

Ethics And Compliance

Ethics is one of ENKA's basic values and the principle of "No concessions on integrity, honesty and fairness" is an unwavering element of ENKA's culture. ENKA's employees have adopted global standards for interacting ethically with employers, suppliers and subcontractors, communities, other colleagues and competitors, and are obliged to make the necessary efforts to carry out their work fairly and honestly along these lines.

All activities performed by ENKA's employees, representatives and subsidiaries must be transparent and accountable, and consistent with the honesty, impartiality and reputation of the company. ENKA units and individual employees must comply fully with the relevant laws and regulations in all activities which they are involved in carrying out, anywhere in the world. All ENKA employees are obliged to avoid any kind of relationship, communication or connection which might affect the decisions they make or the responsibilities they undertake in the course of their work. These rules are valid for all of ENKA's employees including managerial staff at all levels and the top management.

Managers in ENKA also have responsibilities for establishing a positive working environment and for encouraging the development of the culture necessary to preserve this environment, in which people are treated with respect and dignity.

ENKA Code of Conduct

In order to ensure that the principles which underlie ENKA's way of working are understood and adopted by all the relevant parties, a booklet has been written entitled ENKA Code of Conduct. This booklet, which has been published with the approval of the President and Chairman of the Executive Committee, is accessible to all employees via ENKA's Electronic Document Management System (EDMS). It has also been made

available on ENKA's website so that it can be reached by parties other than ENKA employees.

ENKA Code of Conduct, and the stance of the company concerning human rights and ethical matters, are shared with all newly-employed personnel as part of their orientation training. Through this training programme, ENKA seeks to ensure that its new employees carry out their work in accordance with the Corporate Understanding of Ethics and Human Rights from their very first day at work. As of the end of 2017, 100% of ENKA's employees had completed the orientation programme. The ENKA Code of Conduct is available in Turkish, English, Russian and Arabic. The ENKA subsidiary Çimtaş has its own specific Çimtaş Code of Ethical Conduct.

ENKA Supplier Code of Conduct

ENKA treats the concept of ethics as an indivisible whole that encompasses all the processes in which it is engaged, and believes that all the organisations with which it jointly creates value should form part of this whole. Accordingly, ENKA expects all its suppliers, subcontractors, consultants and business partners (collectively referred to as "suppliers") to comply in all their activities with the ENKA Supplier Code of Conduct, which it published in 2017.

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The ENKA Supplier Code of Conduct falls under five main headings:

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

ENKA informs its suppliers of its Code of Conduct and the procedures that will be followed in the case of any infringement of this code before signing any contract with them. This requirement has been set out in ENKA's Procurement Procedure and all the units concerned have been informed of this by means of internal announcements. In addition, the ENKA Supplier Code of Conduct is available on the ENKA website in Turkish, English, Russian and Arabic.

Executive Ethics and Compliance Committee

ENKA's work on ethics and compliance is guided by the Executive Ethics and Compliance Committee ("the Committee"), which commenced its activities in 2017. The Committee also helps the company to conduct an effective ethics and compliance programme, to determine basic principles, and to promote continuously a corporate culture that places importance on ethical business practices and compliance with the law.

ENKA Ethics Hotline

In 2017, ENKA established an Ethics Hotline to provide for open and transparent communication, to enable employees, local people and all parties with which the company has business relations (suppliers, subcontractors, subcontractors' employees, employers, business partners etc.) to report behaviour that infringes the Code of Conduct or other company policies, and to obtain advice on

any matters which they may be in doubt about. By using this hotline, employees and all the stakeholders concerned are able to pass on any concerns which they are unable to overcome by talking to their supervisors or to their local project management.

ENKA Ethics Hotline personnel have signed a confidentiality agreement to the effect that they will preserve the confidentiality of all information provided by persons making use of the Ethics Hotline. They have completed the training on the work it requires, and are fully conversant with the ENKA Code of Conduct and the company's policies. They are obliged to report all the questions, requests for advice, accusations and complaints, which they receive, to the Ethics and Compliance Committee. Once inquiries have been completed, they identify the actions that need to be taken in order to close the report, as well as the persons responsible, and then keep track of the process.

The company employees are informed the ENKA Ethics Hotline by means of their orientation training, internal announcements and Ethics Hotline posters. Contact information for the Ethics Hotline is also available on the ENKA website. In addition, a training programme has been designed for 2018 to create awareness of the topic among employees and managers. Training on "Ethics and Human Rights in Working Life" will be offered to all the company's employees, and the functions of the Ethics Hotline will be explained as part of the training. A special session of the training programme will be organised for the senior management of ENKA with the aim of increasing the awareness of the management in this area. The importance of basic principles in the Ethics Hotline process will also be shared with them.

