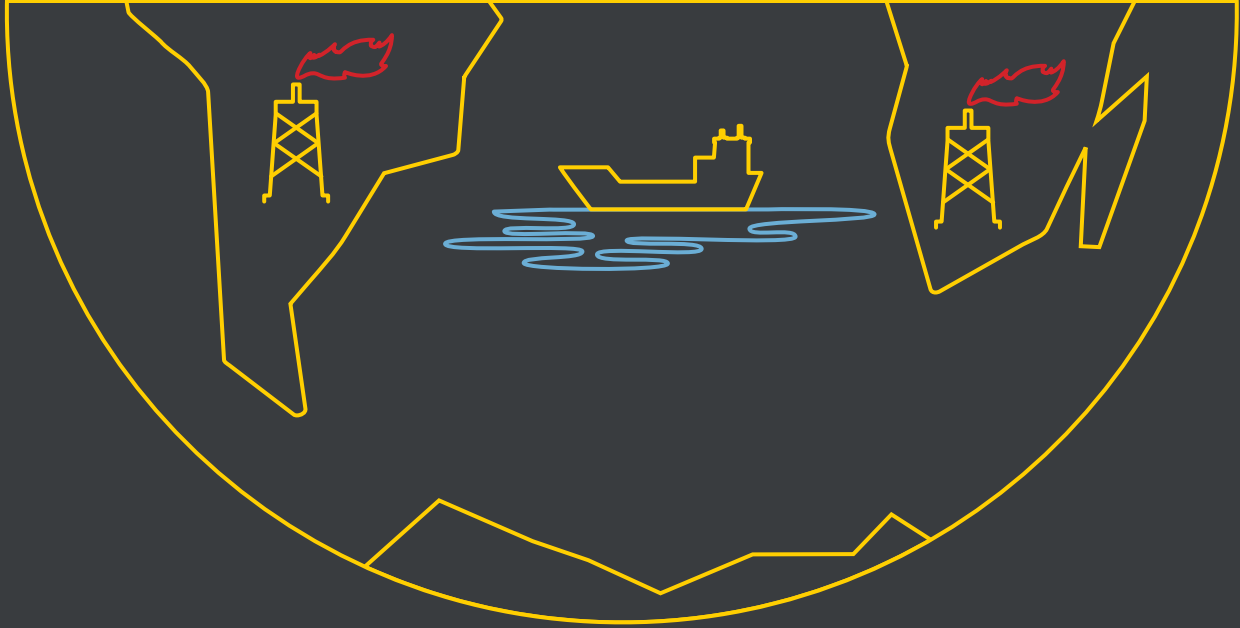




**OUR ENERGY IS FOR OUR FUTURE**



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# “OUR ENERGY IS FOR OUR FUTURE

**AT ENERJISA ENERJİ, WE COMBINE OUR ENERGY AND TECHNICAL EXPERTISE WITH A CLEAR VISION ON HOW THE NEW ENERGY WORLD WILL LOOK LIKE AND WE STRIVE FOR A SUSTAINABLE FUTURE.**

---

## **WE LEAD THE INDUSTRY WITH OUR PRUDENT MANAGEMENT PRACTICES**

We believe that a prudent corporate governance is the key to maximizing our financial, operational and ESG performance. With the support of our strong shareholders and our effective corporate governance, we strive for excellence.

---

## **WE DEVELOP OUR LONG-TERM STRATEGIES WITH A SUSTAINABLE AND HOLISTIC APPROACH**

We help shape the legislation and explore new opportunities in the sector; hence, we get prepared for the future and lead the New Energy World with cleaner and sustainable energy solutions.

## **WE SHAPE THE FUTURE WITH OUR SOLID FINANCIAL STRUCTURE**

We continue our path towards our New Energy World vision with our strong balance sheet and prudent financial management approach. While maintaining our stable growth path, we develop projects, establish partnerships and create value for all our stakeholders and country.

---

## **WE CONTINUE TO INVEST IN THE FUTURE**

We take firm steps for a sustainable organic and inorganic growth. As we keep investing heavily in the modernization and expansion of distribution grids, we also add new products to our portfolio and successfully implement our profitable customer portfolio strategy. While continuing to fulfill customer needs through sustainable and innovative solutions in the Customer Solutions area, we also aim to take an innovative and pioneering role in the e-mobility sector and play an active role in the transformation of the sector with our company Eşarj.

---

## **WE STRIVE FOR A SUSTAINABLE FUTURE**

We operate in a dynamic industry that is being transformed by global megatrends such as digitalization, decarbonization, deregulation, decentralization and urbanization. As we lead the New Energy World, we integrate sustainability into our business model and support a cleaner and carbon-free energy landscape with all our activities. With our principles of respect, responsibility, equality and inclusiveness, we strive for everyone's access to uninterrupted energy.

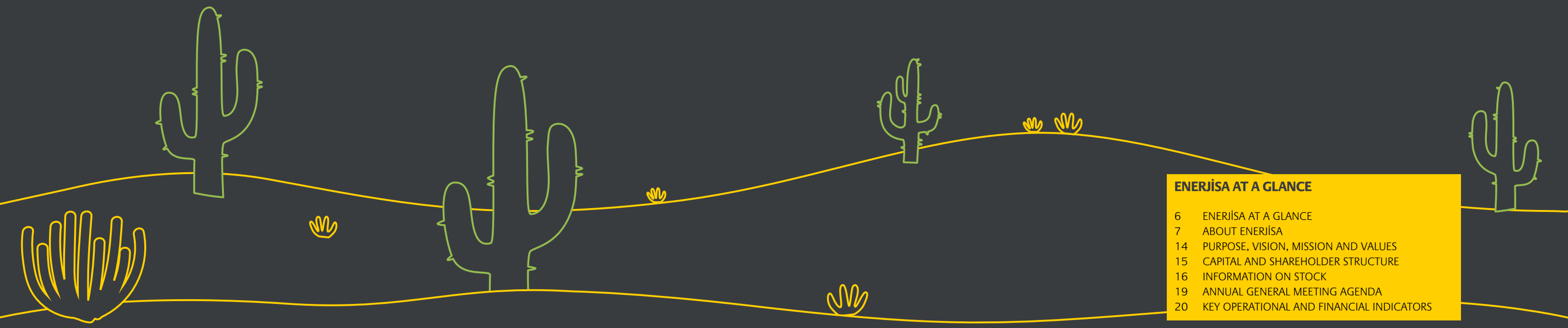
---

## **WE IMPROVE OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE**

We operate in the energy industry, which is the backbone of the entire economy. We are aware of this significant responsibility and undertake actions in all areas to fulfill that responsibility. With our responsible corporate citizen identity, we improve our environmental, social and governance performance and build our future on solid foundations. We continue to be a role model for the sector in environmental, social and governance activities, and will maintain our respectful, ethical corporate governance approach, while focusing on continuous improvement.



## OUR ENERGY IS FOR OUR FUTURE



**ENERJISA AT A GLANCE**









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# ENERJİSA AT A GLANCE

## KEY FINANCIAL INDICATORS (2021)

<b>Operational earnings growth</b> <h1>34%</h1>	<b>Leverage (net financial debt / operational earnings)</b> <h1>1.2x</h1>
<b>Underlying net income growth</b> <h1>29%</h1>	<b>Dividend payment proposal TL 1.24 per share</b> <h1>61%*</h1> <p><small>*Dividend payout ratio based on Underlying Net Income</small></p>

## KEY OPERATIONAL INDICATORS (2021)

Distribution	Retail	Customer Solutions
<b>TL 11.2 billion</b> <b>RAB</b> <small>(Regulated Asset Base)</small> 	<b>35.8 TWh</b> <b>Sales volume</b> 	<b>494</b> <b>Charging plugs</b> 
<b>309,907 km</b> <b>Distribution network length</b> 	<b>10.3 million</b> <b>Retail customers</b> 	<b>263</b> <b>Public charging locations</b> 
<b>TL 2.8 billion</b> <b>Infrastructure investments</b> 		<b>170</b> <b>Fast-charging plugs</b> 

# ABOUT ENERJİSA

“Enerjisa Enerji operates as Turkey’s leading company in electricity distribution, retail sales and customer solutions.

In the largest private sector IPO of Turkey, 20% of Enerjisa Enerji shares was offered to the public via the listing on Borsa İstanbul on February 8, 2018. With high investor interest during the book-building, the public offering of Enerjisa Enerji shares was oversubscribed 4.8 times. Enerjisa Enerji was included in the FTSE All-World Index in June 2018 and in the MSCI Global Small Cap Index in November 2018.

Following the successful public offering in 2018, Enerjisa Enerji focused on Corporate Sustainability to develop a strategic and holistic approach to economic, environmental, and social factors with aim of creating long-term value. Within this framework, Enerjisa Enerji became the signatory of the United Nations Global Compact (UN Global Compact), the world’s largest voluntary corporate sustainability initiative, and the United Nations Women’s Empowerment Principles (WEPIs) in 2019. In addition, the Company has committed to comply with the principles of Transparency International to demonstrate its commitment to adhere to high ethical standards.

