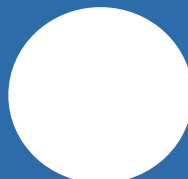


DOING GOOD BUSINESS



SUSTAINABILITY MANAGEMENT AT ENKA

THROUGH ITS SUSTAINABILITY MANAGEMENT APPROACH, ENKA MANAGES ITS SOCIAL, ENVIRONMENTAL AND ECONOMIC IMPACTS IN A RESPONSIBLE, EFFECTIVE AND TRANSPARENT MANNER WITHIN ITS ACTIVITIES CARRIED OUT IN MANY DIFFERENT PARTS OF THE WORLD AND IN VARIOUS SECTORS SUCH AS ENGINEERING, CONSTRUCTION, ENERGY, REAL ESTATE AND TRADE.

Within this context in 2017, ENKA became a signatory to the United Nations Global Compact (UNGC) which is the largest corporate sustainability initiative at the global level, that calls on companies to make their strategies and operations compatible with the universal principles of human rights, employee rights, environmental protection and combating corruption and to take action towards meeting societal targets.

The ENKA Sustainability Committee, which was formed under the leadership of the ENKA's President and Chairman of the Executive Committee and with the participation of managers of different units and departments at ENKA Headquarters and subsidiaries representing all main functions at ENKA in 2017, aims to integrate sustainability into business strategies and lead the actions taken towards this regard. The ENKA Sustainability Committee continued its activities in 2019 by reviewing the sustainability strategy, ensuring ownership of sustainability goals and activities at every level and monitoring performance.

ENKA Sustainability Committee meetings, which are held regularly, with wide participation and presence from all subsidiaries and departments provide a platform of equal participation opportunities and right to speak freely. In 2019, the Sustainability Committee contributed to the materiality analysis carried out to establish material sustainability issues, in addition to continuing with its standard agenda.

The Sustainability Department, which was established in 2018, continued its activities in 2019 to ensure that sustainability is implemented as a management system, and thereby the sustainability approach in ENKA and its subsidiaries continues to be included in employees' business mechanisms and to be a part of the corporate culture and business strategy. The Sustainability Department also continued to monitor ENKA's sustainability performance indicators and goals closely.

In 2018, the ENKA 2027 Sustainability Goals were established, taking into account ENKA's sustainability strategy, priorities, risks, opportunities and impact areas and in line with stakeholder feedback. The 2019 performance against the goals is included at the end of each relevant section of this report.

► www.enka.com/sustainability/home/strategy/sustainability-goals/

SUSTAINABILITY POLICY

1

AS A LEADING AND GLOBAL COMPANY, HEADQUARTERED IN İSTANBUL, WE PROVIDE HIGH QUALITY PRODUCTS AND SERVICES IN ANY ACTIVITY 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 IN AN ETHICAL, TRANSPARENT AND ACCOUNTABLE MANNER AND WITH A SUSTAINABLE DEVELOPMENT PERSPECTIVE.

WE PROVIDE EMPLOYMENT TO THOUSANDS OF PEOPLE IN GEOGRAPHY WE OPERATE AND HELP LOCAL ECONOMIES FLOURISH. BY MEETING REGIONAL NEEDS, WE CONTRIBUTE IN LOCAL SOCIO-ECONOMIC DEVELOPMENT.

4

5

WE VALUE STAKEHOLDER ENGAGEMENT. OUR INCLUSIVE STRATEGY NOT ONLY TAKES INTO ACCOUNT THE EXPECTATIONS OF OUR STAKEHOLDERS, BUT ALSO MINIMIZES OUR RISKS AND HELPS US ESTABLISH LASTING RELATIONS.

WE RESPECT HUMAN RIGHTS; OPPOSE TO ANY KIND OF DISCRIMINATION; PROMOTE EQUALITY OF OPPORTUNITY AND EXPECT THE SAME BEHAVIOUR FROM OUR BUSINESS PARTNERS IN ANY LOCATION WE WORK IN.

6

7

OUR EMPLOYEES ARE OUR TOP PRIORITY STAKEHOLDER. WE ENSURE THEIR HEALTH AND SAFETY; WE PROVIDE THEM A FAIR AND PARTICIPATORY WORK ENVIRONMENT AND WE INVEST IN THEIR DEVELOPMENT.

WE MEASURE AND EVALUATE THE ENVIRONMENTAL AND SOCIAL IMPACT OF OUR PROJECTS. WE PUT EFFORT INTO MINIMIZING POSSIBLE ADVERSE EFFECTS.

8

9

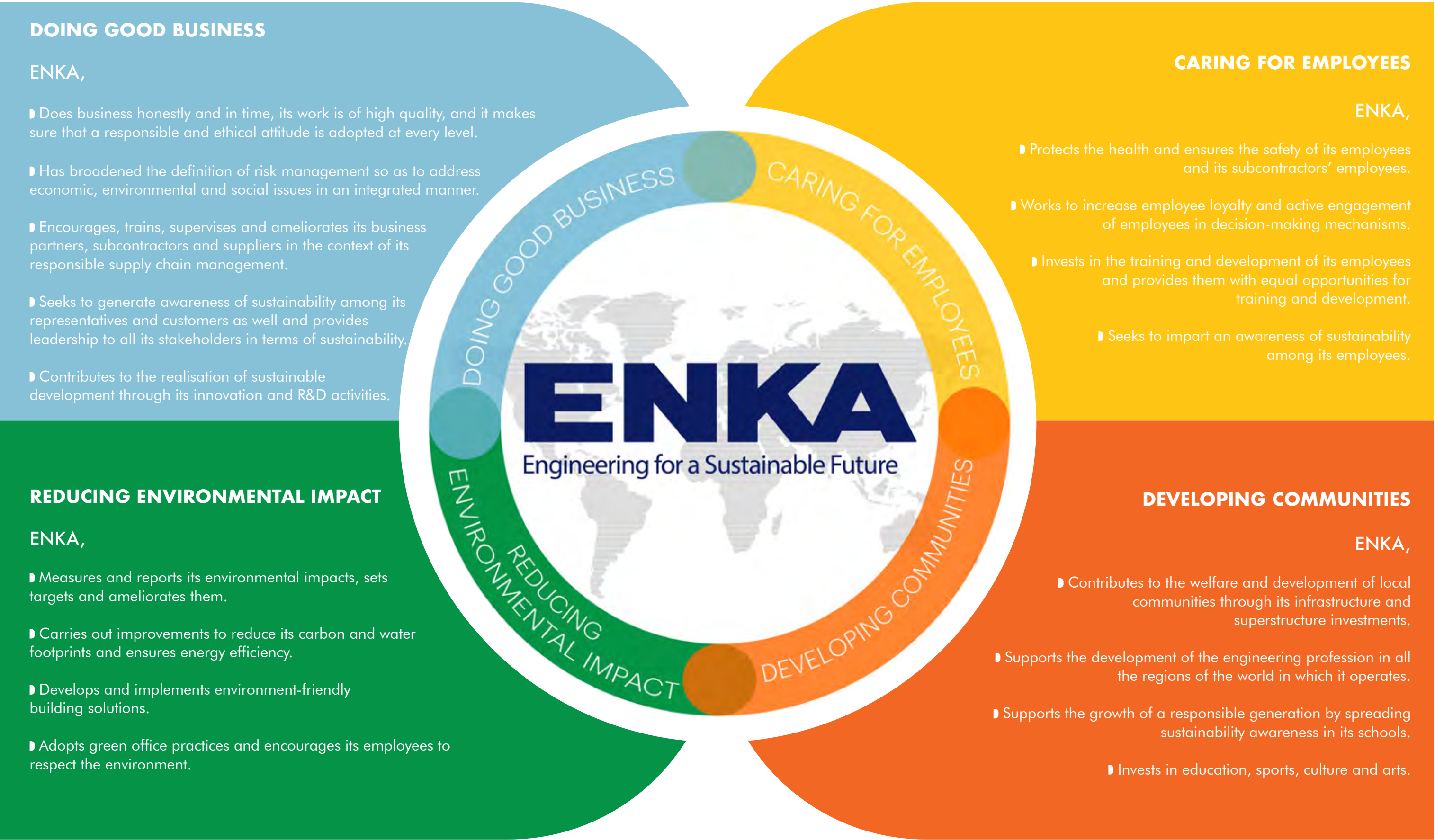
WE SUPPORT THE FIGHT AGAINST CLIMATE CHANGE AND HELP PRESERVE NATURAL RESOURCES.

WE SUPPORT PROGRESS OF FUTURE GENERATIONS BY INVESTING IN EDUCATION, CULTURE, ARTS AND SPORTS.

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'S MEMBERSHIPS & AFFILIATIONS

ENKA BELIEVES THAT CONTINUED DEVELOPMENT AND IMPROVEMENT AT THE NATIONAL AND INTERNATIONAL LEVELS CAN BE ACHIEVED BY TAKING ON RESPONSIBILITIES AND CARRYING OUT ACTIVITIES WITH DIFFERENT STAKEHOLDERS GROUPS AND TO THIS END IT BECOMES A MEMBER OF VARIOUS ASSOCIATIONS, INSTITUTES, UNIONS AND SECTORIAL ORGANISATIONS AND TAKES PART IN VARIOUS WORKING GROUPS.

ENKA remained a 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 addition, ENKA has been a corporate member of the Ethics and Reputation Society (TEİD), the most active civil society organisation in Turkey that works on the areas of establishing a culture of ethics and compliance within institutions and combating corruption and bribery, since 2017. ENKA maintained its interaction with TEİD regularly.

In 2019, ENKA added a new membership to its existing affiliations by becoming a member of the Private Sector Volunteers Association (ÖSGD) which works towards raising the awareness of member companies and their employees about social issues and contributes to the volunteering programmes of its members.

As of 2019, ENKA joined the Turkish Industry and Business Association's (TÜSİAD) Environment and Climate Change Working Group which contributes to process of forming environmental policies in Turkey and the development of the regulations that are required within the framework of these policies, assesses the effective implementation of these regulations, carries out studies and presents its recommendations to relevant institutions and organisations.

In 2019, ENKA joined TEİD's Diversity and Inclusion Working Group which TEİD established to carry out studies on problems arising from differences in religion, language, race, gender, generation and education in business life and about how these problems may be overcome.

As a signatory of the UN Global Compact (UNGC) since 2017, ENKA joined the UNGC Diversity and Inclusion Working Group in 2019. This working group has planned to contribute to the development of policies and practices that will make a difference in the activities and value chains with respect to "Diversity and Inclusion" to its signatories in Turkey. It plans to conduct awareness-raising activities in various sectors through cooperation between the public sector, civil society and the private sector to ensure that the business world takes ownership of the issue.

For detailed information about working groups, please visit:

- www.tusiad.org/en/cevre-iklim-degisikligi-cg
- www.tusiad.org/en/toplumsal-cinsiyet-esitligi-cg
- www.teid.org/calisma-gruplari/

In addition, ENKA also joined the Gender Equality Working Group of TÜSİAD which works for identifying the obstacles to women's equal participation in education, working life and politics, raising awareness and making proposals to develop the social structure in Turkey.

