have a long-lasting connection that has been augmented with many successful projects. We are proud to have added value to projects ENKA has realised with many contributions, such as industrial automation and building management systems, efficiency and security applications. The cooperation between Honeywell and ENKA is not limited to Turkey, but extends to many very successful projects around the world such as West Qurna and Najybia power plants in Iraq, the Sakhalin OPF Oil Processing Plant in Russia and Esentai Park in Kazakhstan. We believe that our cooperation will continue even stronger in the age of Industry 4.0.

We follow the steps ENKA is taking to meet its own commitment on sustainability with great interest and admiration. Taking into consideration the responsibility that we have towards the future generations and the Earth, these steps are very significant, and as in many other fields ENKA sets an example on sustainability management too for all of its stakeholders and society-at-large. That ENKA's sustainability management system supports a wide range of United Nations Sustainable Development Goals, from quality education to gender equality, clean water to climate action, makes the model even more valuable and worth observing. In addition, FTSE Russell (FTSE International Limited and Frank Russell Company) has approved that ENKA İnşaat has been independently assessed according to FTSE4Good criteria and that it earned itself a place on the FTSE4Good Index Series. The independent assessment proves how much importance ENKA attaches to the matter and how it has made it a part of its corporate culture.

I think ENKA's sustainability commitment is very important. I am of the opinion that leading companies such as ENKA have a responsibility to furnish examples for other firms and society-at-large with their attitude and practices. As a company that has great knowledge, especially on energy efficiency, and constantly produces new technologies Honeywell attaches great importance to sharing values such as sustainability with its stakeholders and maintaining high standards. As such, we are extremely pleased to be a stakeholder of ENKA and greatly admire ENKA's determined stance, especially when it comes to sustainability. We sincerely believe that best practices such as ENKA's sustainability management will expand as a virtuous circle to all stakeholders and in the end to society-at-large, for as long as all firms adopt shared values and make following high standards a rule in their business relationship, as in the case of ENKA and Honeywell.

ENKA is one of the most important global brands to emerge from Turkey, with a corporate legacy extending from 1957 to the future and its philosophy of focusing on projects with very complex design and engineering works and risks. We believe that ENKA is among the leading brands in the world, not just in its engineering and construction, power generation and real estate investment and management activities, but also with its Sustainability Management and Corporate Social Responsibility models.

Selçuk Şandan

*Honeywell Turkey and Central Asia
Corporate Communications Manager*

ENKA'S SUSTAINABILITY MANAGEMENT SYSTEM SUPPORTS A WIDE RANGE OF UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS, FROM QUALITY EDUCATION TO GENDER EQUALITY, CLEAN WATER TO CLIMATE ACTION, MAKES THE MODEL EVEN MORE VALUABLE AND WORTH OBSERVING.



INNOVATION AND R&D

ENKA acts with the mission of designing and constructing construction projects that are safe, in line with standards, high quality and at suitable cost and the vision of being one of the best and most innovative engineering and construction companies providing services globally. ENKA carries out research and development works to raise productivity to the highest level and to design projects in the most efficient way possible. This process involves providing solutions to the most complex construction design needs at its Design Centre; undertaking cooperation with universities, following the design of new manufacturing technologies and utilising the most advanced and up-to-date technology that allows different disciplines from around the world to work in cooperation on virtual platforms.

ENKA has succeeded in providing design and technology services at the highest level and quality in all projects it was a part of, and has always valued innovation work to continually improve its capabilities in this field.

In order to maintain its culture of design and innovation and to bring together the design and engineering activities it runs with its experienced team under an umbrella department, ENKA established the Design Centre at İstanbul Headquarters in 2016 and became the first Turkish construction company to be awarded the title 'Design Centre' by the Ministry of Science, Industry and Technology of Turkey.



The following three ENKA Design Groups that act in three different areas operate under the ENKA Design Centre:

- Energy Engineering Design Group
- Civil Engineering Design Group
- Architectural Project Design Group

The Design Centre holds an important position within ENKA, with 147 personnel, of which 101 are designers. The Design Centre manages the entire process from bidding to implementation for new design projects in infrastructure, building and industrial construction, including general design, development, innovation and engineering, and works to improve and increase efficiency in manufacturing processes.

ENKA follows developments around the world closely in order to ensure the sustainability of its internal innovation and R&D activities and makes considerable efforts towards the development of corporate management systems. To this end, it has carried out the following systems development activities in 2018 in order to ensure a more suitable environment for innovation and R&D work:

1- ASME R-Stamp Certification

ENKA successfully completed international certification works to show that its design, manufacturing and installation activities for boilers and pressure vessels complied with the ASME Boiler and Pressure Vessel Code in 2013. To carry its expertise a step further, ENKA decided to undertake works on the repair of boilers and pressure vessels. In order to increase the compatibility of the existing system with current design and field implementation and to form grounds suitable for the development of innovative methods, ENKA has begun the works of ASME R-Stamp certification. ENKA has revised its design, fabrication and fabrication control processes in keeping with the updated standards published by ASME in 2017. The ASME R-Stamp Certification process will be completed with the third-party certification audit to be carried out in the first quarter of 2019.

2- Personnel Incentive and Rewards System

ENKA is aware that supporting scientific research is a necessary condition for successfully running R&D work and has developed the Personnel Incentive and Rewards System to support the postgraduate studies and academic publishing works of its employees. Under this system, ENKA employees can pursue postgraduate studies with no loss of employment rights and will be supported by various means of incentives and rewards to pursue their innovation and R&D work, ideas and proposed inventions in light of current scientific developments. The incentive and rewards system will become active in the first quarter of 2019 and will start receiving applications from employees.