Enerjisa Enerji operates as Turkey’s leading company in electricity distribution, retail sales and customer solutions. Reaching a population of 21.9 million with more than 11 thousand employees, the Company serves 10.3 million customers within 14 provinces across 3 distribution regions.

Incorporated in 1996, Enerjisa Enerji is one of the leading players in Turkey’s emerging electricity market with its grid investments, innovative and differentiated applications, efficiency and technology-focused business models for its customers.

Enerjisa Enerji develops its long-term strategies with a sustainable approach. The Company aims to grow profitably and add value to its shareholders by expanding its high-quality grid in its distribution regions and extending the scope of its retail operations.

Enerjisa Enerji prioritizes providing its customers with sustainable and innovative solutions. In this scope, the Company provides many environmentally friendly and sustainable energy solutions to its customers, ranging from solar power plant installation services, energy efficiency applications, cogeneration/ trigeneration applications and electric vehicle-charging station management to green energy certificates under the umbrella of “Energy of My Business”.

Enerjisa Enerji’s Corporate Governance Rating increased to 95.09 out of 100 in 2021. Thus, Enerjisa Enerji maintained its place in the BIST Corporate Governance Index as one of the institutions with the highest corporate governance rating. Since 2019, the Company has been included in the BIST Sustainability Index, which includes companies traded on Borsa İstanbul with the best performance in corporate sustainability.

Enerjisa Enerji creates its long-term strategies with a sustainable and holistic approach and integrates Environmental, Social and Governance (ESG) factors into its strategy. While successfully integrating sustainability into its activities, Enerjisa Enerji attaches importance to operate with a corporate governance approach that enables a transparent, ethical and principled company structure. Reporting ESG data within this framework, the Company received assurance for significant ESG indicators for the first time in 2021. Raising its CDP Climate Change and Water Security scores to B in 2021, Enerjisa Enerji continued to increase its ESG performance in the other assessments carried out by indices and assessment platforms in 2021.

# ABOUT ENERJİSA

## HISTORY

1996

●  
Foundation of Enerjisa

2009

●  
Acquisition of Başkent region

2017

●  
Generation and wholesale spin-off from distribution and retail

2021

●  
Start of 4<sup>th</sup> Regulatory Period  
Increase in stake in Eşarj to 94%

2006

●  
Start of 1<sup>st</sup> Regulatory Period

2013

●  
Acquisition of Toroslar and AYEDAŞ regions  
Acquisition of 50% shares of Enerjisa by E.ON  
Initiation of unbundling process of distribution and retail

2018

●  
Acquisition of 80% shares of e-mobility company (Eşarj)  
IPO of Enerjisa Enerji



# ABOUT ENERJİSA

Enerjisa Enerji is Turkey's largest electricity distribution and retail company in a regulated sector. As of December 31, 2021, the Company has approximately 11.7 million distribution network connections and 10.3 million customers accounting for approximately 22% of the retail electricity market.

Enerjisa Enerji carries out electricity distribution and retail sales operations through:

- Başkent Elektrik Dağıtım A.Ş. (Başkent EDAS) and Enerjisa Başkent Elektrik Perakende Satış A.Ş. (Başkent EPSAS) operating in the Başkent Region, which covers the provinces of Ankara, Zonguldak, Kastamonu, Kırıkkale, Karabük, Bartın and Çankırı.
- İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (AYEDAS) and Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. (AYESAS) operating in the AYEDAS Region, which covers districts on the Anatolian side of İstanbul.
- Toroslar Elektrik Dağıtım A.Ş. (Toroslar EDAS) and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. (Enerjisa Toroslar EPSAS) operating in the Toroslar Region, which covers the provinces of Adana, Gaziantep, Mersin, Hatay, Osmaniye and Kilis.

The regions in which Enerjisa Enerji operates cover the capital city Ankara, the Anatolian side of İstanbul which is the largest city in Turkey and major industrial and commercial cities with high population density, such as Adana, Gaziantep and Mersin.

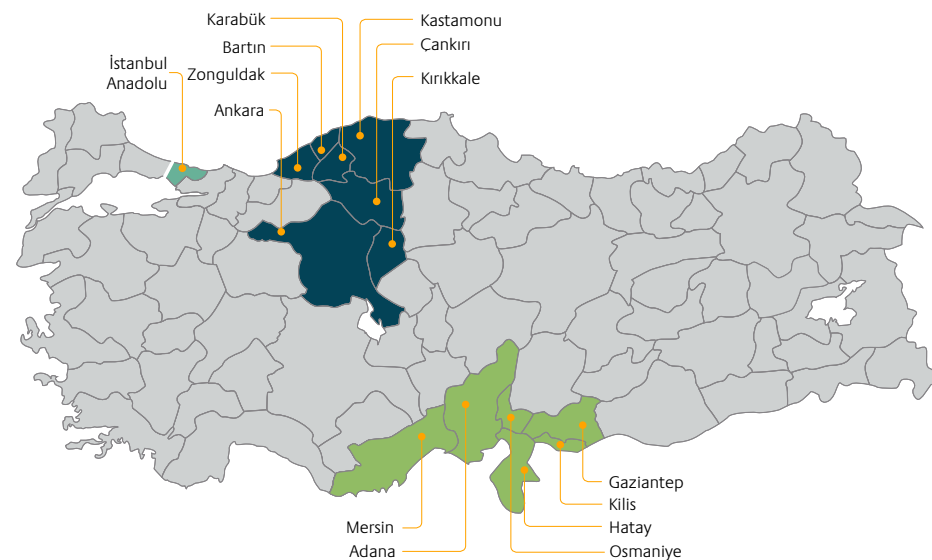
Economic growth and urbanization, the effects of digital transformation in all areas of life, electrification trends and a young and dynamic population create significant potential for growth in electricity demand in Turkey. Electricity today constitutes a vital need, much like air and water. Enerjisa Enerji targets to meet the rapid growth in electricity demand with an efficient approach that focuses on people and technology and accordingly to create sustainable value for its customers, business partners, shareholders and all stakeholders.

Enerjisa Enerji derives its power from people and builds its operations on the values of sincerity, passion, courage, continuous development and inclusion. As Turkey's agile and innovative energy company, Enerjisa Enerji continues to produce sustainable energy solutions that touch human lives.

## Population\*

■ Başkent	7.6 million
■ AYEDAS	5.6 million
■ Toroslar	8.7 million

\*TURKSTAT



## DISTRIBUTION ACTIVITIES

Electricity distribution is carried out by the subsidiaries, Başkent EDAŞ, AYEDAŞ and Toroslar EDAŞ. The operations of electricity distribution companies are restricted to the regions defined in their licenses.

Electricity distribution is the delivery of electricity to end users via low voltage (under 36 kV) power lines. Turkey's distribution network is divided into 21 distribution regions as defined by the "Electricity Privatization Strategy Document." These regions are operated in by private distribution companies since the privatizations that were undertaken between 2009 and 2013.

Each of the regional distribution network operators are responsible for carrying out operation of the distribution network in their own regions; making required maintenance, repair, environment, security, renewal and expansion investments; maintaining and reading electricity meters; preparing demand projections and investment plans; monitoring theft-loss rates; supplying electricity to cover technical and commercial losses; and taking the necessary technical and operational measures to reduce the theft-loss rates and ensure the lighting of public areas.

Enerjisa Enerji centrally manages and monitors all its network operations in its 3 distribution regions. As a part of grid management processes, Enerjisa undertakes efforts to expand and renovate its network and increase the operational efficiency of the network; as well as carrying out research and development efforts. These various activities enable Enerjisa to standardize network management processes in its three regions; create centralized procedures; determine key performance indicators such as compliance with EMRA's technical, commercial and supply security standards; meet outage and theft-loss targets; plan system improvements; control and monitor local networks and perform customer service operations.

## RETAIL ACTIVITIES

Retail sales of electricity is carried out by the subsidiaries, Başkent EPSAŞ, AYESAŞ and Enerjisa Toroslar EPSAŞ.

Retail companies sell electricity exclusively to non-eligible consumers within the Company's distribution regions as the incumbent retail companies and to eligible consumers in their respective regions and in other parts of Turkey without regional limitations.

Enerjisa Enerji is the leader in Turkey's retail electricity market in terms of both customer numbers and sales volume. Enerjisa Enerji, as the incumbent retail company sells electricity to regulated customers through regulated national tariffs in 14 provinces and to eligible consumers across Turkey. It also offers innovative products and services to 10.3 million customers, from households to small or large enterprises. With its extensive field team support, the Company provides services through 39 Customer Service Centers and 76 Transaction Centers, as well as via the internet and on mobile platforms.



# ABOUT ENERJİSA

## CUSTOMER SOLUTIONS

Enerjisa Enerji attaches importance to meeting needs of its customers with sustainable and innovative solutions. In that vein, Enerjisa Müşteri Çözümleri A.Ş. was established in 2017 to conduct customer solutions activities.

In this context, since October 2020, Enerjisa Enerji has been offering end-to-end solutions in order to enhance energy efficiency and reduce carbon emissions of its corporate customers under the roof of “The Energy of My Work” (İsimin Enerjisi).