MEMBERSHIPS OF ENKA İNŞAAT AND ITS SUBSIDIARIES

ORGANISATIONS ENKA İNŞAAT IS ENROLLED IN

Republic of Turkey Ministry of Environment and Urbanisation Overseas and Domestic Contracting Certificates
British Safety Council

ORGANISATIONS FROM WHICH ENKA HOLDS CERTIFICATES

American Society of Mechanical Engineers (ASME)
British Standards Institution
TÜV NORD

TURKISH ORGANISATIONS THAT ENKA İNŞAAT IS A MEMBER OF

Foreign Economic Relations Board of Turkey
The Turkish Contractors Association
The Turkish Employer's Association of Construction Industries
Turkish Exporters Assembly
Turkish Industry and Business Association (TÜSİAD)
Business Council for Sustainable Development (BCSD Turkey)
Ethics and Reputation Society (TEİD)
Turkish Road Association (TRA)
İstanbul Chamber of Commerce
Private Sector Volunteers Association (ÖSGD)

ENKA PAZARLAMA IS A MEMBER OF

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

ENKA FOUNDATION IS A MEMBER OF

Third Sector Foundation of Turkey (TÜSEV)
Turkish Marine Environment Protection Association
Mediterranean Opera and Ballet Club Association (AKOB)

ENKA POWER IS A MEMBER OF

İstanbul Mineral and Metals Exporters' Association
İstanbul Chamber of Industry
İstanbul Chamber of Commerce
Sakarya Chamber of Commerce and Industry
Aegean Region Chamber of Industry

ÇİMTAŞ STEEL, PIPE, MODULE AND SHIPYARD AND PRECISION MACHINING ARE MEMBERS OF

German-Turkish Chamber of Industry and Commerce
Turkey Quality Association (KALDER)
People Management Association of Turkey (PerYön)
Steel Construction Institute
Chamber of Turkish Naval Architects & Marine Engineers
İstanbul Chamber of Commerce
İstanbul Chamber of Industry
Gemlik Chamber of Commerce and Industry
Kocaeli Chamber of Commerce and Industry
Chamber of Shipping (İMEAK)
SAHA İstanbul Defence and Aerospace Cluster Association
American Welding Society (AWS)
American Society of Mechanical Engineers (ASME)
Leadership in Energy and Environmental Design (LEED)
Human Resources Solidarity Association (İKDAY)
Turkish Shipbuilders' Association (GİSBİR)
Kocaeli Free Zone Shipyards Association (KOSTBİR)
Bursa Aerospace & Defence Cluster Association (BASDEC)

CİMTAS NINGBO IS A MEMBER OF

United States Chamber of Commerce
European Chamber of Commerce
American Society for Quality
China Lean Enterprise
Turkey Lean Institute
Jishuken Association
Ningbo Welding Association
Liaoning Welding Association
The Committee of Liaoyang Technical School Consultation

CCI IS A MEMBER OF

CRE Russia (Commercial Real Estate Russia)
BREEAM In-Use

ENKA SYSTEMS IS A MEMBER OF

Turkish Software Industrialists Association (YASAD)
İstanbul Chamber of Industry
İstanbul Chamber of Commerce
İstanbul Mineral and Metals Exporters' Association (İMMİB)

MKH IS A MEMBER OF

Association of European Businesses
United States Chamber of Commerce

OMKH IS A MEMBER OF

The Russian-Asian Union of Industrialists and Entrepreneurs
 European Business Union

ENKA TC IS A MEMBER OF

Russian Council of Shopping Centers (RCSC)
 U.S. Green Building Council (Gold) (USGBC)
 Green Building Council Russia (Premium) (RUGBC)
 Moscow Investors Club

ENKA SCHOOLS ADAPAZARI IS A MEMBER OF

Eco-Schools
 White Flag
 The International Baccalaureate Organisation (IBO)
 Turkish Private Schools Association
 Sakarya Chamber of Commerce

ENKA SCHOOLS İSTANBUL IS A MEMBER OF

Eco-Schools
 The International Baccalaureate Organisation (IBO)
 New England Association of Schools and Colleges (NEASC)
 Council of International Schools (CIS)
 Duke of Edinburgh Programme
 Turkish Private Schools Association
 İstanbul Chamber of Commerce

ENKA SCHOOLS KOCAELİ IS A MEMBER OF

Britannica Schools
 Erasmus Plus Partnership



STAKEHOLDER ENGAGEMENT

STRONG AND EFFICIENT STAKEHOLDER DIALOGUE IS ONE OF THE KEYSTONES OF ENKA'S WAY OF DOING BUSINESS, AND BY EXTENSION, ITS SUSTAINABILITY APPROACH. ENKA DEFINES ITS STAKEHOLDERS AS THE INDIVIDUALS, GROUPS AND ORGANISATIONS WHO AFFECT OR ARE AFFECTED BY, DIRECTLY OR INDIRECTLY, 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.

ENKA Newsletter Platform
 (Primary Internal Communication Channel)

News about ENKA and its subsidiaries, developments, developments in management systems, news and developments regarding sustainability, general company announcements, examples of best practices, lessons learned, company policies and procedures and updates and changes to these, newly developed technologies etc. are regularly communicated to all employees through ENKA Newsletters.

ENKA Corporate Website
 (Primary External Communication Channel)

ENKA provides all its stakeholders with access to detailed information and news about all of its fields of activity and its subsidiaries through the ENKA corporate website. Information and content on the website is regularly updated and improved.

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, to the attention of its stakeholders. In addition to the survey carried out to determine material sustainability issues, an “ENKA Values” survey was also conducted in 2019 with extensive employee participation and the published values of ENKA were updated as a result of the survey.

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 enable ENKA to gather feedback that contribute to ENKA’s processes and address and respond to stakeholders’ concerns and questions.

ENKA Ethics Hotline was established in 2017 to provide communications with employees, local communities 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. Besides, the grievance mechanisms established at projects enable various stakeholder groups such as employees, local communities, suppliers and subcontractors to convey their complaints or suggestions. Status notifications are provided to the complainants for all grievances forwarded to these mechanisms.

The outcomes of the materiality survey carried out to identify material sustainability issues played an indicative role in the preparation of the ENKA 2019 Sustainability Report. Moreover, following the 2018 report, opinions and suggestions received from all stakeholders and the suggestions of the Sustainability Committee members were taken into consideration. During the planning stage of this report, results of the BCSD Turkey’s evaluation of the previous year’s report, which was conducted on the basis of the “Principles”, “Content” and “Experience” criteria within the scope of “Reporting Matters” studies, were taken into consideration.


ENKA operates in many different sectors together with its subsidiaries and therefore has a diverse range of stakeholders. 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 are 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 – Sustainability, Occupational Health and Safety, Environment and Quality Management Systems, Human Resources, General Announcements, Lessons Learned and Best Practices | Continuous |
| | ENKA Academy | Continuous |
| | Employee Loyalty and Satisfaction Survey | Once in every two years |
| | Ethics and Compliance Audits | Periodic |
| | Ethics Hotline, Project Grievance Mechanisms | Continuous |
| | Information Security Incident Notification Form | Continuous |
| | Employee Volunteering Programme | Continuous |
| | Customer Satisfaction Survey | Upon the completion of projects |
| CUSTOMERS (Investors, Project Owners, etc.) | Websites | Continuous |
| | Annual Reports | Once a year |
| | Sustainability Reports, CDP Reports | Once a year |
| | ENKA Document Management System | Continuous |
| | Meetings | Periodic |
| | Ethics Hotline, Project Grievance Mechanisms | Continuous |
| | Websites | Continuous |
| BUSINESS PARTNERS (Suppliers, Subcontractors, Manufacturers, Joint Ventures, Third-Party Auditing Firms, Insurance Companies, Logistics Firms, Service Providers, Consultancy Companies, Distributors, etc.) | ENKA Academy | In line with the training plan |
| | Evaluation Surveys | Several times a year |
| | ENKA Code of Business Conduct and ENKA Supplier Code of Conduct | Before starting new contracts/jobs |
| | Management Systems Audits | Periodic |
| | ENKA Document Management System | Continuous |
| | Meetings | Periodic |
| | Ethics Hotline, Project Grievance Mechanisms | Continuous |
| | Audits | Periodic |
| | Sustainability Reports, CDP Reports | Once a year |


| STAKEHOLDERS | COMMUNICATION PLATFORM | FREQUENCY OF COMMUNICATION |
|--|--|---------------------------------------|
| SHAREHOLDERS (Partners, Investors) | General Assembly | At least once a year |
| | Websites | Continuous |
| | Sustainability Reports, CDP Reports | Once a year |
| | Annual Reports | Once a year |
| | Material Disclosures, Financial Reports, Periodic Disclosures (Public Disclosure Platform – KAP) | As required by the related disclosure |
| | Meetings | Continuous |
| | Ethics Hotline | Continuous |
| SOCIAL PARTNERS (Local Communities, NGOs, the Media) | Websites | Continuous |
| | Media, Social Media | Continuous |
| | Annual Reports | Once a year |
| | Sustainability Reports, CDP Reports | Once a year |
| | Meetings | Periodic |
| | Ethics Hotline, Project Grievance Mechanisms | Continuous |
| | Memberships | Periodic |
| PUBLIC INSTITUTIONS (Governments, Local Administrations, Universities and Academic Institutions, Tax Offices) | 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 |

As ENKA Foundation and ENKA Schools operate in specialized fields and have specific structures and missions, they have their own unique and separate stakeholder groups so that they have established various communication channels specific to these groups. The stakeholders of ENKA Foundation consist of sports school students, athletes, members, coaches, teams, federations, spectators, artists and performers. The foundation also cooperates with sponsors, non-governmental organisations and local administrations for certain goals. Among the stakeholders of ENKA Schools are teachers and other employees, students, parents, international stakeholders, public institutions, academic institutions and subcontractors.



ENKA EMPLOYEE LOYALTY SURVEY:

As part of its “Caring for Employees” principle, which is one of the foundations of its Sustainability Strategy, ENKA carried out an Employee Loyalty Survey in 2019 that covered ENKA and its subsidiaries’ employees. This was the second time such a survey had been conducted at ENKA to gather views and feedback from all ENKA and its subsidiaries’ employees and to direct strategy and work in line with the feedback.



ENKA FEMALE EMPLOYEES SITUATION ASSESSMENT SURVEY:

In addition to the Employee Loyalty Survey, a Female Employee Situation Assessment Survey was carried out among ENKA’s female employees in order to meet the needs and expectations of female employees and increase the number of female white and blue collar employees and to ensure their permanence while bearing in mind the sectors in which the company operates. The opinions and suggestions gathered from female employees through the survey outcomes were taken into consideration for planning future studies within the scope of sustainability strategy.





SUSTAINABILITY MATERIALITY PROCESS AND STAKEHOLDER PARTICIPATION

ENKA'S FIRST SUSTAINABILITY MATERIALITY PROCESS, WHICH IS PLANNED TO BE CONDUCTED EVERY TWO YEARS, WAS CARRIED OUT WITH EXTENSIVE INTERNAL AND EXTERNAL STAKEHOLDER PARTICIPATION IN 2017. IN THE LAST QUARTER OF 2019, PREPARATIONS FOR THE SECOND SUSTAINABILITY MATERIALITY ANALYSIS PROCESS WERE STARTED BY THE SUSTAINABILITY DEPARTMENT AND UPON CONDUCTING THE SURVEYS IN DECEMBER, MATERIAL SUSTAINABILITY ISSUES WERE DETERMINED.

The stakeholder groups to participate in the sustainability materiality process were identified according to their potential impact on the process and accessibility criteria. Workshops were held with stakeholder groups on several different dates and online surveys were carried out with stakeholder groups that could not attend in person meetings.

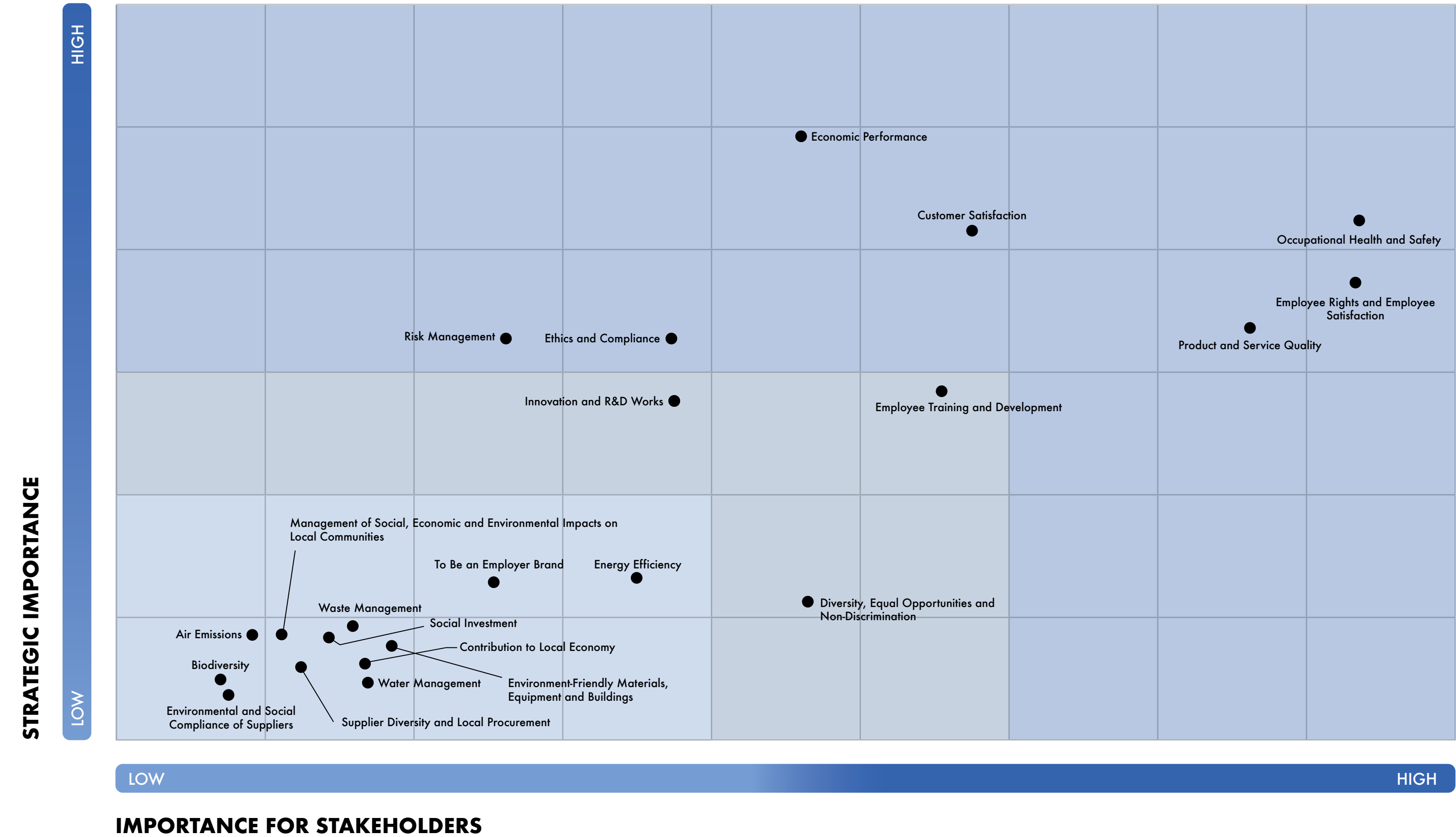
A total of 336 stakeholder representatives from various stakeholder groups, including the Sustainability Committee, senior management, employees, suppliers, non-governmental organisations and professional associations, subsidiaries and customers participated in the process. When answering the survey questions, the participants were asked to take into consideration the fields of activity of ENKA and its subsidiaries, the dynamics of their sectors, the economic, social and environmental impacts of the company, sustainability risks and opportunities and the global sustainability agenda. Information about the stakeholder groups that participated in the workshops and surveys is given in the table below.

