



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.