### Enerjisa Customer Solutions Portfolio

#### Green Energy and Energy Efficiency Solutions

- Green Energy Solutions
  - Renewable Energy Certificate
  - Carbon Reduction Certificate
- Energy Efficiency Solutions
  - Lighting Conversion Projects
  - Process Efficiency Projects
- Cogeneration (CHP) and Trigeneration (CCHP) Solutions

#### Distributed Generation Solutions

- Renewable Energy Solutions-Solar Power Plants (SPP)

#### E-Mobility

- Eşarj

### Green Energy and Energy Efficiency Solutions

Enerjisa Enerji's customers may reduce or neutralize their greenhouse gas emissions resulting from electricity consumptions with two types of certificates. Enerjisa Enerji provides Renewable Energy Certificate and Carbon Reduction Certificate to its customers under the green energy solutions.

Enerjisa Enerji develops customer-oriented alternative energy efficiency solutions. The Company offers energy efficiency applications with the energy performance contract (ESCO/EPC) model, particularly in the fields of waste heat recovery, heating, ventilation and air conditioning (HVAC), pressurized systems, electric engines and lighting.

## Distributed Generation Solutions

In order to take an active role in the combat against climate change, Enerjisa Enerji also works on decentralized distributed energy models in parallel with the centralized energy model. In this context, the Company offers reliable solutions that are tailored to specific requirements of its customers through innovative business and financial models in the field of solar power plants (SPP), where it deploys its financial and technical know-how. As of the end of 2021, the total installed capacity of the solar power plants reached 22.6 MWp, with 13.4 MWp of this capacity under the self-consumption model.

### E-mobility: Eşarj

Enerjisa Enerji encourages the widespread use of highly efficient electric vehicles in order to contribute to a low-carbon ecosystem. To this end, the Company actively explores opportunities in innovative business areas such as electric vehicle charging stations, electricity storage systems, smart home technologies and systems which help consumers generate their own electricity.

Enerjisa Müşteri Çözümleri A.Ş. became the controlling shareholder of Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj) by acquiring 80% of the shares of Eşarj in 2018. By this acquisition, Enerjisa Enerji aims to play an innovative and pioneering role in the electric vehicle ecosystem and to play an active role in the transformation of the sector, in addition to its leadership position in distribution and sales in the electricity sector. In December 2021, Enerjisa Müşteri Çözümleri A.Ş. acquired Eşarj's 14% minority stake, increasing its total stake at Eşarj from 80% to 94%.

Eşarj operates Turkey's first and fastest electric vehicle station network with 494 charging points, 170 of which are fast charging sockets, at 263 public points as of the end of 2021. In addition, since July 2020, the electricity used for vehicle charging has been certified with the International Renewable Energy Certificate (IREC) at all its public stations, increasing its contribution to reducing carbon emissions with its expanding network.

## BRAND VALUE

Enerjisa Enerji stands at the forefront of the most well-known and reliable brands in Turkey with its investments, effective brand communication and customer-oriented and innovative products. The prestigious position of its two strong shareholders, E.ON and Sabancı Holding, further strengthens the Company's brand perception.

### A brand that cares about its customers and creates value for them

Enerjisa Enerji follows a long-term brand strategy with the aim of being a reliable and innovative brand with a strong image, which commands the highest awareness ratio in its industry and one that cares about its customers and creates value for them.

According to Enerjisa Brand Awareness Surveys, the top-of-mind awareness score<sup>1</sup> of the Enerjisa brand increased from 22% in April 2015 to 72% in April 2021. The spontaneous awareness score<sup>2</sup> increased from 47% in April 2015 to 94% in April 2021.

Enerjisa Enerji, which is one of the most prestigious brands in the industry with its perspective that puts innovation at the forefront and the value it places on customer satisfaction, completed the brand re-launch process in 2015, strengthening the emotional bond with its customers. A national advertising campaign launched in December 2015 ushered in a major change in the visual world of the brand and the tone of communication, with the brand perceived as being more accessible in the eyes of the consumer. In addition, “Energy Button” and “Turkey's Energy” were added to the brand assets.

<sup>1</sup> The sum of brand awareness in the media and the ability of a potential customer to recognize or recall a brand as a member of a particular product category without reminders.

<sup>2</sup> The ability of a potential customer to recognize or recall a brand as a member of a particular product category without reminders.

In 2016, Enerjisa Enerji unveiled its “Save Your Energy” movement, which aims to raise awareness of energy efficiency, an important issue for the sustainability of energy resources. With this move, the Company started to embrace the concepts of saving energy and technology.

### Valuable steps taken to lead the institutionalization of the industry

Enerjisa Enerji, in which a 20% stake were offered to public in 2018, took a valuable step towards institutionalizing the energy industry with the support of the communication campaign which it carried out during this process. The public offering process was announced in Turkey on a nationwide basis with 360° communication activities, under the banner of “The future is much brighter as long as there we have this energy in Turkey”. Enerjisa Enerji's brand recognition and corporate identity were further strengthened with the public offering.

### What will you leave for future generations?

Enerjisa Enerji, which is a leader in its industry in the fields of corporate governance and sustainability, embarked on a new awareness project in 2020 to emphasize sustainability and the technologies of the future. In this context, two public relations films under the banner of “What will you leave to future generations?” were broadcast in both traditional and digital media.

Enerjisa Enerji pressed ahead with its communication activities in the field of sustainability in 2021 as well. With the motto of “A smarter, greener future”, it released public relations films in a continuation of the previous year's communication efforts in digital media.



## PURPOSE, VISION, MISSION AND VALUES

### PURPOSE

To connect people and industries to energy and to provide a safer, cleaner and better energy future in Turkey for generations to come.

### VISION

Everyone can live in a sustainable energy world.

### MISSION

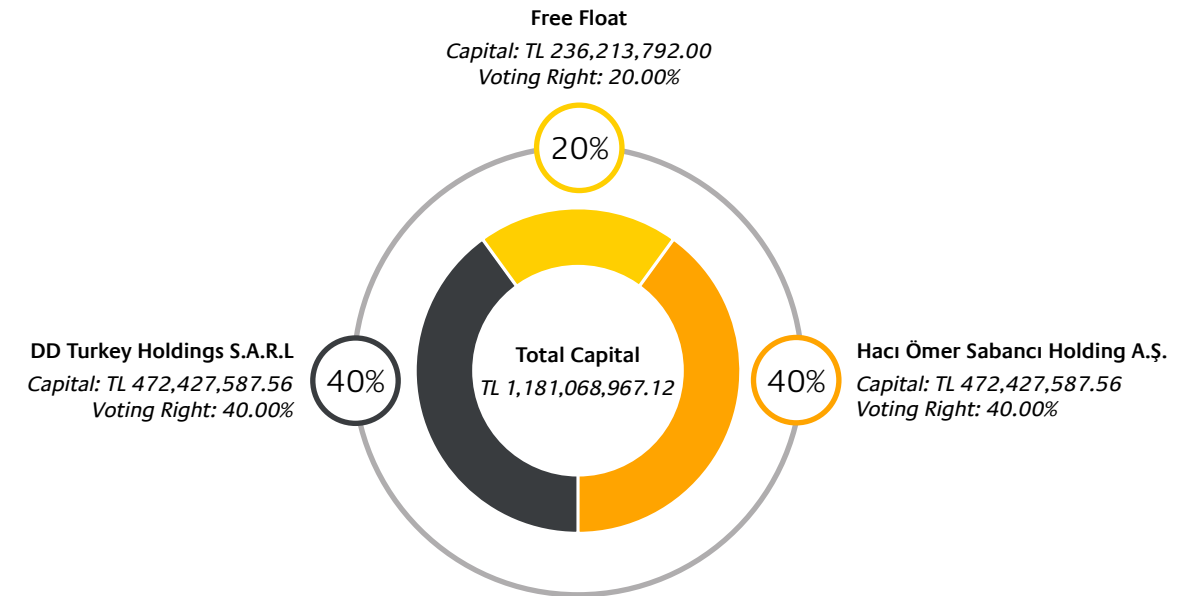
To accelerate the sustainable energy transformation by building the needed infrastructure and services of tomorrow.

## VALUES



## CAPITAL AND SHAREHOLDER STRUCTURE

“Energisa Enerji continues its operations and investments with the strength it derives from its strong shareholders; E.ON, which operates in the global energy market and Sabancı Holding, Turkey’s leading business conglomerate.



E.ON is one of the largest electricity service providers in the world.

- E.ON focuses on two main business areas which are management of distribution networks and customer solutions in Europe.
- Has approximately 78,000 employees and 50 million customers.
- More than €35 billion Regulated Asset Base.
- Has approximately 1.6 million km electricity distribution network.



Sabancı Holding is a diversified conglomerate that focuses on creating value add with the Group’s ecosystem and prioritizes a high-performance culture, while adhering to sustainability principles.

- Main business areas are banking, financial services, energy, industrials, cement and retail.
- Sabancı Group companies operate in 14 countries as of year-end 2021.
- Sabancı Holding’s own shares, as well as the shares of its 11 subsidiaries, are listed on Borsa Istanbul (BIST) and constitute 6% of total market capitalization of Turkish equity market as of year-end 2021.
- Partnerships with leading names in the world (Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni and Skoda).

