

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.

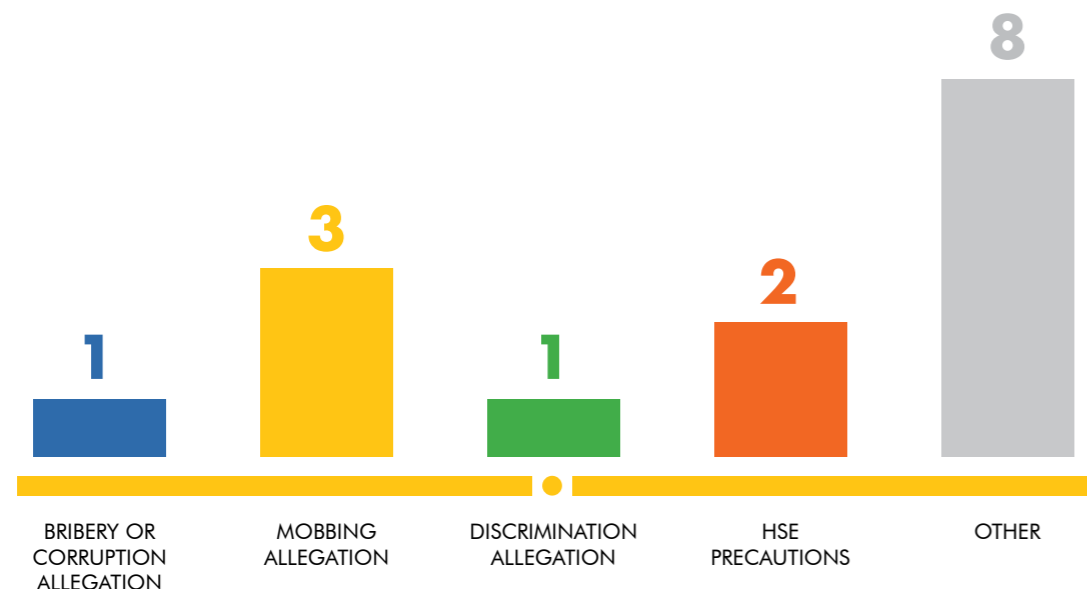
In 2019, the Ethics Hotline received calls on various subjects from employees of ENKA and its subsidiaries, former employees, employees of subcontractors and suppliers. Most of these calls were made for the purposes of obtaining information and on subjects not relevant to Ethics Hotline field of application. 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.

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.

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/>



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

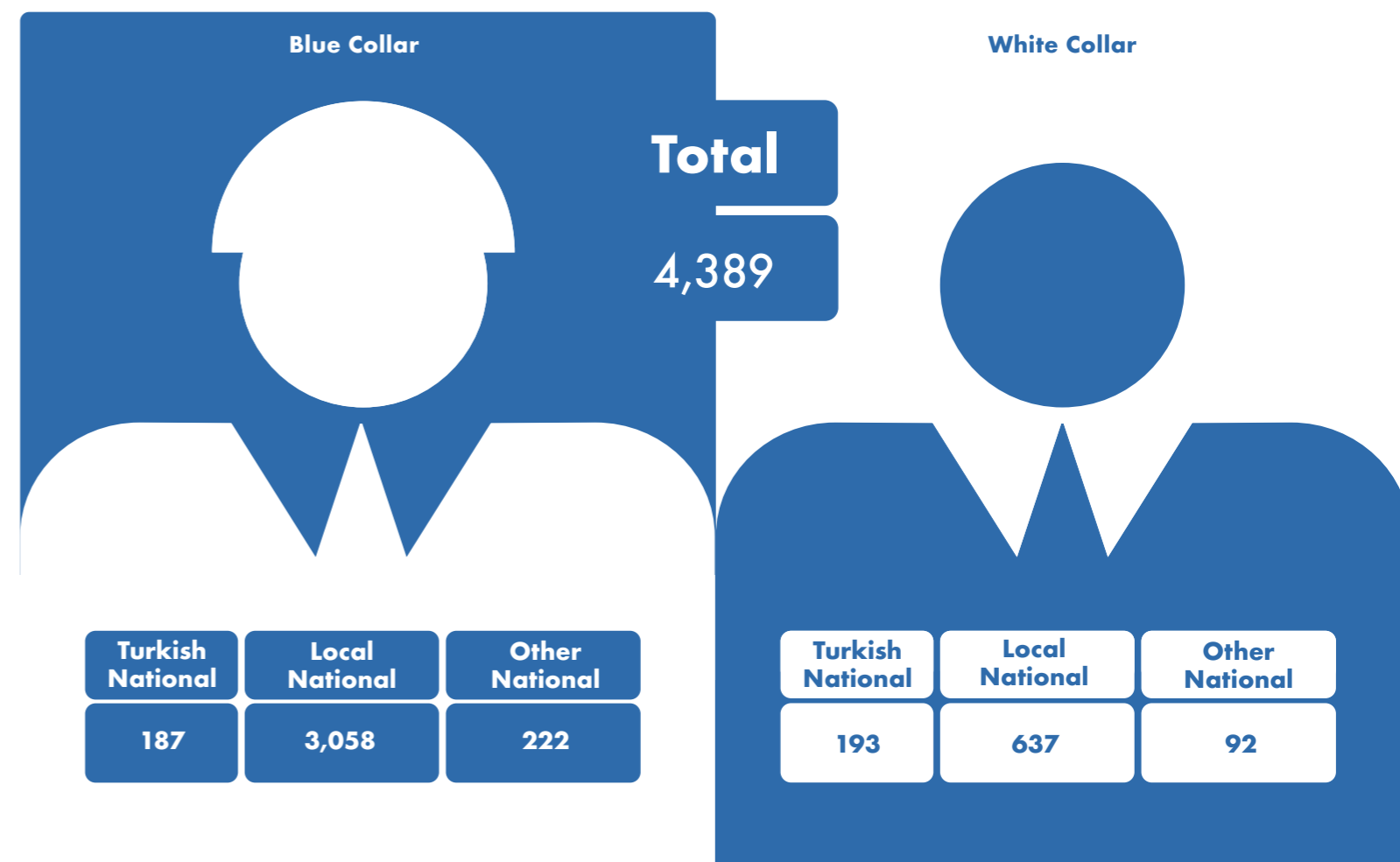
labour. Suppliers are audited through the Supplier Sustainability Audits. Furthermore, controls are also carried out during routine audits by the project Quality and HSE units.

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



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



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.