Workshops and Surveys Conducted in 2019

| CONDUCTED WORKSHOPS AND SURVEYS (2019) | | |
|--|--|------------------------|
| METHOD | STAKEHOLDER GROUP | NUMBER OF PARTICIPANTS |
| WORKSHOP | Committee / Senior Management | 38 |
| | Employees (ENKA and its subsidiaries) | 241 |
| | Non-Governmental Organisations and Professional Associations | 14 |
| | TOTAL | 293 |
| SURVEY | Customers | 6 |
| | Tenants of Real Estate Subsidiaries | 5 |
| | Suppliers | 32 |
| | TOTAL | 43 |
| OVERALL TOTAL | | 336 |

Ten foremost issues were identified as a result of the sustainability materiality surveys completed at the end of 2019. The ten foremost issues and all the issues assessed are shown on the materiality matrix on the following page. The materiality matrix was prepared by scoring the strategic importance of issues and their significance for the stakeholders.

ENKA SUSTAINABILITY MATERIALITY MATRIX - 2019



After the review of all the issues assessed through the materiality analysis and considering ENKA’s social, environmental and economic impacts and the dynamics of the sectors where it is active, the expectations of various sustainability initiatives and indices and the stakeholders; the issues of Biodiversity, Management of Social, Economic and Environmental Impacts on Local Communities, Carbon Footprint and Energy Efficiency, Environmental and Social Compliance of Suppliers and Social Investment have been included among the material issues as well. The updated list of material sustainability issues is given in the table below.



■ ENKA Material Sustainability Issues

| MATERIAL ISSUES | CONTRIBUTED SUSTAINABLE DEVELOPMENT GOALS | RELEVANT UNGC PRINCIPLES |
|---|---|--|
| OCCUPATIONAL HEALTH AND SAFETY | SDG 8 | |
| EMPLOYEE RIGHTS AND EMPLOYEE SATISFACTION | SDG 5 SDG 8 | PRINCIPLE 1 PRINCIPLE 2 PRINCIPLE 3 PRINCIPLE 4 PRINCIPLE 5 PRINCIPLE 6 |
| PRODUCT AND SERVICE QUALITY | SDG 9 SDG 11 SDG 12 | - |
| CUSTOMER SATISFACTION | SDG 9 | - |
| EMPLOYEE TRAINING AND DEVELOPMENT | SDG 4 | - |
| ECONOMIC PERFORMANCE | SDG 8 | - |

| MATERIAL ISSUES | CONTRIBUTED SUSTAINABLE DEVELOPMENT GOALS | RELEVANT UNGC PRINCIPLES |
|---|--|---|
| INNOVATION AND R&D WORKS | SDG 9 SDG 11 SDG 12 SDG 17 | - |
| ETHICS AND COMPLIANCE | SDG 5 SDG 8 SDG 17 | PRINCIPLE 1 PRINCIPLE 2 PRINCIPLE 3 PRINCIPLE 4 PRINCIPLE 5 PRINCIPLE 6 PRINCIPLE 10 |
| RISK MANAGEMENT | - | - |
| DIVERSITY, EQUAL OPPORTUNITIES AND NON-DISCRIMINATION | SDG 5 SDG 10 SDG 17 | PRINCIPLE 1 PRINCIPLE 2 PRINCIPLE 6 |
| BIODIVERSITY | SDG 14 SDG 15 SDG 17 | PRINCIPLE 7 PRINCIPLE 8 |
| MANAGEMENT OF SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACTS ON LOCAL COMMUNITIES | SDG 6 SDG 8 SDG 10 SDG 11 SDG 17 | - |
| CARBON FOOTPRINT AND ENERGY EFFICIENCY | SDG 7 SDG 13 SDG 17 | PRINCIPLE 7 PRINCIPLE 8 PRINCIPLE 9 |
| ENVIRONMENTAL AND SOCIAL COMPLIANCE OF SUPPLIERS | SDG 12 SDG 17 | PRINCIPLE 1 PRINCIPLE 2 PRINCIPLE 3 PRINCIPLE 4 PRINCIPLE 5 PRINCIPLE 6 PRINCIPLE 7 PRINCIPLE 8 PRINCIPLE 9 PRINCIPLE 10 |
| SOCIAL INVESTMENT | SDG 4 SDG 9 SDG 10 SDG 17 | - |



**“WE GROW TOGETHER
AND IMPROVE LIFE
AROUND US...”**

We grow together! These words mean a lot to ENKA, because that is what we strive to do every day.

In 2019, ENKA revised its vision and values statement to better articulate what we have long believed and why we exist as a company. As per the very same statement, we transform the world by building prosperity and empowering progress in the countries where we operate. When we are doing all these, we act with our clients, partners, suppliers and other stakeholders in designing and building projects which energize the world, connect communities, save lives, and keep our nations safe.

We grow together and improve life around us...

Our sustainability goals reach far and wide to every ENKA project around the world. This means that local spending and community improvement are key factors in all of our project management decisions. This is done by way of empowering local economies and fostering sustainability where we go, which is often, in underdeveloped countries that have great potential for growth and need to support to achieve and prosper.

The economy boosting projects we construct in countries around the world certainly fulfill this purpose. Every time we spend a dollar in our projects, we have an opportunity. We choose to spend that dollar close to our projects – no matter where they are in the world – and support local economy and further promote diversity across our workforce, supplier and contractor base. It is never the ENKA way simply to roll-in, build a project and move out. The work we do to lift up the communities that surround our projects also brings purpose to life. ENKA’s long lasting projects located in Kazakhstan, Kosovo, Georgia and Iraq are very good examples where we improve circumstances and enrich lives of communities.

Simply because we care! About the society, the nature and our home “Earth”! We work together for a sustainable future...

■ Onur Kaya
Director of Quality, HSE & Integrity

#GrowingBetterTogether



ETHICS AND COMPLIANCE

ALL OF ENKA'S ACTIVITIES AND ITS RELATIONSHIPS WITH ALL INTERNAL AND EXTERNAL STAKEHOLDERS ARE GROUNDED IN A CONSISTENT "BUSINESS ETHICS" APPROACH THAT IS BASED ON TRANSPARENCY, INTEGRITY AND ACCOUNTABILITY. IN THIS CONTEXT, ENKA REGARDS THE ETHICAL MANAGEMENT APPROACH WHICH IT HAS ADOPTED AND ITS WAY OF DOING BUSINESS IN FULL COMPLIANCE WITH ALL RELEVANT NATIONAL AND INTERNATIONAL LAWS AND UNIVERSAL HUMAN RIGHTS PRINCIPLES AS A WHOLE.

ENKA requires all its employees, representatives, subsidiaries, suppliers and subcontractors to establish fair, honest, impartial, transparent and accountable relations with all their co-workers, communities and competitors and to comply fully with all relevant national and international laws and regulations throughout their activities. ENKA communicates its rules, ethical values and form of governance to all employees through "ENKA Code of Business Conduct".

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. The Code of Business Conduct which is published in four languages; English, Turkish, Russian and Arabic, is fully applicable to all employees and managers at every level including senior management of ENKA and its subsidiaries.

The Executive Ethics and Compliance Committee, which was established in 2017 to ensure ENKA runs an effective and robust ethics and compliance programme, continues its activities. In 2019, the Committee played an active role in the assessment and investigation of all reports made to the company's Ethics Hotline. For more information on the Executive Ethics and Compliance Committee, please visit:

► www.enka.com/sustainability/home/ethics-compliance/executive-ethics-compliance-committee/

ENKA maintains an Ethics Hotline to ensure open and transparent communication and make it possible for employees, local communities, and all parties engaged in a business relationship (suppliers, subcontractors, employees of subcontractors, customers, business partners etc.) to be able to report behaviour that violates the Code of Business Conduct or company policies and to receive advice for matters that are unclear to them. Employees and all relevant stakeholders can convey their concerns that they cannot alleviate by discussing with their managers or local project management, to Ethics Hotline. For more information on the Ethics Hotline, please visit:

► www.enka.com/sustainability/home/ethics-compliance/enka-ethics-hotline/

Calls to the Ethics Hotline are categorised by the Ethics Hotline employees and reported to the Executive Ethics and Compliance Committee. All reports within execution area of the Ethics Hotline are assessed, investigated and concluded and the complainant is informed accordingly. In order to ensure awareness of the Ethics Hotline at ENKA Headquarters and ENKA 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, contact information for the Ethics Hotline is included in orientation training and also placed on ENKA's corporate website.

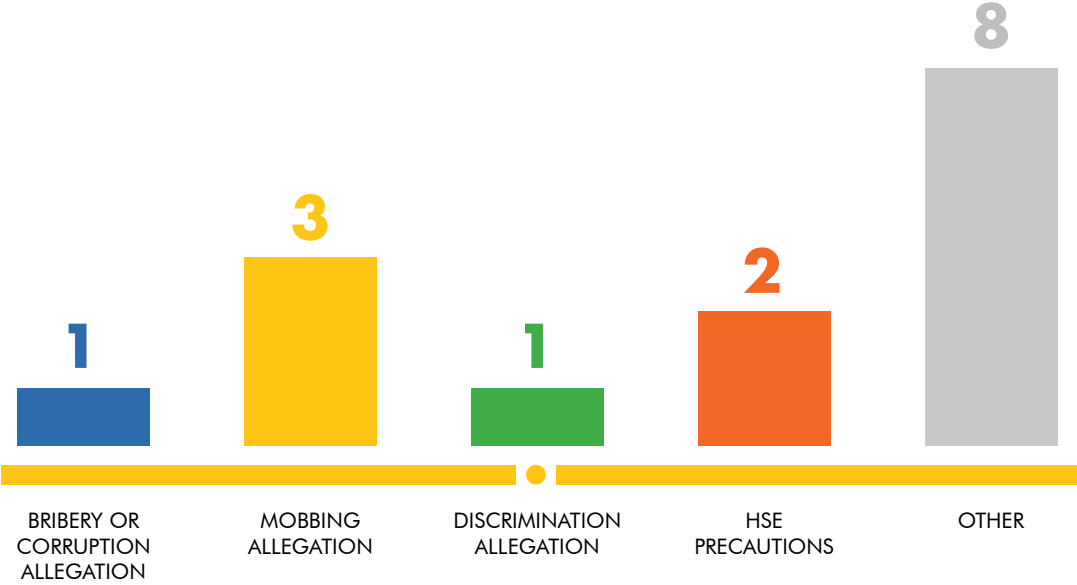
In 2019, the Ethics Hotline received calls on various subjects from employees of ENKA and its subsidiaries, former employees, employees of subcontractors and suppliers. Most of these calls were made for the purposes of obtaining information and on subjects not relevant to Ethics Hotline field of application. A breakdown of relevant calls is given in the chart on the following page. As of the end of 2019, all reports to the Ethics Hotline had been resolved and there was no report pending a response. While there were 8 reports to the Ethics Hotline in 2018, there were 15 in 2019.