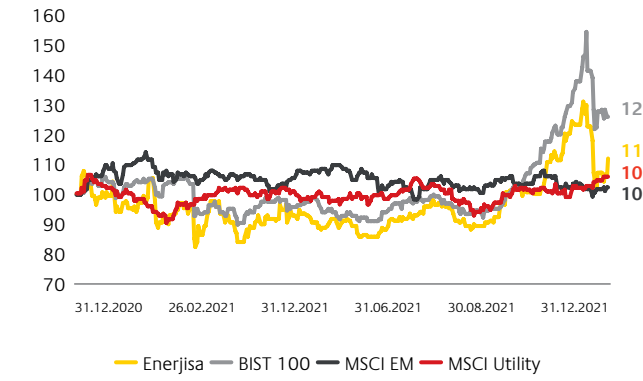
# INFORMATION ON STOCK

66 Enerjisa Enerji continued to be in BIST Sustainability and Corporate Governance indices in 2021.

## 2021 STOCK PERFORMANCE

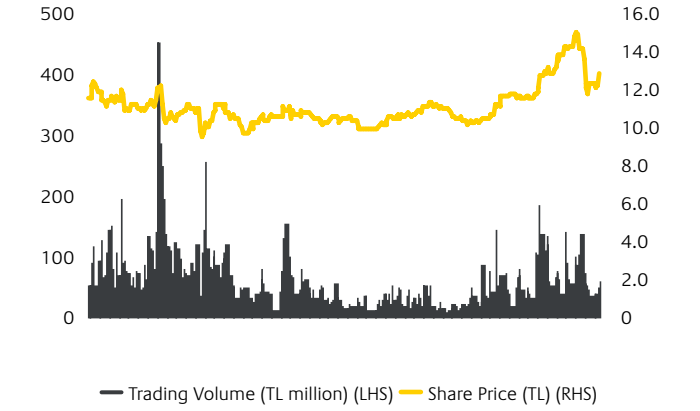
Following the successful IPO, Enerjisa Enerji shares trade under the "ENJSA" ticker on the Istanbul Stock Exchange (BIST) since February 8, 2018. Enerjisa Enerji was included in the FTSE All-World Index in June 2018, MSCI Global Small Cap Index in November 2018, BIST Sustainability Index in October 2019 and BIST Corporate Governance Index in December 2019.

Share Performance (%)



Source: Bloomberg

Trading Volume (TL million)



Source: Bloomberg

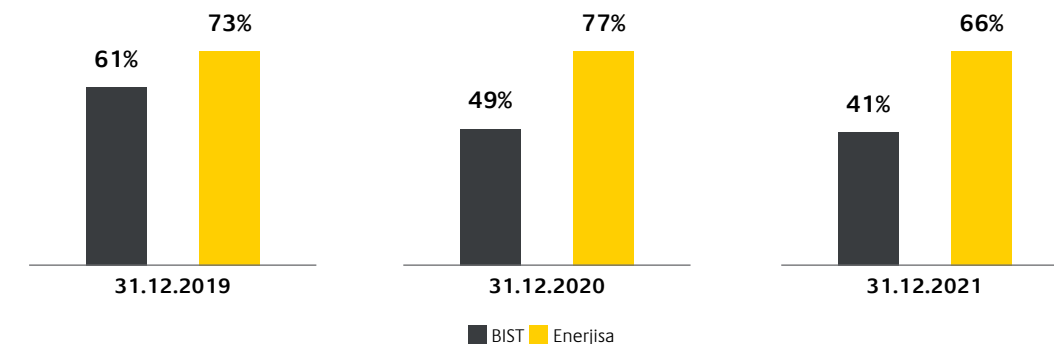
Enerjisa Enerji's share price delivered a 12% return in 2021. The average daily transaction volume during the year was TL 66 million.

Stock Information	2021
Stock Exchange	Borsa İstanbul
BIST Ticker	ENJSA
Bloomberg Ticker	ENJSA TI
Reuters Ticker	ENJSA:IS
IPO Date	08.02.2018
Nominal Value of Total Shares	TL 1,181,068,967.12
Free Float	20%
Nominal Value of Free Float Shares	TL 236,213,792
Market Capitalization (31.12.2021)	TL 15.21 billion
Average Daily Trading Volume (01.01.2021-31.12.2021)	TL 66 million
Highest Price (01.01.2021-31.12.2021)	15.69 TL
Lowest Price (01.01.2021-31.12.2021)	9.00 TL
Year-End Closing Price (31.12.2021)	12.88 TL

Source: Bloomberg

## SHARE OF FOREIGN INVESTORS IN FREE FLOAT

As of 2021 year end, Enerjisa Enerji had a market capitalization of TL 15.21 billion. The share of foreign investors in the free float as of 2021 year end was 66%, compared to 41% foreign ownership for BIST.



Source: Matriks

## INFORMATION ON STOCK

### 2020 ORDINARY GENERAL MEETING OF SHAREHOLDERS

The Company held its Ordinary General Meeting of Shareholders for the fiscal 2020 with an 86% attendance rate on March 30, 2021. No meeting agenda proposals were made by the shareholders.

The invitations to the General Meeting of Shareholders are made by the Board of Directors in accordance with the Turkish Commercial Code, the Capital Markets Law and the Articles of Association of the Company. The meeting minutes were announced to the public on the Company website and the Public Disclosure Platform (KAP).

The decision to hold a General Meeting is announced to the public through the Public Disclosure Platform and the Electronic General Assembly System (E-GKS). General Assembly announcements are made in accordance with legal regulations at [www.enerjisainvestorrelations.com](http://www.enerjisainvestorrelations.com) 21 days before the General Assembly at the latest to address the highest possible number of shareholders.

### 2020 DIVIDEND

Pursuant to the review of the audited Consolidated Financial Statements for the year 2020 prepared in accordance with the Turkish Financial Reporting Standards, it was resolved to distribute TL 0.96 per share in cash dividend to all shareholders, equivalent to TL 1,133,826,208. This dividend corresponds to a 60% payout of Underlying Net Income for the fiscal year 2020 of TL 1,878,000,000.

### DIVIDEND DISTRIBUTION PROPOSAL FOR 2021

At the meeting of the Board of Directors dated February 18, 2022, pursuant to the review of the Consolidated Financial Statements that are prepared in accordance with the Turkish Financial Reporting Standards for the year 2021, it was resolved to propose to the General Assembly to distribute the profit as follows:

- Distribution of total TL 1,464,525,519.23 dividend (Gross 124%, Net 111.6%) from TL 2,218,053,244.14 Consolidated Net Distributable Profit including the donations incurred between 01.01.2021 - 31.12.2021 in cash to the shareholders who are representing the TL 1,181,068,967.12 capital and
- Distribution of the cash dividend, beginning from April 11, 2022.

The dividend proposal of Board of Directors to the General Assembly (TL 1.24 gross dividend per share) corresponds to a payout ratio of 60.6% of the Underlying Net Income of TL 2,415,000,000 for the 2021 fiscal year. Based on 2021 year end closing stock price of Enerjisa, the proposed dividend yield is 9.6%.

## ANNUAL GENERAL MEETING AGENDA

### ENERJISA ENERJİ A.Ş. AGENDA FOR THE 2021 ORDINARY GENERAL ASSEMBLY MEETING TO BE HELD ON 30 MARCH 2022, AT 10.00 A.M

- 1) Opening and formation of the Meeting Council,
- 2) Reading and discussion of the 2021 Annual Report of the Board of Directors,
- 3) Reading the 2021 Independent Auditor's Reports,
- 4) Reading, discussion and approval of the 2021 Financial Statements,
- 5) Discussion and determination of the appointment to the Board of Directors that became vacant during the relevant year,
- 6) Release of the members of the Board of Directors with regard to the 2021 activities,
- 7) Determination of the usage of the 2021 profit, dividend and dividend per share to be distributed,
- 8) Determination of the salaries, attendance fees, bonus, premium and similar rights to be paid to the members of the Board of Directors,
- 9) Election of the auditor,
- 10) Cancellation of the General Assembly Working Principles and Procedures of the Company, approved at the General Assembly Meeting on 14.03.2013 and approval of newly prepared General Assembly Working Principles and Procedures of the Company,
- 11) Informing the General Assembly regarding the donations and grants made by the Company in 2021,
- 12) Determination of an upper limit for donations to be made in 2022,
- 13) Granting permission to the Chairman and members of the Board of Directors for the activities under the Articles 395 and 396 of the Turkish Commercial Code,
- 14) Wishes and requests.

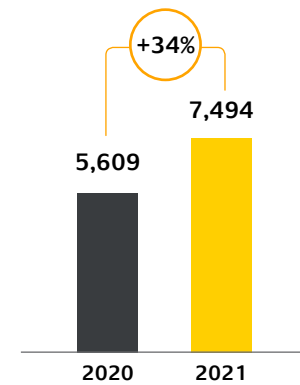
ENERJISA ENERJİ ANONİM ŞİRKETİ

# KEY OPERATIONAL AND FINANCIAL INDICATORS

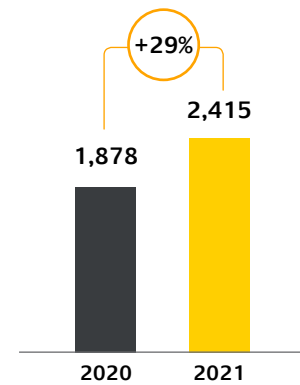
6 Enerjisa Enerji continued its strong performance in 2021. Investments increased by 56% to TL 2.8 billion, while the increase in Underlying Net Income was 29% compared to last year.

