

## SUSTAINABILITY MANAGEMENT AT ENKA

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

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

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

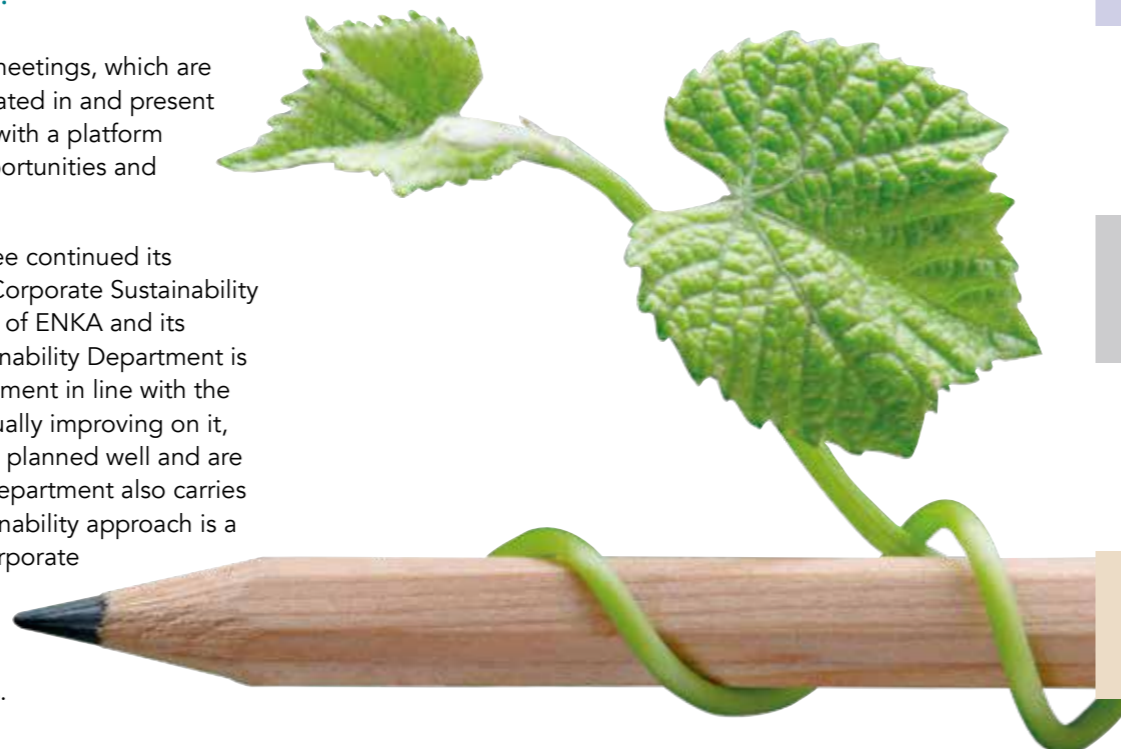
ENKA Sustainability Committee meetings, which are held regularly, are widely participated in and present all subsidiaries and departments with a platform providing equal participation opportunities and right to speak freely.

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

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

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

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



## SUSTAINABILITY POLICY

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

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

**2**

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

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

**4**

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

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

**6**

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

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

**8**

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

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

**10**

## SUSTAINABILITY STRATEGY

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



### ENKA,

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

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

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

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

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

### ENKA,

PROTECTS THE HEALTH AND ENSURES THE SAFETY OF ITS EMPLOYEES AND ITS SUBCONTRACTORS' EMPLOYEES. WORKS TO INCREASE EMPLOYEE LOYALTY AND ACTIVE ENGAGEMENT OF THE EMPLOYEES IN DECISION-MAKING MECHANISMS. INVESTS IN THE TRAINING AND DEVELOPMENT OF ITS EMPLOYEES AND PROVIDES THEM WITH EQUAL OPPORTUNITIES FOR TRAINING AND DEVELOPMENT.