* www.enka.com/allfiles/media/pdfs/ENKA_Code_of_Conduct_en.pdf

ENKA continues to be a member of the Ethics and Reputation Society (TEİD), the most active non-governmental organisation in Turkey working in the areas of establishing a culture of ethics and compliance within institutions and combating corruption and bribery. One of the first outcomes of this cooperation was the revision made in ENKA Code of Business Conduct with the contribution of the TEİD Academy's Ethics and Compliance Management Certificate Program training that relevant ENKA employees completed in 2018.



■ Breakdown for number of Ethics Hotline reports by subjects in 2019



In addition to the Ethics Hotline, grievance mechanisms are established in ENKA projects to allow employees and local communities to issue reports. All complaints submitted to these grievance mechanisms are handled within the framework of corporate procedures and in line with the principles of the Ethics Hotline.

Persons who file reports with the Ethics Hotline or other grievance mechanisms are not treated negatively in any way and their personal information remains confidential.

In order to ensure that all of its employees act in compliance with ENKA’s understanding of ethics, human rights and combating bribery and corruption from their first day, ENKA has made the Code of Business Conduct a part of the orientation training for new employees. In 2019, all newly hired employees completed Code of Business Conduct training as part of their orientation training.

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/>

In addition to the orientation training, ENKA Code of Business Conduct and Human Rights online training was prepared for all ENKA employees for them to clearly understand ENKA’s ethics and compliance management, its anti-bribery and anti-corruption policy, its human rights approach and working conditions. This training, which is planned to provide all employees at ENKA and its subsidiaries without exception, was prepared in Turkish and English languages and with Russian subtitle option. In China, Kazakhstan, Russia, Iraq and other countries where the training is delivered, this training is provided to local employees in their own language with the support of subtitles in the local languages or an interpreter. Details of employees that attended ENKA Code of Business Conduct and Human Rights training held in 2019 are given in the tables on the right.

In addition to employees of ENKA and its subsidiaries, about 1,000 employees of ENKA’s subcontractors and business partners also participated in the Code of Business Conduct and Human Rights trainings which cover ENKA’s human rights approach and anti-bribery and anti-corruption policy.

2019 ENKA CODE OF BUSINESS CONDUCT AND HUMAN RIGHTS TRAINING DATA

| COUNTRY (TRAINING CONDUCTED) | NUMBER OF LOCAL EMPLOYEES TRAINED | NUMBER OF TURKISH EMPLOYEES TRAINED | NUMBER OF OTHER EMPLOYEES TRAINED | TOTAL TRAINING DURATION (PERSON-HOURS) |
|------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|--|
| TURKEY | 4,228 | 4,228 | 11 | 2,119.5 |
| RUSSIA | 472 | 201 | 86 | 379.5 |
| CHINA | 448 | 23 | 1 | 236 |
| KAZAKHSTAN | 57 | 72 | - | 64.5 |
| KOSOVO | 22 | 36 | 10 | 34 |
| IRAQ | 24 | 278 | 26 | 164 |
| SAUDI ARABIA | - | 18 | 21 | 19.5 |

| TRAINING GROUP | TOTAL NUMBER OF PARTICIPANTS | TOTAL PERSON-HOURS |
|---|------------------------------|--------------------|
| ENKA Headquarters (including Senior Management) | 417 | 208.5 |
| Senior Management Representatives | 32 | 16 |
| ENKA Projects | 654 | 327 |
| ENKA Schools | 408 | 204 |
| ENKA Foundation | 106 | 53 |
| Real Estate Subsidiaries | 575 | 287.5 |
| Çimtaş | 3,090 | 1,545 |
| ENKA Power | 283 | 141.5 |
| Trade Subsidiaries | 289 | 144.5 |
| Kasktaş | 212 | 106 |

ETHICS AND COMPLIANCE AT SUPPLIERS

ENKA expects all the persons, groups and organisations with which it works to comply with its culture of ethics. In this regard, ENKA requires all its suppliers, subcontractors, consultants, dealers and business partners (altogether referred to as “Supplier”) to comply with the ENKA Supplier Code of Conduct in all the activities they carry out. The code of conduct that ENKA communicates to its suppliers contains five sections: Compliance with the Law, Human Rights and Fair Working Conditions, Occupational Health and Safety and the Environment, Security and Combating Bribery and Corruption and Preventing Uncompetitive Behaviour.

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

► www.enka.com/allfiles/media/pdfs/ENKA_Supplier_Code_of_Conduct_en.pdf

Detailed information regarding the training and auditing works carried out with suppliers within the scope of the ethics and compliance system is given in the “Responsible Supply Chain Management” section of this report.

HUMAN RIGHTS ASSESSMENT

Human rights comprise all the fundamental rights and freedoms that are valid for all human beings and ENKA develops its business strategies and operations in line with the universal principles of human rights. ENKA conducts all its business activities in a manner that is respectful of human rights as outlined in the Universal Declaration of Human Rights, in compliance with the requirements of the laws and of the UN Global Compact of which it is a signatory of and in accordance with the conventions published by the International Labour Organisation (ILO) and ENKA demands from all of its stakeholders to follow the same approach.

All ENKA operations and investments are assessed in terms of human rights. With this assessment, human rights risks are identified and studies are carried out to eliminate, mitigate or control these risks. In addition to the criteria for operational and investment decisions, sustainability criteria including human rights have been added to ENKA’s supplier and subcontractor selection and performance evaluation criteria and corporate procedures have been updated and are being implemented accordingly.

ENKA assesses human rights risks according to sectors and regions. “Human Rights Guidance Tool of the UNEP Finance Initiative” publication is taken as reference for sector-based evaluation. Assessments carried out on this basis have highlighted issues such as forced labour, the prevention of child labour, respect for the right to organise and collective bargaining, migrant workers/ human trafficking and occupational health and safety. ENKA’s policy regarding these and other human rights issues is set out clearly in the ENKA Code of Business Conduct and the Supplier Code of Conduct.

In addressing the human rights issues that represent high risks according to the above assessment, ENKA has initially paid considerable attention to training. Through the ENKA Code of Business Conduct and Human Rights training, which was delivered throughout the ENKA group globally in 2019, ENKA’s rules were shared and awareness of all employees about human rights was

increased. In 2019, on occupational health and safety, which was also found to be a high-risk issue, a total of 1,053,894 person-hours training was delivered in all the locations where ENKA operates. With respect to human trafficking, another high-risk issue, 223.5 hours of “Human Trafficking Awareness Training” was provided to a total of 10,403 employees in regions where the risk is high, as detailed in the table below.

| COUNTRY | LOCAL EMPLOYEE PARTICIPATION RATE (LOCAL PARTICIPANTS / TOTAL PARTICIPANTS) |
|--------------|---|
| Sri Lanka | 89% |
| India | 96.8% |
| Saudi Arabia | 2% |
| Mexico | 90.5% |
| Greece | 33.6% |
| Kenya | 4% |
| Paraguay | 33% |

In all the countries where it operates, ENKA constantly communicates with the local authorities in order to establish cooperation that will contribute to ENKA’s local employees and to protect their rights. In this context, while ENKA works with local authorities in Iraq for employment opportunities and the working conditions of local employees, it has an Industrial Relations department that provides services specifically its employees who are Kazakh citizens in Kazakhstan, where ENKA has been active for many years. This department carries out joint work with the relevant departments at Governor’s Offices and especially with the "Office for Employment, Social Programmes and Registration of Marital Status", for the benefit of Kazakh employees.

Child labour and forced labour are strictly forbidden throughout the value chain, including the activities of ENKA and its subsidiaries and the activities of suppliers and subcontractors working with ENKA. To this end, the activities of ENKA and its subsidiaries are regularly inspected by ENKA internal audits and Ethics and Compliance audits in terms of human rights and the compliance with ENKA Code of Business Conduct. In addition, ENKA and its group companies never collaborate with any supplier that has a record of employing informal child or youth labour and forced

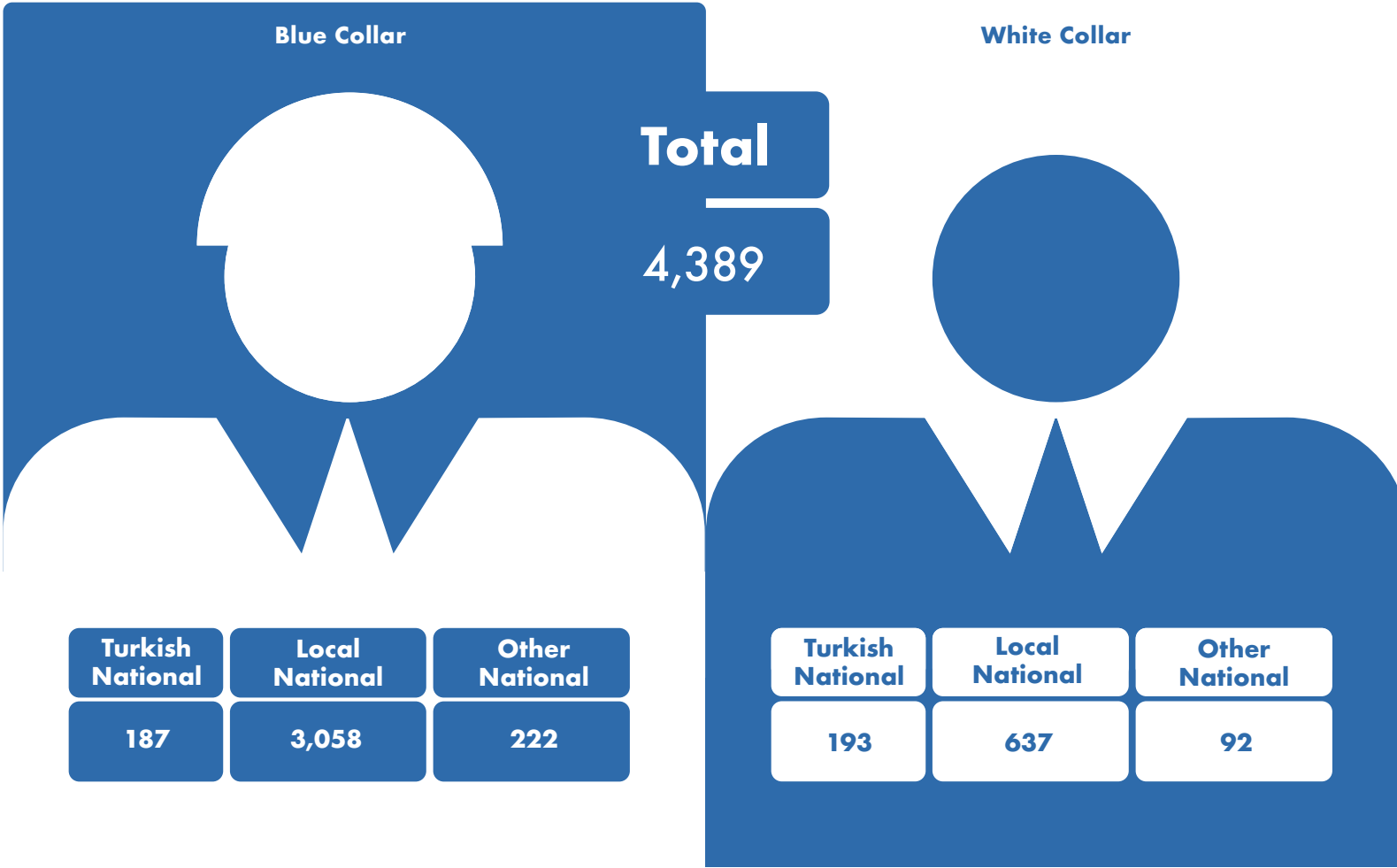
labour. Suppliers are audited through the Supplier Sustainability Audits. Furthermore, controls are also carried out during routine audits by the project Quality and HSE units.

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

In all countries where ENKA works, 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. No requests or complaints regarding this matter was conveyed to ENKA during the reporting period and no violations were found during internal audits that were carried out. The ENKA Ethics Hotline and project grievance mechanisms are in operation to receive any possible demands or complaints regarding this matter or other human rights issues from employees and suppliers.

At the Tengiz Oil Field Development Project in Kazakhstan, where ENKA İnşaat is active, all local employees work under conditions established by collective bargaining. Detailed information about the employees working on this project is given in the table below.

■ Distribution of Employees at the Tengiz Oil Field Development Project



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

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, Cintas Pipe and Çimtaş Precision Machining were renewed after negotiations with Türk Metal trade union to cover the period from September 1st, 2019 to August 31st, 2021.

