

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

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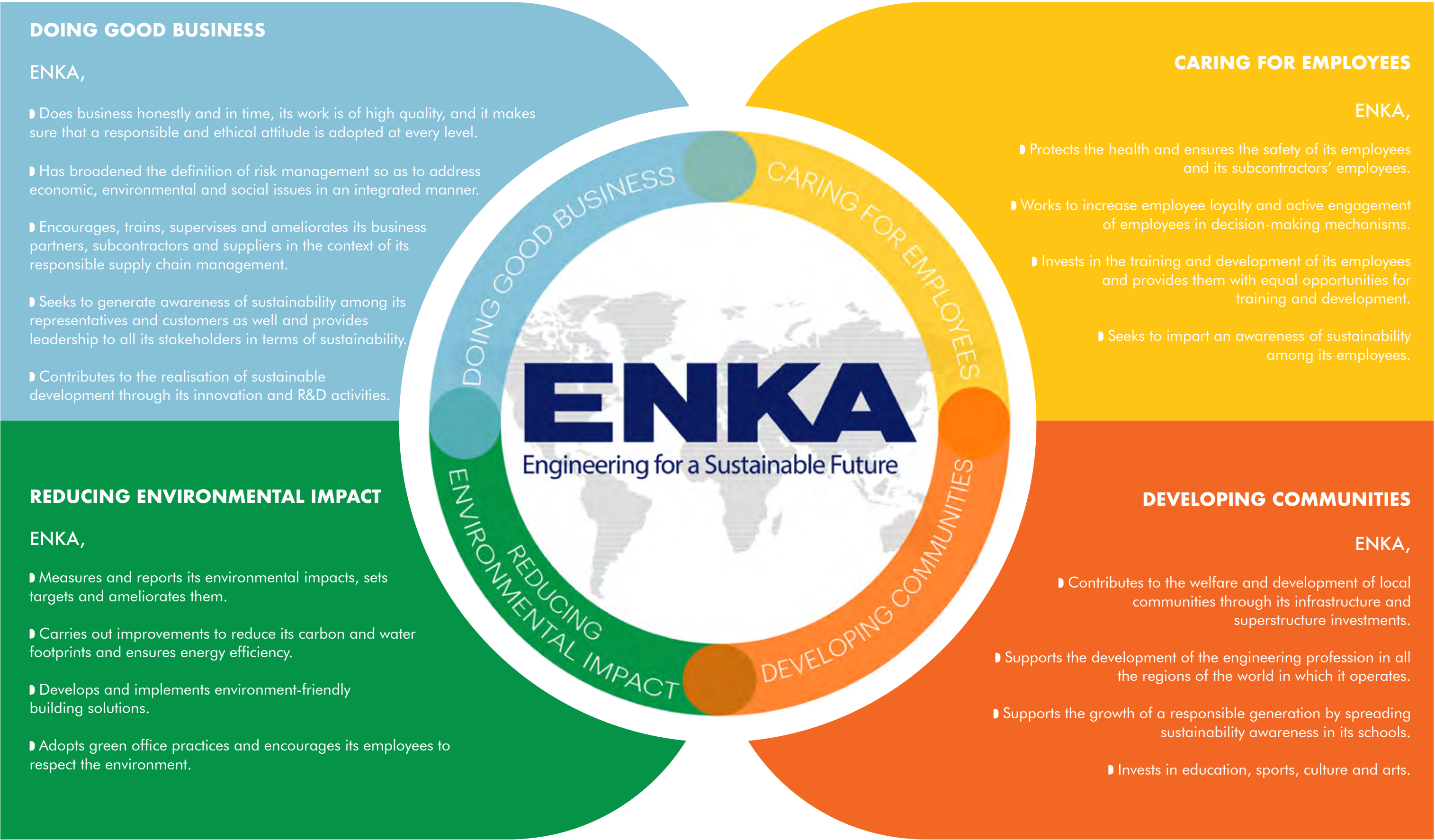
WE SUPPORT THE FIGHT AGAINST CLIMATE CHANGE AND HELP PRESERVE NATURAL RESOURCES.

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

EMPLOYEES

(ENKA employees and other workers performing duties for ENKA)

CUSTOMERS

(Investors, Project Owners, etc.)

BUSINESS PARTNERS

(Suppliers, Subcontractors, Manufacturers, Joint Ventures, Third-Party Auditing Firms, Insurance Companies, Logistics Firms, Service Providers, Consultancy Companies, Distributors, etc.)


COMMUNICATION PLATFORM

FREQUENCY OF COMMUNICATION

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
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
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.