## Consolidated Financial Indicators

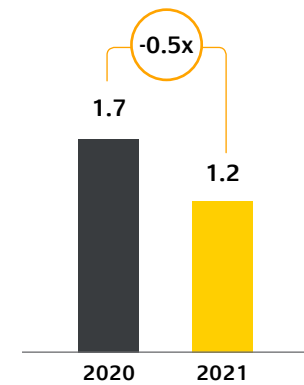
**Operational Earnings**  
(TL million)



**Underlying Net Income**  
(TL million)

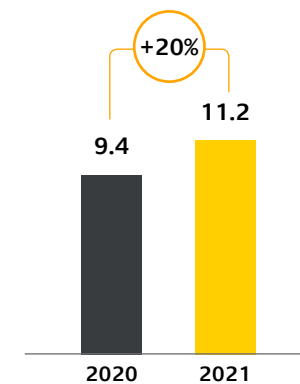


**Leverage** (net financial debt/  
operational earnings)

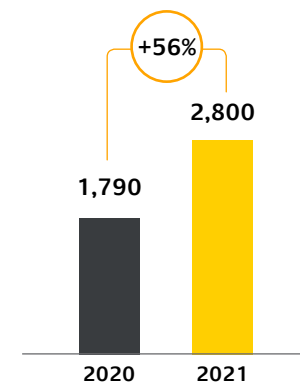


## Distribution Operational Indicators

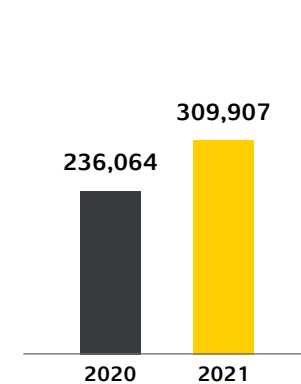
**Regulated Asset Base**  
(TL billion)



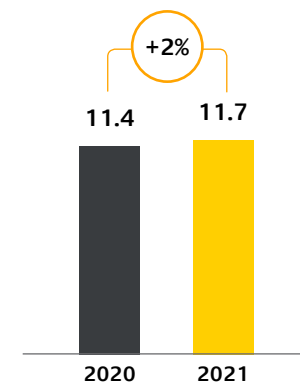
**Network Investments**  
(TL million)



**Network Length**  
(km)

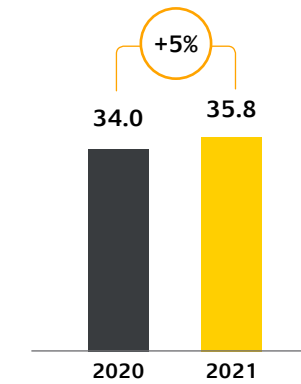


**Network Connections**  
(million)

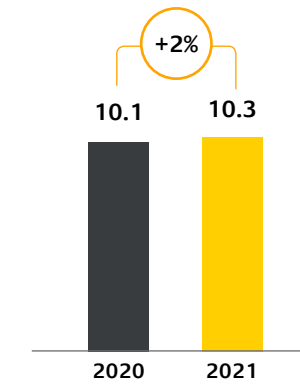


## Retail and Customer Solutions Operational Indicators

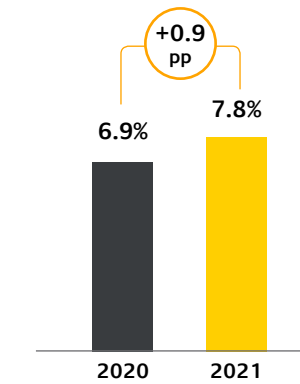
**Retail Sales Volume**  
(TWh)



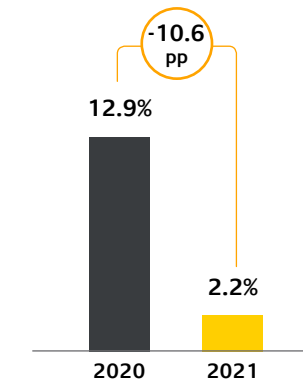
**Number of Customers**  
(million)



**Regulated Gross Profit Margin**  
(%)



**Liberalized Gross Profit Margin**  
(%)

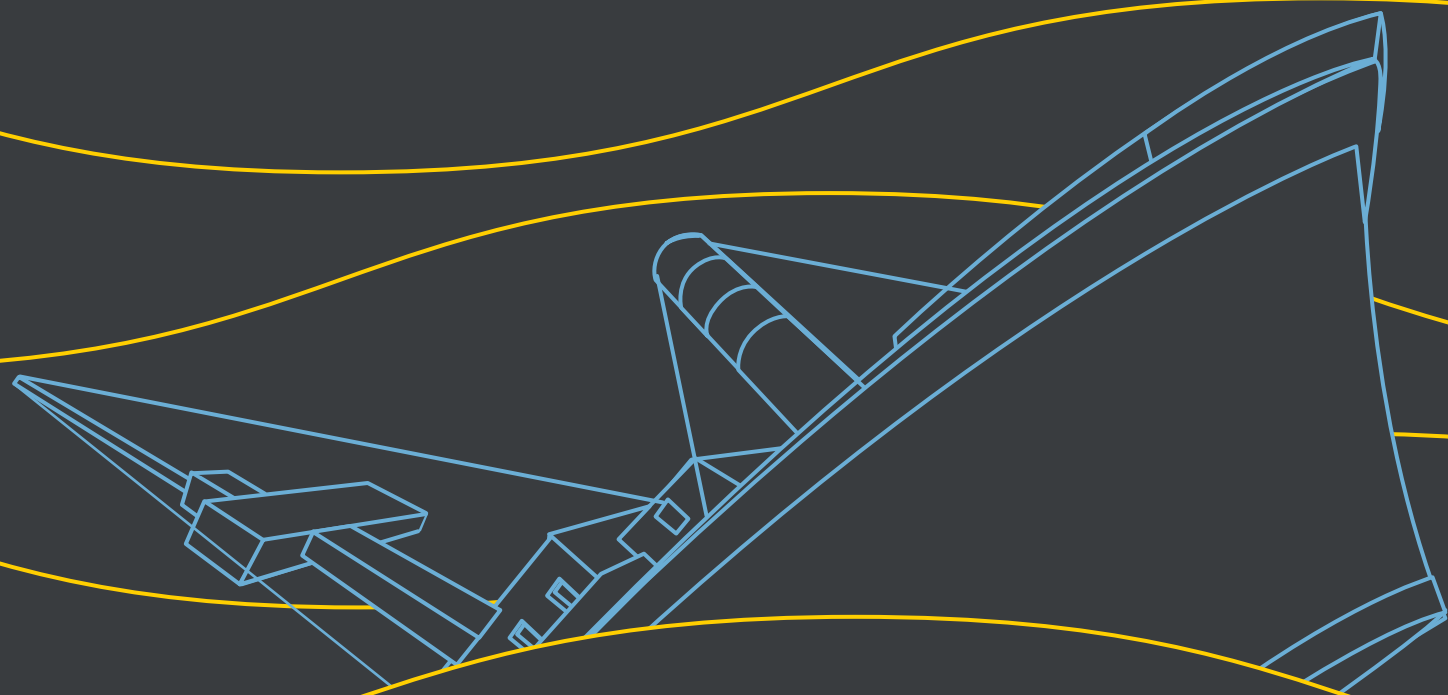


	2020	2021	Change	Change %
<b>Consolidated</b>				
Operational Earnings* (TL million)	5,609	7,494	1,885	34
Underlying Net Income (TL million)	1,878	2,415	537	29
Free Cash Flow (after interest & tax) (TL million)	504	108	-396	-79
Economic Net Debt (TL million)	11,305	11,325	20	0
Leverage (Net Financial Debt/Operational Earnings)	1.7x	1.2x	-0.5x	
<b>Distribution</b>				
Operational Earnings (TL million)	4,763	6,551	1,788	38
Regulated Asset Base (TL million)	9,354	11,238	1,884	20
Network Investments (TL million)	1,790	2,800	1,010	56
Network connections (million)	11.4	11.7	0.2	2
Network Length (km)	236,064	309,907	n.m.	n.m.
<b>Retail and Customer Solutions</b>				
Operational Earnings (TL million)	879	997	118	13
Retail Sales Volume (TWh)	34.0	35.8	1.8	5
Number of Customers (million)	10.1	10.3	0.2	2
Regulated Gross Profit Margin (%)	6.9%	7.8%	+0.9pp	
Liberalized Gross Profit Margin (%)	12.9%	2.2%	-10.6pp	

\* Operational Earnings refers to EBITDA plus CAPEX reimbursements excluding exceptional items.



**WE LEAD THE INDUSTRY WITH OUR PRUDENT MANAGEMENT PRACTICES**



**MANAGEMENT**

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## CHAIRMAN'S MESSAGE

“2021 was a year of success for Enerjisa Enerji in terms of operational and financial results despite the challenging conditions in the sector.