■ Employees Covered by Collective Labour Contracts at Çimtaş

| LOCATION | TOTAL NUMBER OF EMPLOYEES | EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENT | PERCENTAGE |
|----------------------------|---------------------------|--|------------|
| ÇİMTAŞ STEEL | 856 | 623 | 72.78% |
| CIMTAS PIPE | 860 | 506 | 58.84% |
| ÇİMTAŞ MODULE AND SHIPYARD | 167 | 88 | 52.69% |
| ÇİMTAŞ PRECISION MACHINING | 262 | 132 | 50.38% |
| CIMTAS NINGBO | 356 | 356 | 100% |
| TOTAL | 2,501 | 1,705 | 68.17% |



COMBATING BRIBERY AND CORRUPTION AND PREVENTING UNFAIR COMPETITION

IN ALL 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 POLICY AND APPROACH FOR COMBATING BRIBERY AND CORRUPTION IS CLEARLY OUTLINED IN ENKA CODE OF BUSINESS CONDUCT AND SUPPLIER CODE OF CONDUCT.

In all countries where it operates, ENKA acts in compliance with local and international laws, in keeping with the International Financial Reporting Standards in an ethical, fair and transparent manner and it requires all of its employees, business partners and all parties with which it does business to present the same approach.

All operations of ENKA and its subsidiaries are assessed by the Early Identification of Risks Committee, the Risk Management Working Group and project management teams in terms of risks for compliance with human rights, bribery and corruption. Bribery and corruption risks are analysed on a country-based approach where “TRACE Bribery Risk Matrix Scores” is used as a reference for bribery risks and the “Transparency International – Corruption Perceptions Index” is used as a reference for corruption risks. In line with the results of these risk assessments, the structures of internal control mechanisms, audit scopes and periods and training activities are organized.

ENKA’s anti-bribery and anti-corruption policy is communicated to all employees, including senior management and managers in all locations, as a part of the ENKA Code of Business Conduct through newsletters and orientation training activities covering the entire company. Training activities on the ENKA Code of Business Conduct and combating corruption are held especially for employees but also for business partners, shareholders, suppliers and all other stakeholders. In 2019, Code of Business Conduct and Human Rights training, including the policy for combating bribery and corruption, was delivered to 6,034 individuals. Some of the management bodies which received training in this context are shown in the table below.

■ Code of Business Conduct and Human Rights Training

| EMPLOYEE GROUPS | NUMBER OF EMPLOYEES TRAINED |
|---|-----------------------------|
| SENIOR MANAGEMENT REPRESENTATIVES | 32 |
| AUDIT COMMITTEE | 2 |
| CORPORATE GOVERNANCE COMMITTEE | 3 |
| EARLY IDENTIFICATION OF RISKS COMMITTEE | 2 |
| EXECUTIVE ETHICS AND COMPLIANCE COMMITTEE | 10 |
| ALL EMPLOYEES | 6,034 |



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 communicates 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 its suppliers, subcontractors and business partners before a contract is signed.

All suppliers and subcontractors are evaluated in terms of combating bribery and corruption during the selection and performance assessment and ENKA does not work with companies which have a negative record. No cases of corruption were encountered in the supplier audits carried out in 2019 and no allegations of corruption against its suppliers have been reported to ENKA. Information about suppliers with which business relations were terminated because they did not meet sustainability criteria including those related to bribery and corruption, is given in the ["Responsible Supply Chain Management"](#) section of the report.

During the reporting period, no criminal cases were filed against the company on charges of corruption and no business contracts have been terminated due to corruption.

As a company, 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 relevant country. ENKA maintains the same ethical, transparent and fair approach in its relations with its competitors and avoids all forms of behaviour that may be anti-competitive, abides by established confidentiality rules and takes a determined stance against all actions that might constitute steps towards monopolisation or the formation of trusts. In the reporting period, there were no cases of anti-competitive behaviour, monopolisation or trusts forming identified and no court cases were brought against the company.

In addition to all other control systems in place, Ethics Hotline has been instituted, which is available for employees, suppliers, subcontractors and business partners to report any cases or suspicions of corruption or anti-competitive behaviour. All stakeholders may access the hotline and may make their reports anonymously if they choose to do so.

CONTROL MECHANISMS AND RISK MANAGEMENT

IN ALL OF ITS ACTIVITIES AROUND THE WORLD, ENKA COMPLIES WITH ALL LAWS OF THE RELEVANT COUNTRIES. ANY TYPE OF ACTION THAT BREACHES THE LAW, COULD CAUSE DAMAGES TO THE COMPANY AND/OR CAN BE DEFINED AS CRIMINAL, HUMAN RIGHTS VIOLATION OR CORRUPTION, IS TREATED WITH CAUTION AND MONITORED SENSITIVELY. ALL ENKA PROCESSES ARE RUN IN ACCORDANCE WITH CORPORATE AND PROJECT PROCEDURES AND CORPORATE DEPARTMENTS IN HEADQUARTERS TAKE PART IN THE PROCESSES, ACTING AS BOTH SUPPORT AND CONTROL MECHANISMS.



In addition to the control mechanisms, all ENKA projects and subsidiaries are inspected by internal auditing teams at regular intervals to combat bribery and corruption. Within the scope of the annual audit plan, highly comprehensive audits consisting of policy and performance-based process control, financial tables and reports, cost control, compliance with local and international regulations and quality control audits are conducted. The audits are carried out by the experienced internal audit teams and in compliance with International Standards on Auditing. The audit results are reported to senior management and corrective actions on any nonconformities are implemented as soon as possible.

In addition to routine internal audits, ENKA began to conduct Ethics and Compliance audits at its projects and subsidiaries in 2019 mainly covering human rights, employee rights and combating bribery and corruption issues. In this context, some of ENKA projects and subsidiaries active in Turkey, Russia and Iraq were audited for their human rights and combating bribery and corruption performances.

ENKA audit teams carried out audits at all ENKA projects and at 78% of the subsidiaries in 2019 and the remaining subsidiaries were audited by their own internal auditing teams. No cases of bribery, corruption or human rights violations were identified during these internal audits.

For the control and auditing process, a multi-stakeholder approach is preferred at ENKA and in compliance with this approach, its management systems are regularly audited by independent auditing firms.

Behind ENKA's ability to overcome the challenges and maintain its success in the difficult regions and competitive sectors it engages in, lies a risk management approach that encourages multi-stakeholder participation, follows changes and trends, monitors international standards and developments and as a result is capable of turning risks into opportunities. Risk management is a part

of all ENKA processes and activities and the risk-based thinking approach is encouraged by ENKA's senior management.

"The Early Identification of Risks Committee" which reports to the Board of Directors, and the "Risk Management Working Group" working under this committee are structured in order to ensure that effective risk management programme is implemented throughout the company, to identify the risks that could jeopardise the existence and sustainability of the company and its value chain early and to make sure that the necessary actions are taken to eliminate, mitigate or control these risks.

The Early Identification of Risks Committee is the highest body within the company responsible for risk management function and it consists of non-executive members of the Board of Directors and meets six times a year with a maximum interval of two months. The Risk Management Working Group was established to identify corporate risks, evaluate identified risks, specify and monitor risk reduction or elimination methods. Department managers and project management teams are primarily responsible for the operational risks within their activities. These teams report critical or priority risks to the Working Group and the Committee.

The risks identified through the risk management process are assessed and scored according to their probability and potential impacts. 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 determined by the Board of Directors.

Given the fields of activity of ENKA and its subsidiaries, the assessed risks include sustainability issues and risk management covers ethics and compliance, human rights, anti-corruption, climate change, biodiversity and natural resources, engagement with communities and talent management in addition to strategic, financial, legal, operational, external environment and reputation risks. Sustainability related risks are also identified early and eliminated with a proactive approach by means of communications with stakeholders and the monitoring of international trends, standards and practices by the Sustainability Department and the Sustainability Committee.

In addition to the corporate mechanisms and procedures that ENKA has adopted to identify, monitor and eliminate risks, ENKA's risk management mechanisms are supplemented in fields of sustainability such as ethics and compliance, human rights, combating corruption and environment by the international commitments and guidelines such as the UN Global Compact of which ENKA is a signatory and Financial Stability Board's (FSB) Task Force on Climate-

related Financial Disclosures (TCFD) as well as the ISO 9001, ISO 27001, ISO 14001 and ISO 45001 management standards for which ENKA is audited and certified.

In assessments that were carried out in the reporting period, there were sustainability-related risks identified in addition to legal, economic and political risks that stand out globally and regionally. The first one of these sustainability risks is the risks of climate change in terms of its probability and potential impacts. In this regard, ENKA has reviewed its environment management systems and maintained its commitment to reduce the use of natural resources and waste and to invest in renewable energy practices.

As a result of the increasing digitalisation and advances in technology, information security risks are also amongst the primary risk issues. In this context, ENKA completed the works for establishing an information security management system in line with the ISO 27001 standard and provided information security training to all its employees in 2019.

In the risk assessments carried out on the basis of regions operated, bribery and corruption risks and human rights risks were considered as prominent risks. With the Ethics and Compliance audits that started in 2019, ENKA is working towards to identify these risks early and eliminate them as much as possible. Besides, Ethics Hotline and the grievance mechanisms of the projects, which continue their activities, are also used as effective tools that are used to identify and manage risks in all these areas.



RESPONSIBLE SUPPLY CHAIN MANAGEMENT

ENKA ATTACHES GREAT IMPORTANCE TO EXTEND SUSTAINABILITY THROUGHOUT ITS VALUE CHAIN. IN THIS SENSE, ENKA CONSIDERS ITS SUPPLIERS AS IMPORTANT PARTS OF THE VALUE CHAIN AND INTENDS TO MAKE THE ENTIRE SUPPLY CHAIN A PART OF THE SUSTAINABILITY 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 compliance with ethical rules and to meet the requirements of responsible management. To this end, ENKA has developed a Supplier Code of Conduct to cover all its suppliers, subcontractors, service providers, consultants, dealers and business partners (altogether referred to as “Suppliers”) and it carries its sustainability practices into its supply chain through risk management, supplier selection and evaluation processes, audits, training and supplier communications activities.

The Corporate Supply Chain Department, which started its activities in 2018, focuses on extending the use of new-generation procurement methods and e-trade applications throughout the company and on improving the supplier pool and ensuring that its effective use by all procurement units. In addition, it continues to work on the functional management and auditing of procurement units.

ENKA Supplier Code of Conduct is available on the ENKA corporate website in four languages; English, Turkish, Russian and Arabic. Furthermore, all contracts signed with suppliers contain clauses obliging the firms and their employees to conduct their activities in line with the ENKA Supplier Code of Conduct and reserving ENKA's rights to carry out audits in this regard and to terminate the business relationship should the Code of Conduct be violated, including over issues of human rights and combating bribery and corruption. The ENKA Supplier Code of Conduct contains detailed information Compliance with the Law, Human Rights and Fair Working Conditions, Environment, Occupational Health and Safety and Security, Combating Bribery and Corruption or Preventing Uncompetitive Behaviour and the procedures to be applied in case of violation of the rules.

For more information, please visit:

► www.enka.com/allfiles/media/pdfs/ENKA_Supplier_Code_of_Conduct_en.pdf

All suppliers, service providers and subcontractors that have a business relationship with ENKA may convey their complaints, opinions and suggestions to ENKA through the procurement and subcontractor management units of the projects. They may also report any violations of ethics or obtain information regarding any ethical violation

through the Ethics Hotline, which was established in 2017 and provides services in four languages.

ENKA aims to expend its sustainable and responsible supply chain approach among the ENKA Pazarlama dealers, which are among its stakeholders. In February 2019, a sustainability workshop was held for ENKA Pazarlama dealers in order to communicate the ENKA Supplier Code of Conduct, including its sustainability policy and approach and anti-bribery and anti-corruption policy and to raise the awareness and consciousness of the participating firms on these issues. The workshop addressed priority topics such as compliance with the law, compliance with human rights, fair working conditions, anti-bribery and anti-corruption policies and practices, occupational health and safety, environmental management and the communication of the relevant practices to stakeholders. Information was also given

about sustainability audits. The workshop concluded with an introduction of ENKA's social responsibility projects and workshops on carbon and water footprint were organized for dealers.

ENKA also organized an event to inform suppliers operating in Kazakhstan, where the company has been operating for many years and will continue its large-scale projects during 2019-2020 period, about the requirements of ENKA's Supplier Code of Conduct and management systems. In the event, where companies operating in different fields attended, information regarding the practices and requirements of different ENKA units was provided and a special Supplier Code of Conduct training was included. At the end of the event, participants had the opportunity to ask their questions and share their opinions and suggestions about ENKA's supply chain processes.



SUPPLIER SELECTION

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 equally and in line with the procurement and supplier selection procedures prepared by 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 of all suppliers, service providers, subcontractors and other third parties with which business relations have been established. All information belonging to other firms is kept confidential in line with Information Security Management systems operated within 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.