The following table gives the planned numbers of participants for the Ethics and Human Rights in Workplace training:

2018 Ethics and Human Rights Training Plan

Trainee Group	Planned Number of Participants	Hours of Training	Planned Person-Hours
Ethics Hotline Personnel	11	14	154
Headquarters (General)	70	3.5	245
Senior Management	30	3.5	105
ENKA Sports	21	3.5	73.5
ENKA Power	185	3.5	647.5
ENKA Schools	55	3.5	192.5
ENKA Moscow	30	3.5	105
Çimtaş	60	3.5	210
Total Planned Person-Hours of Training			1,732.5



“ For 20 years now, I have been working in joint venture projects and as a consultant with ENKA, providing engineering services for energy projects. In the energy sector, ENKA is building facilities in a way that meets both the requirements of the international clients and the international environmental impact standards, supporting global development.

Bob Potocko, Bechtel Project Manager



“ ENKA is a qualified EPC consortium partner for GE to build full EPC power plants. Typically, GE is the main equipment suppliers for power plants, and provides equipment and associated services to ENKA, as well as long-term solutions to end clients.

As a qualified partner for GE, it is understood that ENKA administers similar levels of integrity and ethical practices as GE. We have executed several large projects together and believe the practices and programs ENKA applies are of global standard.

ENKA's approach to social responsibility, environment and community is positive and supports the on-going activities they have in the market. Giving back to the communities we are active in is a core element of GE's culture, and it is always encouraging to see that our partners apply similar practices.

Karim Khoury, General Manager Sales, Iraq & Levant Region, GE Gas Power Systems

Human Rights Assessment

ENKA respects the human rights set out in the Universal Declaration of Human Rights, abides by the provisions of the UN Global Compact, to which it is a signatory, and acts in accordance with the conventions published by the International Labour Organisation (ILO).

Comprehensive activities have been conducted by ENKA Quality and Health, Safety and Environment (HSE) Departments in order to keep track of human rights requirements and to fulfil them, keeping international standards in mind, during the course of the company's activities and project assessments. The relevant stakeholders have been informed about these activities. The actions taken by the ENKA corporate departments in this respect within the reporting period can be summed up as follows:

- The ENKA Code of Conduct was revised and employees and all other stakeholders were informed.
- The ENKA Supplier Code of Conduct was drafted and sent to employees and suppliers.
- Provisions reflecting human rights requirements and requirements of social compliance consistent with the Sustainability Strategy were included in the Company Procurement Procedures and the Supplier Evaluation Criteria were revised in accordance with these requirements.
- The Ethics Hotline project was planned, for use throughout the ENKA Group, and the personnel to work on the project were identified.
- A procedure was developed for use by group companies and by projects in all places where the company operates, explaining the requirements of Social Community Engagement, and an internal announcement was made providing information.
- The "Ethics and Human Rights in Workplace" training programme to be conducted by ENKA Academy in the year following the reporting period was planned.

The right to collective bargaining and organisation and the prevention of forced labour and child labour are among the most prominent aspects of human rights. The stance of the company regarding these matters is clearly stated in the ENKA Code of Conduct and ENKA Supplier Code of Conduct.

Child labour and forced labour are not permitted under any circumstances, whether in projects under the responsibility of ENKA, or in the activities of the subcontractors and suppliers with which it collaborates. The Health, Safety and Environment (HSE) and Legal departments using prescribed procedures and tools inspect the latter activities constantly. No supplier with a negative record with respect to the employment of informal child and youth workers or to forced labour is collaborated with. During the routine controls and inspections conducted within the reporting period, no cases of infringement were encountered in this regard.

In all places where it operates, the company abides by the rights to collective bargaining and organisation in accordance with the applicable labour laws and legislation, and respects the rights of employees and suppliers to organise and join trade unions. During the reporting period, no request or complaint was made to us in this regard, nor was any infringement of these rights encountered during internal inspections. Workers and suppliers may communicate any requests and/or complaints which they may have in this area through the Worker Safety and Health council meetings which are organised regularly in the projects or contact the ENKA Ethics Hotline, which became active in 2017. At the ENKA subsidiary Çimtaş, labour unions are organised and collective bargaining is practised.

Labour Unions and Collective Bargaining at Çimtaş

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The trade union Türk Metal is the authorised labour union at the Çimtaş Steel, Çimtaş Pipe and Çimtaş Precision Machining plants, while Türkiye Dok Gemi-İş is the authorised union at Çimtaş Shipyard. At Çimtaş CNBO

Numbers and Proportions of Employees who are Members of a Union and Covered by Collective Bargaining

Workplace	Total Number of Employees	Number of Employees who are Members of a Union	Percentage of Employees who are Members of a Union
Çimtaş Steel	503	316	63%
Çimtaş Pipe	933	583	62%
Çimtaş Shipyard	85	36	42%
Çimtaş Precision Machining	276	173	63%
Çimtaş Ningbo (China)	377	347	92%
Total	2,174	1,455	67%

(China), there is an NFTZ committee.