3- LEED Green Associate Certification

It is a fact that environment-friendly buildings consume less energy and water, cause lower greenhouse gas emissions, offer users a more comfortable and enjoyable environment and provide economic savings through lower operating costs. Of ENKA's projects until now, almost twenty have been awarded various green building certifications. In order to maintain international standards in projects in this field and to increase the number of innovative design work that meet green building standards, ENKA supports the professional development of Design Centre employees on environment-friendly buildings. In 2018, seven employees of the Design Centre were awarded the LEED GA (Green Associate) certificate of the US Green Building Council and five employees were awarded the second stage LEED AP (Accredited Professional) certificate.

4- ISO 27001 Information Security Certification

ENKA believes that the quality of innovation and R&D work undertaken at an organisation is closely related to the institutional memory of the organisation and has started works on transitioning to the ISO 27001 Information Security Management System in order to ensure the confidentiality, integrity and accessibility of information produced in-house to furnish strong foundations for innovative ideas. A majority of the physical and software-based improvement works planned under this activity was completed in 2018, policies and procedures were formed and investment in infrastructure took place. With the completion of the improvement works underway and the third-party certification audit, transition to the Information Security Management System will be completed at the end of 2019.

INNOVATION AND R&D AT ÇİMTAŞ

Çimtaş Steel has completed its second year as an R&D centre, and with its aim of leading R&D and innovation activities, has undertaken a total of 22 projects, of which two were supported by Scientific and Technological Research Council of Turkey (TUBITAK) and three patenting activities in 2018. Çimtaş Steel completed its first year as an R&D centre in 2018, successfully completed 24 R&D projects and began work on PIANİSM⁷ the first EU-supported (ITEA3) project of Çimtaş. In 2018 Çimtaş Precision Machining developed four projects, one of which was supported by the Ministry of Development and three by TUBITAK.

⁷ <https://www.enka.com/cimtas-pipe-is-one-of-the-partners-in-the-pianism-project/>



Izmit Bay Crossing Suspension Bridge

INNOVATION AND R&D AT ENKA SYSTEMS

ENKA SYSTEMS IS A TECHNOLOGY AND SOFTWARE COMPANY THAT DEVELOPS TECHNOLOGIES FOR THE CONSTRUCTION SECTOR, TRANSFORMS INNOVATIVE IDEAS INTO PRODUCTS WITH REAL-LIFE APPLICATIONS AND RUNS R&D ACTIVITIES. ENKA SYSTEMS HAS CONTINUED TO DEVELOP NEW PRODUCTS AND ADD NEW FEATURES TO ITS EXISTING SOFTWARE WITH R&D ACTIVITIES IN 2018.

The software developed by ENKA Systems are:

- Document Management System (EDMS)
- Global Procurement System (EGPS)
- Global Equipment Management (EGEM)
- Occupational Health, Safety and Environment Management System (EHSE)
- Human Resources Management System (EGHR)
- Global Vendor Network (EGVN)

Employees at the R&D/Design Centre of ENKA Systems who are pursuing postgraduate studies are given paid leave during course hours, considering the compatibility of their studies with the activities of the R&D/Design Centre. Employees who successfully complete post-graduate or doctoral studies are rewarded.

The participation of employees at conferences and symposia to follow new technologies and trends, especially in subjects that match main areas of activity and projects, is supported at ENKA Systems, making keeping up with technological developments a part of the organizational culture. Employees are encouraged to come up with project ideas that may be realised in the next project assessment period. Employees who propose ideas that are then realised using company capital, public funds (TUBITAK etc.) and EU funds are rewarded at different rates by type of funding.

In addition, should the project be completed successfully, the project team is rewarded and rewards at different rates are offered for national, international and triadic patent applications and approvals with the intent of encouraging patenting, an auxiliary output of R&D and Design projects.



2027 SUSTAINABILITY GOALS

RESPONSIBLE COMPANY	TARGET	2018 PERFORMANCE
ENKA GROUP	We will conduct Environment, Ethics, Human Rights, Social and Occupational Health & Safety audits on 10% of supplier companies that provide project materials, and are audited by independent third party companies which ENKA also works with, by 2027.	In 2018, ENKA evaluated 9.82% of the suppliers it works with in terms of ethics, human rights, combating bribery and corruption, OHS, environmental and social issues. Sustainability audits took place at 1% of suppliers.
	We aim to provide Ethics and Human Rights training to 100% of our white collar and 90% of our blue collar employees by 2027.	The Code of Business Conduct and the Supplier Code Of Conduct which are based on international ethical rules and human rights are published in four languages for the use of all of our employees and suppliers. In addition, in 2018, special training sessions were provided on Ethics and Human Rights for 7% of our employees. 7.14% of white-collar employees (332/4648) have received training on ethics and human rights in working life.
	We aim to increase our customer satisfaction rate for all group companies to 95% by 2027.	The average customer satisfaction for all group companies increased from 81.3% in 2017 to 91.91% in 2018.
	We aim to carry out at least one audit every year at every subsidiary and project to prevent corruption and bribery.	One audit took place at each project. 7.1% of subsidiaries were audited.
ENKA SCHOOLS	We aim for all students at ENKA Schools to participate in at least one social responsibility project every year.	100%
	We aim to continue organizing "ENKA Schools Sustainability Meetings" annually while also broadening its scope.	Target met.
	We will continue undertaking joint works with teachers at ENKA Schools to increase sustainability awareness.	Target met.
ENKA FOUNDATION	We aim to win awards at national and international competitions in sports and arts with ENKA Schools.	Target met.