

ETHICS AND COMPLIANCE

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

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

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

TEİD MEMBERSHIP

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

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

ENKA CODE OF BUSINESS CONDUCT

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

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

ENKA SUPPLIER CODE OF CONDUCT

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

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

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

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

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

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

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

EXECUTIVE ETHICS AND COMPLIANCE COMMITTEE

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

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

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

ENKA ETHICS HOTLINE

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

For more information on Ethics Hotline, please visit:

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

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

INTEGRITY MATTERS. DO THE RIGHT THING.
speak up!



Ethics Hotline

+90 (212) 376 10 10

Confidential

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

for more information:

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



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

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

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

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

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

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

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

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

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

HUMAN RIGHTS ASSESSMENT

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

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

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

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

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

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

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

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

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



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

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

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

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

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



Kashagan Oil Field Development

ÇİMTAŞ PRACTICES

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

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

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

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

PREVENTION OF CORRUPTION AND UNFAIR COMPETITION

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

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

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

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

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

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

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

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

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

SENIOR MANAGEMENT UNITS TRAINED IN ANTI-CORRUPTION

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



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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

Onur Kaya
Director of Quality, HSE & Integrity