**Kivanç Zaimler**  
Chairman, Enerjisa Enerji

Dear Stakeholders,

It is not possible to evaluate 2021 without touching on the impacts of the pandemic on our economic and social life. Vaccination, which begun to be deployed at the beginning of the year, combined with the experience we gained in managing social and business life in the pandemic, brought along a period of controlled normalization.

Despite the economic challenges and supply chain problems triggered by the pandemic, we are pleased to observe that the strong growth trend in Turkey in the second half of 2020 further accelerated in 2021.

We can define the conjuncture in the energy sector with a “Trilemma” concept. While there is “Sustainability” and particularly “Climate Change” on one side of the Trilemma triangle, there are “Costs and Pricing” and “Security of Supply” on the other sides. Hence, both we, as the energy companies, and the energy policies have a critical role for this triangle to function in a balanced manner.

New policies should be swiftly put into effect in the transition to a low-carbon economy throughout the world. Having the largest share in carbon emissions, we, as the energy sector, have a great responsibility in this transition period.

To achieve the transition to a low-carbon economy, the energy sector must go through a transformation; while this transformation comes with a cost. On the other hand, the fragile global supply chain and the global increase in the commodity prices, as well as the demand recovery result in a great pressure on costs and therefore prices.

During this period of reduced predictability in both financial and real markets, the security of supply has become even more significant. New investments should be made to support the energy transformation based on climate change, and also, our resources should be utilized in the most efficient way. In line with this goal, it is

“In 2021, we completed the infrastructure investments we committed despite all the adverse conditions. As always, we took a leading role in the new regulatory period, which started this year, and contributed to the process together with all our stakeholders.

important to develop new technologies such as network-scale storage, hydrogen, etc.

Hence, the support provided by EMRA to the R&D projects is significantly important. We should take this support further through industry-university collaborations; and both our sector and our country should put the best efforts in this regard.

2021 was a year of success for Enerjisa Enerji in terms of operational and financial results even under the challenging conditions in the sector, which I summarized with the “Trilemma” concept.

At Enerjisa Enerji, we touch the lives of approximately 22 million people, which is equivalent to a quarter of the population in Turkey, in our main lines of business, i.e., electricity distribution and retail. We endeavor relentlessly and put all our efforts to fulfill this vital service uninterruptedly and to provide the highest quality service to our customers.

In 2021, we completed the infrastructure investments we committed despite all the adverse conditions. As always, we took a leading role in the new regulatory period, which started this year, and contributed to the process together with all our stakeholders. In the new regulatory period, we will continue to increase our investments as well as our service quality in line with expectations.

The past year proved once again that sustainability strategies and approaches are vital. At Enerjisa Enerji, we consider sustainability multidimensionally. We develop our products, services and network with the support of R&D and technology, while also increasing our investments in renewable energy. This year, we carried out several large-scale and pioneering projects in the area of Customer Solutions, which gained momentum last year under the Energy of My Business brand. Becoming the market leader also in this field is among our primary goals. Apart from this, we establish collaborations and develop projects

for the benefit our country and society. In the upcoming period, we will continue to develop projects in line with this approach.

During the period, the Board of Directors of Enerjisa Enerji fulfilled all their responsibilities as per the legislation and procedures. The Board reviewed the performance of the Company in financial and operational issues and provided required consultation and advice to the senior management of the Company during the 6 board meetings held in the fiscal year of 2021. All agenda items conveyed by the company management throughout the period were also meticulously discussed and resolved.

Furthermore, the committees built under the Board of Directors regularly gathered several times to discuss the items on their agenda and reviewed the activities carried out regarding corporate governance, sustainability, risk, financing and human resources. Several recommendations were also suggested to the Board of Directors by these committees.

As the Board of Directors, we would like to thank Enerjisa Enerji senior management, all committees, employees and suppliers for their successful work in 2021. Also, I would like to thank all our investors and customers for their trust in us.

May 2022 bring health and prosperity to the whole world.

**Kivanç Zaimler**  
Chairman, Enerjisa Enerji

# BOARD OF DIRECTORS



**Kivanç Zaimler**  
Chairman



**Johan Magnus Moernstam**  
Vice Chairman



**Cenk Alper**  
Board Member



**Thorsten Lott**  
Board Member



**Hakan Timur**  
Board Member



**Dr. Eva-Maria Verena Volpert**  
Board Member



**Mehmet Sami**  
Independent Board Member



**Fatma Dilek Yardım**  
Independent Board Member

# BOARD OF DIRECTORS

## **Kıvanç Zaimler** Chairman

Kıvanç Zaimler graduated from Istanbul Technical University Industrial Engineering Department in 1991. He started his career in 1992 and until 2008; he worked in various executive positions in Turkish Electricity Industry, RAM Foreign Trade and Aygaz companies respectively. Kıvanç Zaimler joined Enerjisa in 2008 and served as Trade Director, Distribution Companies General Manager, Sales Companies General Manager and CEO at Enerjisa respectively. As of July 2018, Zaimler was appointed President of the Energy Group at Sabancı Holding. Taking active roles in NGOs, Zaimler serves as Chairman at ELDER, Turkish Vice President at World Energy Council; Chairman at TÜSİAD Energy Working Group; Member of the Board of Directors at Sabancı University Istanbul International Energy and Climate Center (IICEC) and Advisory Council Member at SHURA. He is also Chairman of the Board at Enerjisa Enerji and SabancıDx, serves as Deputy Chairman of the Board at Enerjisa Üretim and is a Member of the Board of Directors at Aksigorta and Ageda.

## **Johan Magnus Moernstam** Vice Chairman

Johan Moernstam received his diploma in business administration and business law in Lund and Växjö, before completing his Executive MBA education at the University of Lund, Sweden. He started his professional career in 1988 as business controller at Fylgia Invest. In 1995, he joined the energy company Sydgas, which later was acquired by the E.ON Group. After holding several managerial positions, Mr. Moernstam was appointed Vice president of Commodity Portfolio Optimization at E.ON, in 2007. From 2010 until 2014, he served as the director of various positions in Germany and Sweden. Between 2014-2019, Mr. Moernstam held the role as CEO of E.ON Energidistribution AB, one of Sweden's largest power and gas distribution companies. Since 2020, Mr. Moernstam serves as the Senior Vice President of Energy Networks-Europe, responsible within the E.ON Group, for power and gas distribution in Sweden, Poland, Slovakia, Czech, Hungary, Romania, Croatia and Turkey.

## **Cenk Alper** Board Member

Cenk Alper received his Bachelor's degree in Mechanical Engineering from Middle East Technical University in 1991. He has a Master's degree in Mechanical Engineering from the same university as well as an MBA from Sabancı University. Mr. Alper joined the Sabancı Group in 1996 at Beksa, later taking on managing positions in Belgium and the US at Bekaert between 2002 and 2007. In 2007, Mr. Alper returned to Turkey as the Global Technology Director at Kordsa and completed the establishment of its R&D center and Innovation division. After serving as COO, he led Kordsa's transformation and secondary public offering as CEO between 2013 and 2017. In 2017, he took on a new role as Sabancı Holding Industry Group President. As of August 2019, Cenk Alper is the CEO and Board Member of Sabancı Holding. He is a member of the Turkish Industrialists' and Businessmen's Association, the World Economic Forum (WEF), the World Business Council for Sustainable Development (WBCSD), the International Corporate Governance Network (ICGN), the CNBC ESG Council and the WSJ CEO Council.

## **Thorsten Lott** Board Member

Thorsten Lott received his degree in business administration at the Georg-August-University in Göttingen. He joined the VEBA-group in 1999 as a business controller for the sales and trading activities in Hanover. After the merger of VEBA and VIAG, he moved to the newly founded E.ON Energie AG in Munich where he held different financial leadership positions in the areas of Risk-Management, Controlling and Derivative Accounting. In 2007, Thorsten Lott joined E.ON Kernkraft in order to facilitate the development of international nuclear new built projects. After holding different financial leadership positions within the nuclear area, he took over the controlling responsibility for nuclear activities within the E.ON group (Germany and Sweden) within the newly founded E.ON Generation. In addition, he accounted for the controlling activities of all hydro generation activities of the E.ON group (Sweden, Germany, Italy and Spain). In 2015, he took over the head of finance position for all nuclear activities. In 2017, Thorsten Lott was appointed as a member of the board (CFO) of PreussenElektra which is responsible for the management of all remaining nuclear activities within the E.ON group.