SEEKS TO GENERATE AWARENESS OF SUSTAINABILITY AMONG ITS EMPLOYEES.

### ENKA,

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

CONTRIBUTES TO THE DEVELOPMENT OF THE ENGINEERING PROFESSION IN ALL REGIONS OF THE WORLD IN WHICH IT OPERATES. SUPPORTS THE GROWTH OF A RESPONSIBLE GENERATION BY SPREADING AWARENESS OF SUSTAINABILITY IN ITS SCHOOLS.

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

### ENKA,

MEASURES AND REPORTS ON ITS ENVIRONMENTAL IMPACTS, SETS TARGETS AND AMELIORATES THEM. CARRIES OUT IMPROVEMENTS TO REDUCE ITS CARBON AND WATER FOOTPRINTS AND ENSURES ENERGY EFFICIENCY.

DEVELOPS AND IMPLEMENTS ENVIRONMENT-FRIENDLY BUILDING SOLUTIONS.

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

**STAKEHOLDER ENGAGEMENT AND SURVEYS**

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

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

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

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

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

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


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

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

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

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

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

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



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

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

### ENKA's Membership Affiliations

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

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

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

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

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

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

### MEMBERSHIPS OF ENKA İNŞAAT AND ITS SUBSIDIARIES

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

MEMBERSHIPS OF ENKA İNŞAAT AND ITS SUBSIDIARIES

Organisations ENKA Pazarlama is enrolled in	Organisations ENKA TC is enrolled in
Turkish Construction Equipment Distributors' and Manufacturers' Association (İMDER)	Russian Council of Shopping Centers (RCSC)
The Material Handling, Storage & Industrial Equipment Association of Turkey (İSDER)	US Green Building Council (Gold) (USGBC)
Foreign Economic Relations Board of Turkey (DEİK)	Green Building Council Russia (Premium) (RUGBC)
Statistical Institute of Turkey (TÜİK)	Moscow Investors Club
İstanbul Chamber of Commerce (İTO)	Organisations ENKA Schools Adapazarı is enrolled in
Organisations ENKA Foundation is enrolled in	Eco-Schools
Third Sector Foundation of Turkey (TUSEV)	White Flag
Turkish Marine Environment Protection Association	The International Baccalaureate Organisation (IBO)
Mediterranean Opera and Ballet Club Association (AKOB)	Organisations ENKA Schools İstanbul is enrolled in
Organisations ENKA Power is enrolled in:	Eco-Schools
İstanbul Mineral and Metals Exporters' Association	The International Baccalaureate Organisation (IBO)
Organisations CCI is enrolled in	Round Square
CRE Russia (Commercial Real Estate)	New England Association of Schools and Colleges (NEASC)
BREEAM In-Use	Council of International Schools (CIS)
Organisations ENKA Systems is enrolled in	Duke of Edinburgh Programme
Turkey Software Industrialists Association (YASAD)	World Wildlife Fund (WWF)
İstanbul Chamber of Industry	Organisations ENKA Schools Kocaeli is enrolled in
İstanbul Mineral and Metals Exporters' Association (İMMİB)	Ministry of Education School Democracy Assembly
Organisations MKH is enrolled in	
Association of European Businesses	

SUSTAINABILITY PRIORITISATION PROCESS AND STAKEHOLDER PARTICIPATION

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

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

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

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

WORKSHOPS AND SURVEYS CONDUCTED (2017)

Method	Stakeholder Group	Number of participants
Workshop	Senior Management	42
	Employees Group 1	27
	Employees Group 2	25
	Suppliers	10
	Non-Governmental Organisations and Professional Organisations	11
	Çimtaş	30
<b>Total</b>		<b>145</b>
Survey	Customers	15
	Sales Representatives	6
	Suppliers Group 1	3
	Suppliers Group 2	39
	Employees Group 1	10
	Employees Group 2	48
<b>Total</b>		<b>121</b>
Overall Total		266

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

ENKA'S SUSTAINABILITY GOALS

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

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

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