At Çimtaş Shipyard, a collective contract was signed with the trade union Türkiye Dok Gemi-İş on 27th March 2017 covering the period from 1st March 2017 to 28th February 2020. The collective contract for employees at the Çimtaş Steel, Çimtaş Pipe and Çimtaş Precision Machining plants expired on 31st August 2017 and talks on a new contract are continuing with the trade union Türk Metal.

In the reporting period, 62% of the total number of employees at Çimtaş's workplaces in Turkey and 82% of the employees at its workplace in China were union members. The percentage of the total number of employees at all of Çimtaş's workplaces who were union members and were covered by collective bargaining in the reporting period was 67%.

No case was encountered in the reporting period of any risk being posed to the freedom of organisation and collective bargaining at any of the Çimtaş plants.



Prevention of Corruption and Unfair Competition

ENKA shares are traded on the stock exchange and it operates under International Financial Reporting Standards. It expects its employees, business partners and all individuals with which it has a service relationship to act in accordance with the laws and the rules of ethics. In order to counter any risk or risks that may arise with respect to corruption, regular financial reporting is conducted, preventive mechanisms are established, and internal auditing procedures are followed. Any act that could be considered to constitute corruption is regarded as an infringement of the ethical rules. Under the ENKA Code of Conduct, bribery, the acceptance or presentation of inordinate gifts, and any actions directed towards obtaining unjust and personal benefits, are considered to constitute totally unacceptable ethical infringements. Actions of this kind, which contravene the law, are liable to cause material or moral damage to the company and/or constitute offences, are taken very seriously and followed up vigorously. No case of corruption was encountered during the reporting period, and no public lawsuit was opened against the company.

Training is organised by ENKA Academy for employees and all other stakeholders including business partners, shareholders and suppliers in order to ensure that ENKA's ethical principles are understood and adopted, and to combat corruption.

ENKA is active all over the world, mostly through overseas construction projects. It carries out all its projects and activities in conformity with the laws of the countries concerned. It avoids anti-competitive behaviour, abides by predetermined confidentiality rules and contributes to the sustainability of the free market economy by taking a firm stance against any action that could be regarded as monopolistic or conducive to the formation of trusts.

Ethics, Compliance and Anti-Corruption Training

The main training programmes which the ENKA Academy organises in the area of ethics and compliance are as follows:

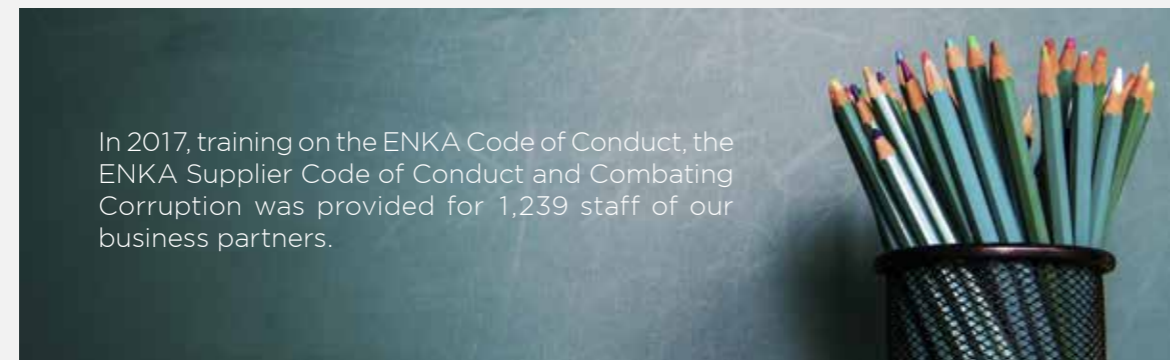
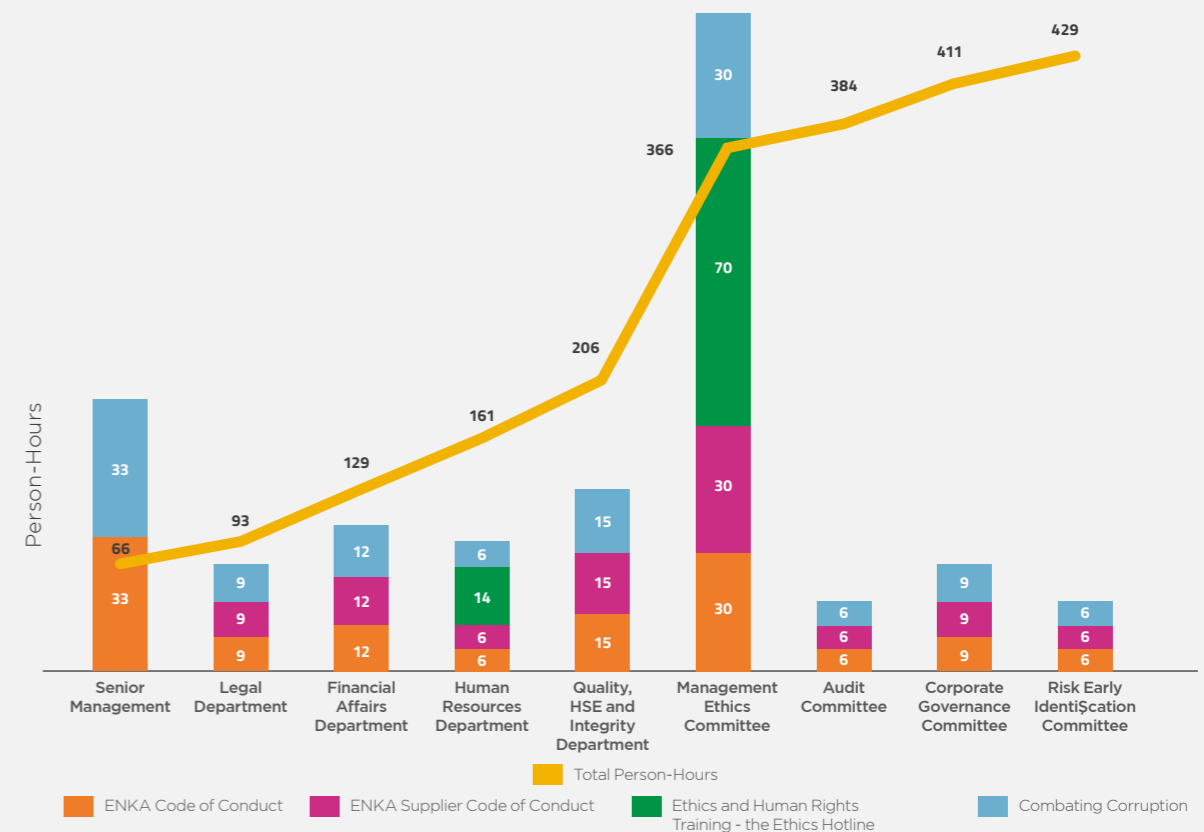
- ENKA Code of Conduct
- ENKA Supplier Code of Conduct
- Ethics and Human Rights Training - the Ethics Hotline
- Combating Corruption

Details of the training received by the senior management units of the company on combating corruption and ethical matters in 2017 are presented in the following table:

Senior Management Units	Number of Persons Receiving Training
Representatives of the Senior Management	11
Legal Department	3
Financial Affairs Department	4
Human Resources Department	2
Quality, HSE and Integrity Department	5
Executive Ethics Committee	10
Audit Committee	2
Corporate Governance Committee	3
Early Identification of Risks Committee	2

The figure below shows the breakdown of the ethics and anti-corruption training activities organised within the company, and in which a total of 42 members of the management group took part, by topic and person-hours.

Distribution of Ethics Training Provided to Company Internal Management Organs



In 2017, training on the ENKA Code of Conduct, the ENKA Supplier Code of Conduct and Combating Corruption was provided for 1,239 staff of our business partners.

Aside from the training programmes mentioned above, a total of 18,483 persons took part in training on the ENKA Code of Conduct, the ENKA Supplier Code of Conduct and Combating Corruption in the Istanbul Headquarters and in the projects during the reporting period, depending on the categories of the countries in which the company operates. The total number of person-hours of training given on these topics in 2017 was 166,347. The distribution of the participants by nationality is as follows:

Number of Turkish personnel	2,783
Number of local personnel in the countries	8,142
Number of other personnel	7,558

ENKA also organises ethics and compliance training so as to diffuse the basic principles of human rights throughout the value chain and ensure that the organisations it collaborates with act in accordance with ENKA's ethical rules. In 2017, training on the ENKA Code of Conduct, the ENKA Supplier Code of Conduct and Combating Corruption was provided for 1,239 staff of our business partners. The distribution of the personnel who took part in these training activities which we organised by business partner is as follows:

Number of Bechtel personnel	1,020
Number of GE personnel	40
Number of Caddell personnel	54
Number of Kentz personnel	105
Number of Clean Energy Group personnel	20