## **Hakan Timur** Board Member

Hakan Timur has BA degree in "Economics" from Istanbul University and received his Master's degree in "Energy and Technology Management" from the Sabancı University. He started his professional career in 1997 at Marsa-Kraft Foods International and pursued his career journey from Human Resources Specialist to Human Resources Manager level in here until 2006. After that, he held various roles in Sabancı Group containing different industries, different companies and international responsibilities. He worked as "Human Resources Manager" at Sabancı Food Group, "Human Resources Manager" at H.Ö. Sabancı Holding A.S., "Global Human Resources Director" at Kordsa Global, "Human Resources Vice General Manager" at Akçansa and "Chief Officer, Human Resources and Corporate Capabilities" at Enerjisa respectively. He has been working as Sabancı Group HR & Sustainability Group President since February 1<sup>st</sup>, 2018. In addition to his duty of Human Capital & Sustainability Group President, Hakan Timur also serves as the "Executive Committee Member" at Sabancı Holding, and holding roles of "Board Member/Vice Chairman" in companies; "Cimsa", "Afyon Cimento", "Enerjisa Enerji", "Enerjisa Üretim" and "Sabancı DX". He is also Member/Board Member in several NGOs such as "Özel Sektör Gönüllüleri Derneği- ÖSGD", "Yönetim Kurulu Üyeleri Derneği-YKÜD", "Sürdürülebilir Kalkınma Derneği Türkiye-SKDT" and "World Business Council for Sustainable Development (WBCSD)". Timur also serves as the Chairman of TÜSİAD's "Employment and Social Security Working Group".

## **Dr. Eva-Maria Verena Volpert** Board Member

Eva-Maria Verena Volpert holds a degree in business administration and works as tax advisor. She joined E.ON in 2006 and was responsible for Group Finance until June 2020. Verena Volpert is also a Board Member at Enerjisa Enerji A.Ş., Enerjisa Üretim Santralleri A.Ş., Vibracoustic AG and Thyssenkrupp AG. Before joining E.ON, she headed the finance department of the media company Bertelsmann.

## **Mehmet Sami** Independent Board Member

Following his graduation from Kingston University London, Department of Economics. Mehmet Sami completed his Master's degree in Business Systems Analysis Design at City, University of London. He has more than 32 years of experience in corporate finance, venture capital fund advisory services (including the establishment of the first fund in Turkey) and capital markets. Mr. Sami has taken part in various privatizations, international mergers and acquisitions and international joint ventures undertaken by resident companies in Turkey. After EuroTurk Bank and Finansbank, he worked at Ata Yatırım, one of the largest independent firms in Turkey, for almost 19 years. In 2012, he joined Deloitte Corporate Finance to lead M&A and Debt Advisory unit. He served on Deloitte Global Merger & Acquisition's Executive Board as well as at Deloitte Turkey Partnership until 2015. He now runs a private consultancy firm that provides portfolio review and monitoring services, as well as advisory services on micro/ macro risks and probable effects and corporate finance alternatives to international banks and multinationals through the consultancy firm he co-founded. He served as Board of Director of the Corporate Governance Association of Turkey (TKYD). He is a co-founder and Chairman of Board Directors Association - Turkey. Since 2018, Mr. Sami has been serving as Independent Board member of Enerjisa Enerji, Chairperson of the Corporate Governance Committee, member of the Audit Committee and member of Early Detection of Risk Committee. Since 2015, he is a partner of Pretium Kurumsal Danışmanlık and Independent Board member of Akçansa, Kordsa and Türk Traktör.

## **Fatma Dilek Yardım** Independent Board Member

Dilek Yardım completed the joint MBA program of University of Bangor and Manchester Business School after graduating from the Department of Business Administration at Boğaziçi University. She started her professional career as an auditor at Interbank in 1988. Between 1990 and 1999, she held different positions at Project Finance and Corporate Banking Manager units of Bankers Trust. Between 1999-2001, she served as the Vice President of Corporate Finance at Deutsche Bank. Between 2011 until 2016, she served as the CEO and a Board member of Deutsche Bank, Credit Agricole CIB and Standard Chartered Bank respectively. Since 2018, she has been serving as Independent Board member and Chairperson of Early Risk Detection of Risk Committee of Enerjisa Enerji. Since 2019, she works as Turkey Branch Manager of Commerz Real Investmentgesellschaft. Ms. Yardım has also served as the Chairperson of various working groups at TÜSİAD and as Deputy Board member between 2001 and 2017. She also served as Deputy Chairperson at YASED (Foreign Investors Association) for three terms between 2007 and 2012 and Turkish-English Business Council member at DEİK (Foreign Economic Relations Board) between 2012 and 2016. Yardım is also an Independent Board member of Cimsa, Afyon Cimento, Pınar Et and Altinyunus Çeşme.



## BOARD OF DIRECTORS COMMITTEES

### CORPORATE GOVERNANCE COMMITTEE

#### Chairperson

**Mehmet Sami**

Independent Board Member

#### Members

**Johan Magnus Moernstam\***

Board Member

**Hakan Timur**

Board Member

**Michael Moser**

Not Board Member

**Sabriye Gözde Çullas**

Not Board Member

\*To be effective as of 1 January 2022, it was decided that: Thorsten Lott to be appointed as a member of the Corporate Governance Committee in lieu of Johan Magnus Moernstam.

Activities of Corporate Governance Committee are discussed in the Corporate Governance Section.

Corporate Governance Committee Charter:

<https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter>

### AUDIT COMMITTEE

#### Chairperson

**Fatma Dilek Yardım**

Independent Board Member

#### Member

**Mehmet Sami**

Independent Board Member

Activities of Audit Committee are discussed in the Corporate Governance Section.

Audit Committee Charter:

<https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/audit-committee-charter>

### EARLY RISK DETECTION COMMITTEE

#### Chairperson

**Fatma Dilek Yardım**

Independent Board Member

#### Members

**Mehmet Sami**

Independent Board Member

**Hakan Timur**

Board Member

**Johan Magnus Moernstam\***

Board Member

\*To be effective as of 1 January 2022, it was decided that: Johan Magnus Moernstam, a member of the Board of Directors and Corporate Governance Committee, to be appointed as a member of the Early Risk Detection Committee.

Activities of Early Risk Detection Committee are discussed in the Corporate Governance Section.

Early Risk Detection Committee Charter:

<https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/early-risk-detection-committee-charter>

## EXECUTIVE MANAGEMENT

### Murat Pınar

CEO

Murat Pınar, having graduated from Karadeniz Technical University as an Electric and Electronics Engineer and took MBA degree from London School of Commerce & University of Wales. He started his professional career in Siemens where he worked as transmission engineer, transmission product manager and application and integration manager during the years 1998-2006. Later, he undertook the task manager responsible for the field operations and Program Director roles at Nokia Siemens Networks Company in 13 different countries including Eastern Europe, Central Asia and Turkey, Azerbaijan and Georgia. Murat Pınar, joined Enerjisa in 2015 and undertook different executive positions within Enerjisa distribution companies - Baskent, Ayedaş and Toroslars- which are operating in 14 cities and serving over 9 million customers and 21 million population. He led the integration, growth and development phases of Enerjisa distribution companies especially leading operational excellence, business development and investment processes through contributing to restructuring of the market dynamics. Mr. Pınar was appointed as the General Manager of Enerjisa distribution companies in 2015 and as the President of Enerjisa Enerji Distribution Business Unit in 2016. He has served as the Enerjisa Enerji CEO since November 1, 2019. He is Board Member of ELDER (Association of Electricity Distribution Companies) and EUROGIA2020 Chairman.

### Dr. Michael Moser

CFO

Dr. Michael Moser has successfully received seven international university degrees in law and business economics such as Ph.D. in international energy law, legal state exams, degree in business economics, MBA, Master of Laws and general management in Germany, USA, UK, Switzerland and China. He studied inter alia at Harvard Business School and London Business School. After starting his professional career in a private equity company and later on as a lawyer at Baker McKenzie Frankfurt and London in 2005, Dr. Moser joined E.ON SE in 2008. He first steered as Global Legal M&A Vice President all worldwide transactions of E.ON, became Chief Development Officer at the stock listed company Eneva S.A. in Brazil (2013-2015), steered later on the spin-off and listing of Uniper SE, became Chief Audit Officer at E.ON SE. Later, he was appointed Chief Financial Officer of the global business area New Customer Solutions at E.ON, responsible for 8 countries (UK, Sweden, Germany, Italy, France, Hungary, Czech Republic and Romania). Since July 2019, Dr. Moser serves as CFO of Enerjisa Enerji.

## MESSAGE FROM THE CEO

“ In 2021, we carried out several projects and delivered our planned investments, which reached TL 2.8 billion.



**Murat Pınar**  
CEO, Enerjisa Enerji

Dear Stakeholders,

2021 was a challenging year with many struggles. In the second year of the pandemic, we sustained our controlled working and social life and continued taking precautions. Meanwhile, supply chain problems and the increasing inflationary pressures have affected all industries worldwide in varying scale.

Despite all these adverse conditions, we, at Enerjisa Enerji, managed to deliver robust results in 2021 thanks to our strong infrastructure and technology investments, sustainability vision, and effective risk and financial management.

At Enerjisa Enerji, we set our strategy based on the mega trends that shape the energy sector. Today, digitalization, decarbonization, decentralization, urbanization, customer centricity and deregulation are among the prominent mega trends. In Turkey, we consider electrification and efficiency as important trends. We set our strategy in line with the opportunities and risks created by these trends.

In line with our responsible public service approach, we put all our efforts to provide uninterrupted energy to approximately 22 million people in 2021. Together with our employees, we endeavored so that disasters like sudden and heavy snowfalls, large-scale fires and severe floods do not affect the uninterrupted energy supply. On the other hand, with the support of our suppliers, the regulatory authority and all our stakeholders, we delivered the investments we planned despite all challenges. In 2021, our investments reached TL 2.8 billion.