As a result of the improvements made to the EGPS in the last weeks of 2018, it became possible for registered suppliers to be invited to take part in open tenders using EGPS. Suppliers that are invited to tenders can enter the portal using their own user information and to make their offers directly and they can access the details of tenders they have previously participated in on their home page. Furthermore, the questions and answers and other information correspondence throughout the tender process are shared with all suppliers in full transparency. Doing so, the tender process has been fully integrated with the online system and became fully traceable and transparent. In 2019, work continued on perfecting these applications based on feedbacks from suppliers and procurement units. The targets for the end of 2019 to carry out more than half of the total number of procurement transactions using electronic procurement methods and to use E-Tender applications for purchases of consumables and inventory items for Headquarters were achieved in 2019. As a 2020 target, it is aimed to place E-RFQ (electronic offer collection) and E-Tender applications in all purchases, including projects.

Before coming to an agreement with any supplier firm, ENKA's procurement units run a pre-qualification assessment. Among the criteria used in the pre-qualification assessment are the volume of goods and





services to be purchased, risk level, supplier assessment results, time and cost analysis, quality assessment analysis, environmental performance, the business experience of the supplier as well as the performance and attitude of the supplier with respect to ethics, compliance and sustainability.

In 2017, sustainability criteria were included both in the corporate procurement procedure and in the supplier pre-qualification and performance evaluation criteria. These have been used by all procurement units since 2017 and include the following main criteria:

- Health, Safety and Environment Management Systems
- Measurements for water consumption, carbon footprint and waste management
- Commitment to ethical conduct 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 employee rights and working hours
- Social responsibility projects
- Supplier's evaluation of its sub-suppliers on social and environmental compliance criteria

Considering the business lines and developing countries in which ENKA mainly operates, the selection of the suppliers to cooperate with is of great importance. Therefore, 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 grade. The categorisation guarantees outputs that provide the highest benefit and value added in keeping with requirements.

During supplier pre-qualification assessments, if the firm in question has previously done business with ENKA, its EGVN assessment scores and notes are checked and those firms which performed poorly or which violated the law, human rights, the rules for combating bribery and corruption or the ENKA Supplier Code of Conduct are not engaged. For firms that are planned to work for the first time, the "Restricted Party Screening" service is used to make use of the data of states (governments) and research institutions to check that the firm has not been on the blacklists and are legally eligible to work with.



Proterm Energy has been operating since 2002 in the fields of regular and emergency maintenance/repairs of power plants and industrial facilities and the turnkey delivery of electro-mechanical assemblies of power plant turbines and generators, auxiliary units for these systems and rotating equipment. The history of the company's cooperation with ENKA dates back to the start of commercial operation at ENKA's Adapazarı, Gebze and İzmir power plants in 2002-2003. Today, besides these power plants, we are also continuing to cooperate with ENKA through the services we offer in different sectors in Turkey and abroad.

For the 18 years since our foundation, we have maintained our business relationship with ENKA based on mutual satisfaction. At the time when we started to work with ENKA, the private sector was just starting to engage in power generation in Turkey. Throughout this period, in line with ENKA's policy of training up qualified personnel for the sector, the managers of the power plants have never made any distinction between their own employees and the employees of the subcontractor firms providing services at the plants, and have always stood by firms that offer quality services.

On account of the professional trainings provided by ENKA, particularly with respect to occupational health and safety, our employees have acquired experience and gained in confidence. As a result, they produced better work for the units in which they were employed. Thanks to the trainings provided and the experiences acquired, our company and our employees with whom we work have had the opportunities to do business for companies that were involved in power generation sector at a later stage and we have become a company that transfers trained and qualified workforce to the sector. Like ENKA, we are proud of the work of our engineers and other technical personnel who were working in our company and later, as is the reality of professional working life, started to work in different companies operating in Turkey and abroad.

The success story of our 18-year-old company sums up ENKA's mission very well. It is very difficult to explain this in just a few paragraphs. However, I would like to say that we have come to occupy an important place in the sector on account of the references that we have obtained while working for ENKA. In the field of energy, we are cooperating with the most respected equipment manufacturers in Turkey and abroad and thanks to the references we have obtained, we have taken our place among the companies that directly do business abroad. Consequently, we provide qualified workforce and equipment support to companies that generate energy and at the same time, we add significant value to our country with the services we provide.

The main target of both our managers and all our employees is to prevent any harm to our values we have whether with respect to occupational health and safety or to technical and commercial business ethics. In line with this target, we take pride in our references from ENKA.

■ Cemal Yücer

*General Manager
Proterm Energy Industry and Trade Inc.*

**FOR THE 18 YEARS SINCE
OUR FOUNDATION, WE
HAVE MAINTAINED OUR
BUSINESS RELATIONSHIP WITH
ENKA BASED ON MUTUAL
SATISFACTION.**

#GrowingBetterTogether



STAKEHOLDER
ASPECT

SUPPLIER ASSESSMENTS AND AUDITS

MONITORING AND EVALUATION OF SUPPLIER PERFORMANCE IS AMONG THE MOST IMPORTANT CRITERIA FOR A HEALTHY FUNCTIONING SUSTAINABLE SUPPLY CHAIN.



ENKA runs evaluation systems on electronic platforms to measure its suppliers' operational, scheduling, cost, quality, occupational health and safety, environmental, ethical and social performance.

In 2017, additional sustainability topics 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. In 2019, performance evaluations were carried out for a total of 1,438 firms. 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 2019, ENKA evaluated 24.4% of its suppliers in terms of Ethics, Human Rights, Combating Bribery and Corruption, OHS and Environmental and Social issues. 17.4% of the companies evaluated were in a class that was previously categorised as risky. As a result of this assessment, no cases of environmental or social non-compliance or violation of the law were encountered. It was decided not to work with three companies that did not meet the economic aspects of the evaluation criteria and four companies that underperformed as well as with a further two companies that did not meet the criteria related to the requirements of the Supplier Code of Conduct and these two companies were blacklisted in order to not to work with again.

Cimtas Ningbo audited 14% of its suppliers during the reporting period and following these audits, it decided to stop working with 17 suppliers as a result of their evaluation of environmental, OHS and social and ethical issues.

The sustainability audits started in 2018 for suppliers that have strategic importance for ENKA, continued in 2019. In these audits, carried out by the Corporate Sustainability Department, three companies were visited and ethics and compliance, human rights and employee rights, combating bribery and corruption, social compliance, occupational health and safety and environment topics were focused on. During these audits that took place in the reporting period, no cases of child labour or forced labour were encountered and no cases of corruption were identified. In the light of these audits, the areas that need to be improved were identified and the necessary corrective and sustainable action plans were prepared by the suppliers and they were conducted in line with these plans. In this way, it was intended to contribute the improvement in the existing systems of suppliers.

According to the section 7 of the ENKA Supplier Code of Conduct; Human Rights and Fair Working Conditions, all suppliers and service providers having a business relationship with ENKA have to respect the rights 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 or engage in collective bargaining were encountered at supplier companies and no reports, complaints or denunciation about such an issue were received. Similarly, no cases of child labour or forced labour were encountered at supplier companies during the reporting period and no reports, complaints or denunciation were received in this matter.

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 termination of contract may be enforced.



In 2019, ENKA evaluated 24.4% of its suppliers in terms of Ethics, Human Rights, Combating Bribery and Corruption, OHS and Environmental and Social issues.

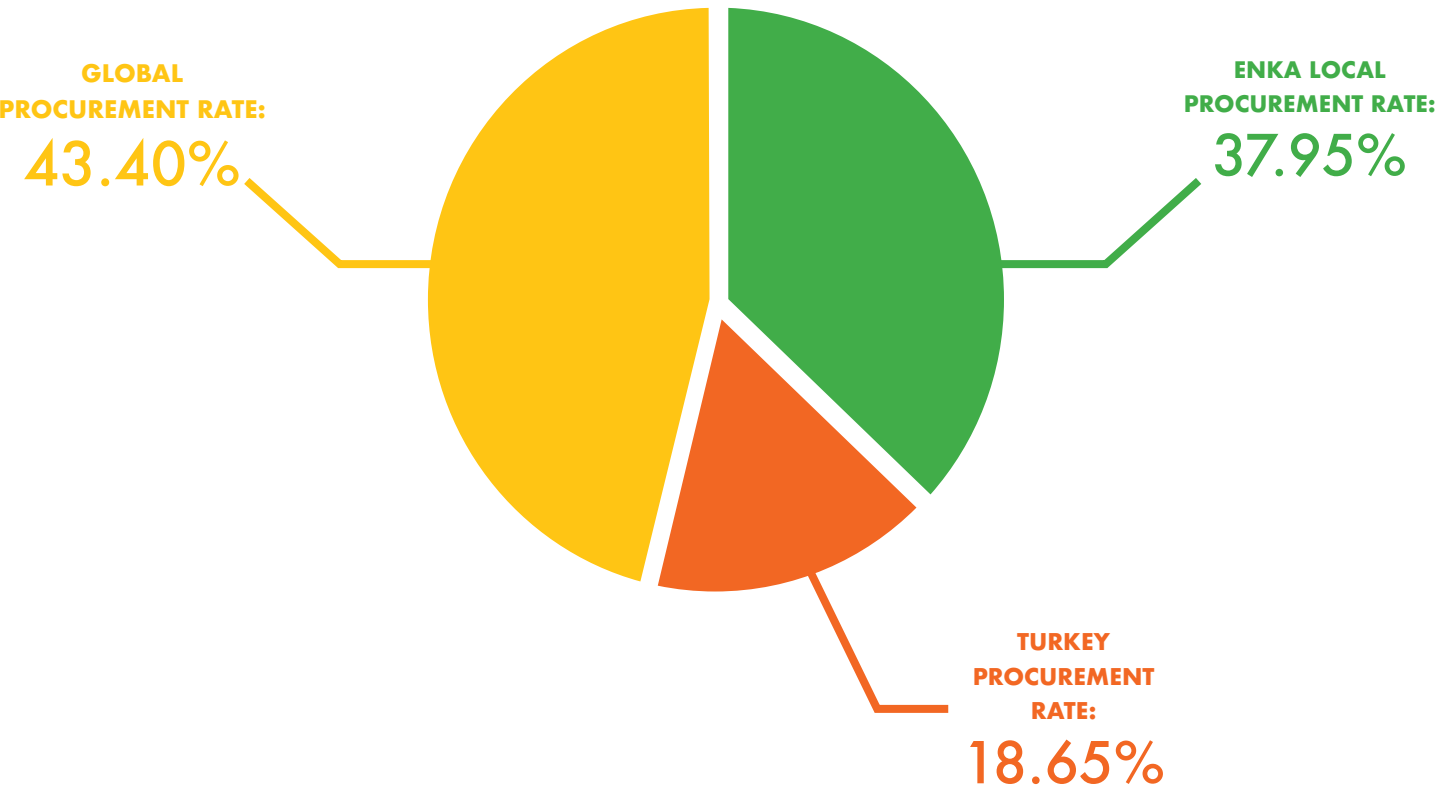
LOCAL PROCUREMENT

In the 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 ratio of goods and services was 37.95%. In addition, 18.65% of procurement was sourced from Turkey.

Procurement Distribution



ENKA’s direct contribution to the local economies in the countries where it carried out the highest amounts of local procurement is shown in the table below.

Direct Contribution to Economies with Highest Value of Local Procurement

| COUNTRY | TOTAL LOCAL PROCUREMENT VALUE |
|------------|-------------------------------|
| Russia | >USD 82 million |
| Iraq | >USD 59 million |
| Kazakhstan | >USD 25 million |

LOCAL PROCUREMENT RATES BY PROJECT

As part of ENKA’s sustainability strategy, all ENKA subsidiaries prioritise local firms for purchases if the relevant technical conditions and standards are met. In 2019, the local procurement rate was 96% at ENKA Power, 47% at ENKA Pazarlama, 92% at ENKA Systems; among the subsidiaries operating in Russia, this rate was 100% at MKH, 100% at MOSENKA, 97% at OMKH, 99.8% at ENKA TC, 100% at ENKA Invest, 100% at CCI and 78% at Cintas Ningbo, operating in China.

Local Procurement Rates at ENKA İnşaat Projects

| PROJECT NAME | LOCAL PROCUREMENT RATE |
|--|------------------------|
| Dhi Qar 750 MW Combined Cycle Power Plant | 32.04% |
| FGP 3GP Project | 19.82% |
| Kashirskaya Project | 95.74% |
| Kosovo Route 6 Project | 81.39% |
| Nizhnekamsk Combined Cycle Power Plant | 44.57% |
| Basra Umm Qasr Project | 65.04% |
| Samawa 750 MW Combined Cycle Power Plant | 35.68% |
| South Caucasus Pipeline Expansion Project (SCPx) | 92.92% |
| Kazan TAIIF Business Centre Project | 98.85% |
| Tengiz Projects | 83.34% |
| West Qurna 1 IOT Project | 71.56% |



“BASED ON MY PERSONAL EXPERIENCE, WORKING WITH ENKA HAD A GREAT IMPACT ON OUR COMPANY WITH RESPECT TO SAFETY STANDARDS, PROFESSIONALISM AND ECONOMIC ASPECTS.”



We have started our business relationship with ENKA in 2011 by supplying high quality concrete for ENKA's Kosovo Motorway Project.

Based on my personal experience, working with ENKA had a great impact on our company with respect to safety standards, professionalism and economic aspects.

ENKA has contributed to our development as a company. During our collaboration we have gained experience in the most important fields such as occupational health and safety and also now after 9 years of cooperation we have increased the number of employees by 35% which is a great number considering our country's economy.

During ENKA's project activities in Kosovo we always had equal opportunities with other local suppliers. I believe this is a key point of doing business ethically; all suppliers were informed about their rights and expected standards and we were equal while being evaluated against these standards.

ENKA's existence in Kosovo has also developed the labor standards and the industry in here. Now we have a labour force that acts more professional, well-trained and follow the safety standards.

■ Zeqa Bakolli
Construction Manager
FITORJA LLC

#GrowingBetterTogether



STAKEHOLDER
ASPECT

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 ORGANISATIONAL 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 FOR THE FIRST TIME BY THE BRITISH STANDARDS INSTITUTE (BSI) SINCE 2001. 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.





The National Aerospace and Defense Contractors Accreditation Program (NADCAP) is a certification that demonstrates the conformity of the specific processes managed by companies as part of their manufacturing activities to aviation industry standards. Çimtaş Precision Machining has completed the NADCAP certification process for five special processes (NDT, Shotpeen, Heat Treatment, Welding, and Coating). As a result, Çimtaş Precision Machining has become the first company in Bursa and the 27th in Turkey that is certified by NADCAP.

HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES

AS A REQUIREMENT OF THE ENKA QUALITY MANAGEMENT SYSTEM, THE HEALTH AND SAFETY IMPACTS OF PRODUCTS AND SERVICES ARE CONTINUOUSLY ASSESSED.

ENKA İnşaat has carried out some exemplary work in this regard. Some of the most important products of ENKA are the infrastructure, building and industrial projects for which it has carried out the entire engineering, procurement and construction works. The health and safety impacts of these projects are assessed beginning from the design phase and then consecutively through the construction, pre-commissioning (testing) and commissioning phases.

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 recognised 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 methods.

For detailed information, please visit: ► www.enka.com/corporate-groups/quality-integrity/

For ENKA's Quality Policy, please visit: ► www.enka.com/allfiles/media/posters/QUALITY_POLICY_ENG.pdf

QUALITY MANAGEMENT AT ÇİMTAŞ

Çimtaş Management Systems consist of the systems established to manage and sustain company's design and engineering, occupational health and safety, environment, energy and information security management systems. In the context of its management systems, Çimtaş places great importance on preventing errors, on identifying any errors on site monitoring and preventing them from being passed on to the subsequent operation and on ensuring that quality requirements are met and customer satisfaction is achieved in all its operations from the production process right through to the delivery of the product.

Çimtaş's aim of becoming the leading company in its sector has led to the formation of Çimtaş Management Systems and resulted in obtaining a total of 26 national and international certificates.

Çimtaş's management system certificates may be found at: ► www.cimtas.com/en/about-us/certification-2-2/

For more information on Çimtaş Quality Policy, please visit: ► www.cimtas.com/en/departments/quality/quality-and-customer-satisfaction-policy/

INTEGRATED BUSINESS MANAGEMENT TOOLS

In order to run its activities more efficiently and effectively and to guarantee the quality of the goods and services it 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.



CUSTOMER SATISFACTION

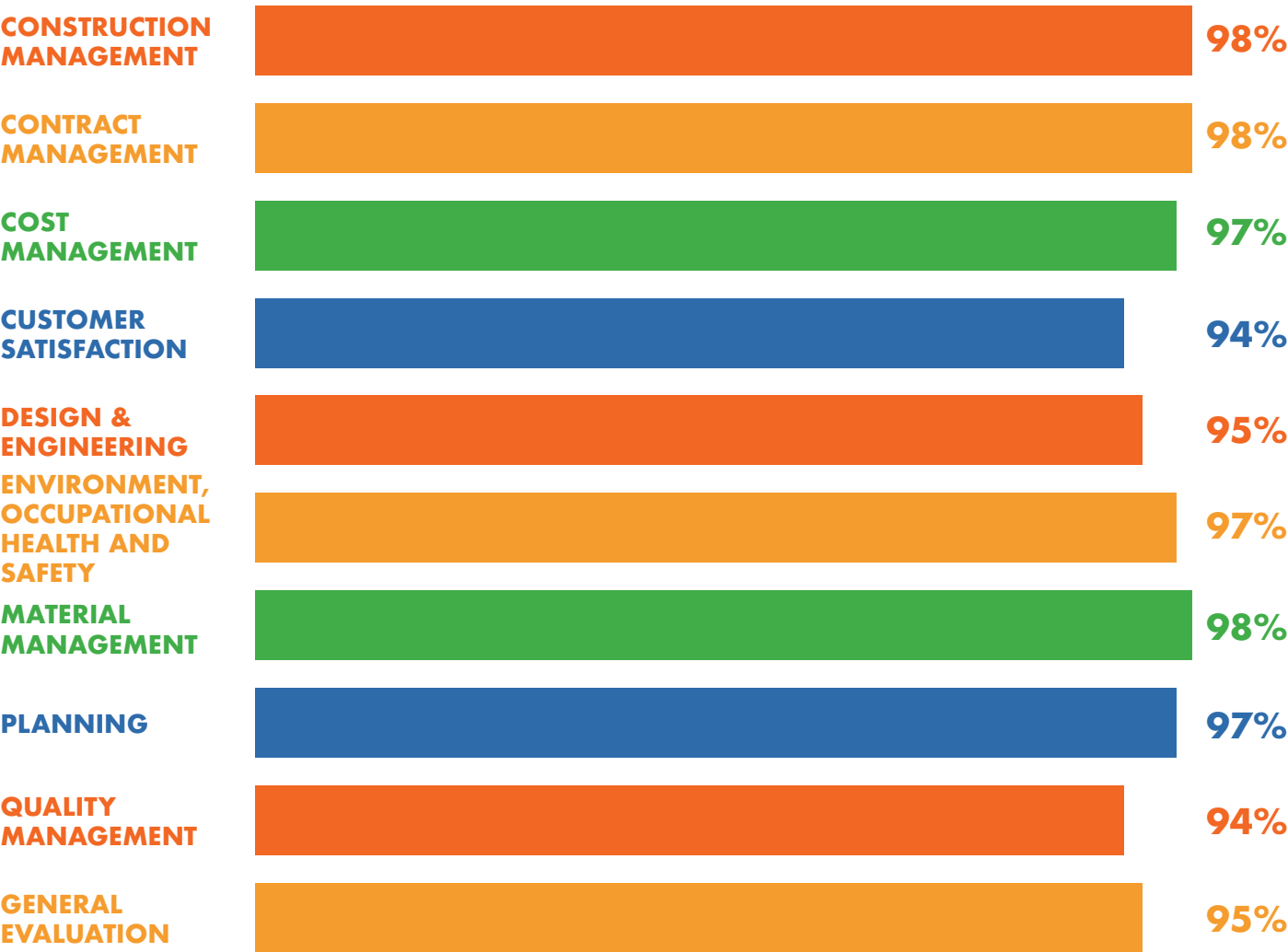
MAINTAINING CUSTOMER SATISFACTION OVER THE LONG TERM AND ESTABLISHING SUSTAINABLE RELATIONS WITH THEM IS ONE OF ENKA’S PRIORITIES. ENKA DEMONSTRATES THIS CLEARLY WITH CORPORATE QUALITY POLICY’S FIRST ARTICLE, WHICH IS NAMED “CUSTOMER FOCUS AND FEEDBACK”.

ENKA regards the “Customer Satisfaction Surveys”, which are conducted in line with its customer-oriented approach, as one of the most important mechanisms for stakeholder feedback. The Customer Satisfaction Surveys are conducted following the completion of projects and the results are treated as important data for use in improving processes and performance, updating systems and developing action plans.

Along with the project evaluations as a whole, “Customer Satisfaction Monitoring” procedure is also followed which enables the analysis of views and expectations of customers concerning each of the various items of work conducted under the project more clearly. This procedure, which is generally applied when a project has reached the completion stage, has come into use for ongoing projects in line with the goal of identifying the necessary improvements while the project is still continuing and delivering the project with maximum customer satisfaction.

During the reporting period, ENKA conducted customer satisfaction surveys for a total of four projects, including two that were still on-going. As a result of these surveys, the overall degree of customer satisfaction was found to be 96.3%. The results of the customer satisfaction surveys are presented in greater detail in the graph below.

■ ENKA İnşaat 2019 Customer Satisfaction Survey Results



CUSTOMER SATISFACTION AT ÇİMTAŞ

Çimtaş implements and continuously improves its Customer Satisfaction Management System with its “Customer Oriented” approach in all its activities in line with its mission, vision and values. Accordingly, Çimtaş has been certified to demonstrate that it is implementing all the requirements of ISO 10002 Customer Satisfaction Management System for defining methods to measure customer satisfaction, assess the results, specify the procedures to be followed in response to complaints and expressions of satisfaction, and determine the root causes of complaints and the corrective actions to be taken.

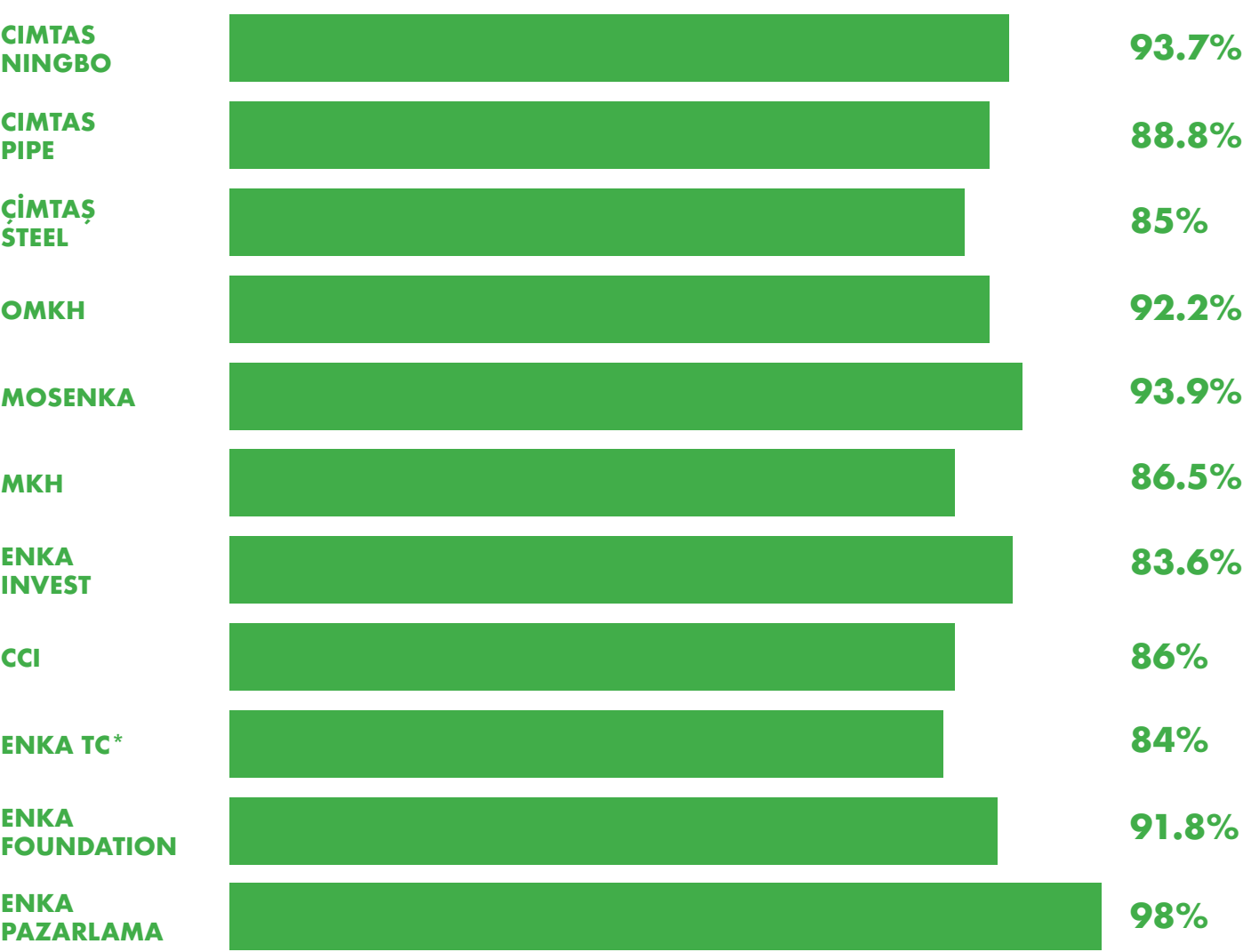
For Çimtaş’s Quality and Customer Satisfaction Policies, please visit:
www.cimtas.com/en/departments/quality/quality-and-customer-satisfaction-policy/

CUSTOMER SATISFACTION AT ENKA SYSTEMS

With the software it develops in line with its adopted “Unconditional Customer Satisfaction” policy, ENKA Systems provides services that meet the needs of construction companies and companies in other sectors that conduct multi-national and large scale operations. ENKA Systems 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 lifetime of its products.

The results of the customer satisfaction surveys carried out by ENKA subsidiaries in 2019 are shown in the graph below.

■ ENKA Group Companies Customer Satisfaction Rates (%)



* For ENKA TC, the 2018 survey was carried out in Kashirskaya Plaza using internal resources while the 2019 results were based on a survey conducted in the Vernadskogo Shopping Mall by an independent survey company.



“ WE HIGHLY VALUE ENKA AS A RELIABLE AND PROFESSIONAL BUSINESS PARTNER COMMITTED TO HIGH ETHICAL STANDARDS. ”

We’ve been working with ENKA since 1997 in the area of real estate, construction and building maintenance in Moscow. Since 1998 we have been expandingly leasing space in the Riverside Towers business center operated by a subsidiary of ENKA - Moskva – Krasnye Holmy, LLC, for SAP Russia and CIS Moscow office and in the recent years for our innovative Digital Leadership Center SAP.

We highly value ENKA as a reliable and professional business partner committed to high ethical standards. I am happy to work with ENKA and deliver high level services to SAP employees.

SAP approaches corporate social responsibility strategically in order to ensure a sustainable future for society, our customers, and our company. In our striving to enact positive social change through economic growth, job creation, innovation, and community, we found a committed partner in ENKA, willing to help the world run better and improve people’s lives. ENKA has contributed a lot into creation of the professional and comfortable environment of the office premises. With ENKA’s help we are implementing the most advanced technologies and innovations in the field of office fit-out allowing us to develop and improve our services.

Together with ENKA, as part of a comprehensive environmental policy, we are promoting separate waste collection and batteries, bottle caps and paper recycling. For SAP employees using bicycles, MKH provides bicycle parking in the business center, as well as eco-parking for our corporate vehicles. Together, every year we participate in the Earth Hour event to draw attention to the importance of using the world’s natural resources responsibly.

Charity is one of the most important activities of our company. Since 2016, Moskva – Krasnye Holmy participates in the regular annual charity event Run Live. Run with SAP organized by SAP and charity fund “Arifmetika Dobra (Arithmetic of Good), that raises funds for charity programs for orphanage children

in various regions of Russia. This year MKH supported the fund by buying Christmas cards. We regularly place clothes and meals charity boxes on the specified places of the business center with the assistance of MKH.

Together with ENKA, our progress is visible and highly appreciated.

■ Elena Schelchkova
Head of Facility in Russia and CIS
 SAP CIS

#GrowingBetterTogether



STAKEHOLDER
ASPECT

INNOVATION AND R&D

ENKA OPERATES WITH THE MISSION OF DESIGNING AND EXECUTING CONSTRUCTION PROJECTS THAT ARE SAFE, IN LINE WITH STANDARDS, HIGH QUALITY AND AT SUITABLE COST AND WITH THE VISION OF BECOMING ONE OF THE BEST AND MOST INNOVATIVE GLOBAL ENGINEERING AND CONSTRUCTION COMPANIES THAT PROVIDE SERVICES GLOBALLY.

In order to maintain its long lasting culture of design and innovation and to bring together the design and engineering activities executed with its experienced team under an umbrella department, ENKA established the Design Centre at its 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 in three different areas operate within the ENKA Design Centre:

■ Energy Engineering Design Group

■ Civil Engineering Design Group

■ Architectural Project Design Group

During the reporting period, the ENKA Design Centre carried out a total of 15 design projects. Seven of the projects were completed within the reporting period, and the remaining eight projects are still ongoing. ENKA allocated a total budget of TL 57,020,000 for the projects managed by the Design Centre and this budget was financed entirely by internal resources.

ENKA is well aware that its employees are the prime factor for integrating contemporary scientific and technological developments to the processes of the company. It therefore supports the participation of its Design Centre employees, consisting of 157 personnel, of which 111 are designers, in various conferences, symposiums and training activities. Accordingly, in 2019, Design Centre personnel participated in 8 conferences, 4 symposia and 26 training activities with a total of 175 personnel.

INNOVATION AND R&D AT ÇİMTAŞ

In its second year as an R&D Centre, Cimtaz Pipe worked on 17 different projects with a multidisciplinary team of 44 employees including mechanical, chemical, civil, electrical-electronic, metallurgical, material, computer and industrial engineers. In the R&D projects of Cimtaz Pipe, the total R&D budget of which reached 662,950 Euros; the design and development of process, piping equipment and systems for energy, petrochemical plants, mega and specialised structures; the development of processes, methods, production methods and device design for emergence of innovative products, software development focused on Industry 4.0, digitalization and efficiency improvement tasks were completed.

Çimtaş Steel completed its third year as an R&D centre and carried out ten different R&D projects with a total R&D budget of TL 11,485,680 with its 42 employees.

On the other hand, Çimtaş Precision Machining came to the forefront in R&D studies with 4 projects that were supported by TÜBİTAK in 2019.



TÜBİTAK-1501: DEVELOPMENT OF WROUGHT TITANIUM ALLOY AIRCRAFT PART (SPAR) PROTOTYPE AND OPTIMIZATION OF THE MANUFACTURING PROCESSES

In line with its sustainable growth strategy for producing aircraft engine and body parts, Çimtaş Precision Machining has competitive strengths in the fields of modelling, process development and manufacturing management. GE wishes to set up new sources of suppliers in order to increase its competitiveness in production of aerospace parts therefore is considering demands from national and international markets. The main purpose of the project is the manufacture of a prototype spar fitting to be used in the fuselage of the Boeing 737 Max aircraft. In the context of this central goal, it is anticipated that technical and technological know-how will be acquired in the structure and processability of Titanium-Ti6Al4V materials, which will be used for the first time, and in related manufacturing techniques (processing, deburring, etching, NDT).

INNOVATION AND R&D AT ENKA SYSTEMS

ENKA Systems was certified as an "R&D Centre" by the Ministry of Science, Industry and Technology on December 8th, 2017 in accordance with the terms of the "Implementation and Control Regulation on Support of Research, Development and Design Activities".

The first R&D projects to be developed at ENKA Systems and approved by the Ministry were the BIM-Supported Document Management System and the Artificial Intelligence-Supported Procurement Management System. ENKA Systems is currently carrying out five different R&D projects with a total budget of more than 7 million TL.

Machinery and Equipment Management System, Human Resources Management System and Occupational Health, Safety and Environmental Management System projects which were developed by ENKA Systems have also been submitted as R&D projects. The software tools developed by ENKA Systems are as follows:

- Document Management System (EDMS)
- Global Procurement Management System (EGPS)
- Occupational Health, Safety and Environment Management System (EHSE)
- Welding Management System (EGWM)
- Project Management and Completion System (EPCS)

In 2019, ENKA Systems signed a cooperation agreement with Özyeğin and Marmara universities for cooperation in the areas of R&D activities and scientific and technological studies. In addition, a consultancy agreement has been signed with Marmara University for the provision of academic support for R&D projects being developed at ENKA Systems and the submission of national and international project applications.



OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM (EHSE)

The development of the EHSE project began in 2018 and the system provides a solution for keeping records and reporting on occupational health, safety and environment. As of July 2018, Environment and Occupational Safety (Accident) modules were offered to the end-users and Health, Reporting and Dashboard modules were completed in 2019 and software was able to provide the outputs that were targeted at the beginning of the project. As of the end of 2019, the EHSE was adopted in all ENKA's active projects as the tool used for maintaining health and safety and environmental records and generating the necessary outputs for official reports.

The Health Module completed in 2019, retains records on the health, infirmary visits and prescription records of all employees as well as information on the medicines in the site polyclinic, the available stocks and consumption levels. It also makes all necessary calculations in these respects.

Using the Reporting Module, which was completed in the same year, special reports have been prepared that serve as the basis for all the reports and documents that have to be submitted to official authorities regarding environmental and occupational health and safety records and pivot reports have been developed enabling all the information needed at a certain point to be retrieved and calculated as required.

The Dashboard Module makes use of widgets on a screen to make it easier for users to view those reports which they are permitted to access in line with their authorisations. As soon as users enter the application, the module provides them with an overview of the projects with which they are responsible and authorised. The module has been designed to provide access to almost all of the reports defined in the EHSE by using a wide range of filter options.

ISO/IEC 27001 INFORMATION SECURITY MANAGEMENT SYSTEM

All the processes, information and employees within the design and engineering, procurement and supply chain management, HSE, quality management, sustainability, machinery and equipment management, corporate communications, human resources and administration, information technologies, finance, accounting, financial control, exports and investor relations and legal departments at ENKA İstanbul Headquarters conduct their activities in accordance with the ISO/IEC 27001 Information Security Management System (ISMS) standard.

While conducting all its activities in the light of company's mission, vision, values and strategic direction; ENKA Senior Management is committed to protect information assets, meet information security requirements and expectations in accordance with international standards and improve information security performance by systematically managing its risks in order to ensure security of ENKA's organisational knowledge. Within this context, in order to ensure that business processes are managed and implemented on this basis, an Information Security Committee has been established reporting to the President and Chairman of the Executive Committee of ENKA and an infrastructure has been created in line with corporate policies and procedures, the company's mission, vision and values, its information security goals and the ISO 27001 ISMS standard. All ENKA employees and relevant third parties are expected to comply with the ISO 27001 processes and the related laws and regulations.

The following Information Security Goals have been adopted with the aim of ensuring that the established system remains effective:

- Developing technological infrastructure and maintaining business continuity,
- Integration of information security in business processes,
- Determining business risks related to information security,
- Increasing employees' awareness and motivation regarding information security,
- Establishing an internal information security organisation within the corporation and
- Improving ENKA managed services and ensuring continuity of its security.

Management of Information Security Violations

ENKA's policies and procedures require all security violations that could be detrimental to the confidentiality, integrity and accessibility of information, to be reported. Violations of information security can be reported by all ENKA employees and relevant stakeholders. The person who notices the violation may report it by calling the ENKA Ethics Hotline (+90 212 376 1010) or filling in a violation form and submitting it to the Information Security Management System Administrator by email, by telephone or in person.



ENKA GROUP

ENKA 2027 SUSTAINABILITY GOALS

We will conduct Environmental, Ethics, Human Rights, Social and Occupational Health & Safety audits on 10% of suppliers that provide project materials, and are audited by independent third party companies which ENKA also works with, by 2027.

We aim to provide Ethics and Human Rights training to 100% of our white collar and 90% of our blue-collar employees by 2027.

We aim to increase our customer satisfaction rate for all group companies to 95% by 2027.

We aim to carry out at least one audit every year at every subsidiary and project to prevent corruption and bribery.

We aim for all students at ENKA Schools to participate in at least one social responsibility project every year.

We aim to continue organizing "ENKA Schools Sustainability Meetings" annually while also broadening its scope.

We will continue undertaking joint works with teachers at ENKA Schools to increase sustainability awareness.

We aim to win awards at national and international competitions in sports and arts with ENKA Schools.

ENKA SCHOOLS

2018

In 2018, ENKA evaluated 9.82% of its suppliers in terms of Ethics, Human Rights, Combating Bribery and Corruption, OHS, Environmental and Social issues. Sustainability audits took place at 1% of suppliers.

In 2018, special training sessions were provided on Ethics and Human Rights for 7% of our employees. 7.14% of white-collar employees have received training on ethics and human rights in working life.

91.91%

One audit took place at each project. 7.1% of subsidiaries were audited.

Target met

Target met

Target met

Target met

2019

In 2019, ENKA evaluated 24.4% of its suppliers in terms of Ethics, Human Rights, Combating Bribery and Corruption, OHS, Environmental and Social issues. Sustainability audits took place at 1% of suppliers.

In 2019, 28.7% of all ENKA group employees, 55% of white-collar employees, 20% of blue-collar employees completed ENKA Code of Conduct and Human Rights training.

90.52%

One audit took place at each project. 78% of subsidiaries were audited.

Target met

Target met

Target met

Target met