In our retail business line, we established collaborations and began carrying out several projects in order to improve customer experience at all contact points. We have made our service centers more accessible to all our stakeholders.

“ Despite all adverse conditions, we, at Enerjisa Enerji, managed to deliver robust results in 2021 thanks to our strong infrastructure and technology investments, sustainability vision, and effective risk and financial management.

We continue to develop sustainable products and services as part of our goal to be the leader of the New Energy World shaped by mega trends. We increased our majority share in Eşarj, the first and fastest electric vehicle charging station network in Turkey to 94%. Thus, we took a significant step in sustaining our leadership in e-mobility, a rapidly growing sector globally.

We also continue to contribute to the entrepreneurship ecosystem this year. We continued to support bright ideas through NAR, our in-house entrepreneurship and innovation program; İVME, our startup acceleration program which aims to support initiatives that have an impact in the energy industry; and, the Big Bang Start-Up Challenge of İTÜ Çekirdek, which introduces technology startups to the business world.

In 2021, we felt the impacts of the climate crisis more deeply as the whole world as well as our country faced major flood and fire disasters. The steps we have taken in this regard have become more critical than ever. There were two significant milestones in terms of climate crisis; i.e. the two action plans (“Fit for 55” and “Green Deal Action Plan”) announced by the European Commission and Turkish Ministry of Commerce for the reduction of carbon emissions; and the ratification of the Paris Climate Agreement by the Turkish Grand National Assembly.

With the support of UNDP and Sabancı University, we designed the Sentrum project in order to enhance the potential in the tourism sector, which is one of the vital sectors in the Turkish economy, and to contribute for the sector to reach a sustainable structure. We initiated the project, which we set out to create a sustainable tourism center model, in Küçükköy, Ayvalık.

We have invested over TL 1.5 billion in digitalization since 2009. In 2020, we developed E-TERNAL, our digital transformation model, to strengthen sustainability with digitalization in a holistic manner and we received the patent of the model, designed and implemented as a first in the energy sector. We have been granted various awards in this regard and become the company with the highest score in the digital maturity assessment of E.ON among its subsidiaries. These prove once again that we have taken accurate steps.

In 2021, we also sustained our activities in line with our human orientation. With the vision of Adaptation to the Future of Work, we laid the foundations of a structure that is compatible with the business models and requirements of the future.

We will continue our operations in the upcoming period by adopting a sustainable success and service mentality.

I would like to express my sincere gratitude to our shareholders who supported us on this path, as well as to our partners, customers, and over 11,000 Enerjisa employees.

Best regards,

**Murat Pınar**  
CEO, Enerjisa Enerji

## MESSAGE FROM THE CFO

“As grids become the internet of the New Energy World, the importance of grid investments is increasing. This is the reason why we have carried out significant grid investments and will continue doing so also in the future.



**Dr. Michael Moser**  
CFO, Enerjisa Enerji

Dear Stakeholders,

2021 was an eventful year. While the Covid-19 vaccinations enabled a controlled normalization and rebound in economic growth, the supply chain disruptions and inflationary pressures across the world creates risks on a sustained recovery.

Despite these uncertainties, we successfully executed our strategy. Thanks to our sound business model, strong risk management and most importantly our highly engaged employees, we delivered strong financial, operational and ESG performance in 2021.

2021 marks the first year of 5-year fourth regulatory period. In 2021, we continued to expand our grid infrastructure. We invested TL 2.8 billion on our power distribution grids, 56% higher than in 2020. Our Underlying Net Income increased by 29% year-over-year to TL 2,415 million. Meanwhile, our balance sheet strengthened further and our net financial debt to operational earnings ratio declined from 1.7x in 2020 year-end to 1.2x in 2021 year-end. Our balance sheet provides us flexibility to sustain our investments even at the time of heightened uncertainty across the markets.

Despite many challenges in financial and real markets, one cannot lose sight of the climate risks. We are fully aware of the severity of the climate crisis and the necessity to live up to the responsibility of addressing this existential challenge. Accordingly, we are taking steps to lead the sector into the New Energy World, the new energy landscape emerging that provides us with cleaner, smarter, more sustainable and digital way of living and meeting our energy needs wherever and whenever it is needed.

We target to further increase our investments in customer solutions area. Customer solutions businesses, which we consolidated under the umbrella of the “Energy of My Business” in 2020, gained strong momentum this year. We established many collaborations and carried out several firsts in this area, where we focus on green energy certification, e-mobility, energy efficiency and solar power

“We are taking steps to lead the sector into the New Energy World, the new energy landscape emerging that provides us with cleaner, smarter, more sustainable and digital way of living and meeting our energy needs wherever and whenever it is needed.

plant solutions. We put efforts to use the resources of both our stakeholders and our planet more efficiently with the projects we conducted by leading national and international corporations such as Shell, Volvo, Brisa, Teknosa and the football club Galatasaray. We are glad to see that our customer solutions gross profit reached TL 100 million mark, increasing five-fold compared to 2020.

The distribution grids have the most vital role in the transformation towards green sustainable energy; as without smart, integrated distribution grids the sustainable energy produced in wind and solar power plants cannot be transported to the customers. As renewable energies are intermittent, grids need to be flexible to balance the energy needs throughout the day. Robust infrastructure is critical in ensuring adaptation to climate change related risks including increased frequency of extreme weather conditions. As grids become the internet of the New Energy World, we need to heavily invest in new connections and modernize the current ones. This is the reason why we have carried out significant grid investments and will continue doing so also in the future.

Financing is a critical pillar in accelerating the energy transition investments. We completed our Green Finance Framework in 2021 and received the relevant Second Party Opinion. Additionally, we signed a new “Inclusive and Green-focused” loan agreement with the EBRD. This loan agreement worth 110 million USD equivalent in Turkish Lira with a 7 year tenor marks is yet another successful transaction for Enerjisa.

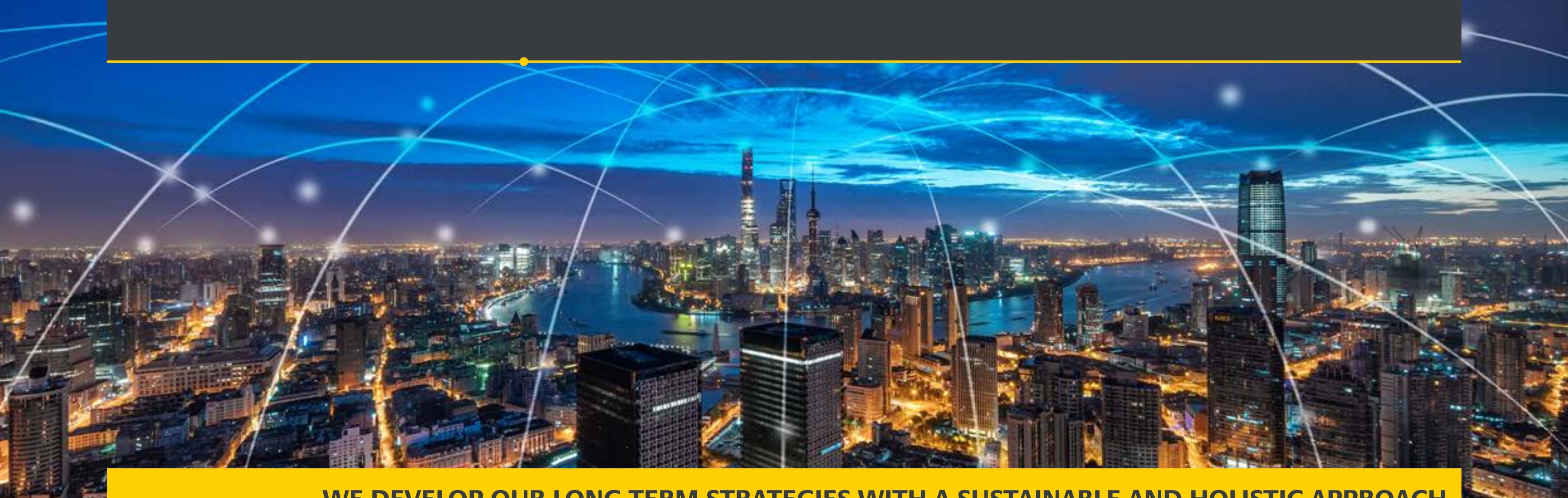
While considering sustainability an integral part of our strategy and determining our sustainability goals and roadmap, we have adopted the UN Sustainable Development Goals as our guide. We are proud to demonstrate concrete progress towards our sustainability goals. Our rankings in sustainability indices are improving reflecting our initiatives in this area. An important development in this regard is our increasing performance in the Climate Change and Water Security program of the CDP (Carbon Disclosure Project), the world’s largest environmental reporting platform to “B” level in 2021.

We believe that strong corporate governance, compliance, integrated risk management and internal control mechanisms, and an effective stakeholder engagement are the backbones of a sustainable performance. In 2021, we continued to expand our ESG related policies including disclosure of our Third Party Relation Policy setting our fundamental principles in working with third parties, our Anti-Retaliation Policy ensuring protection of whistleblowers and our Diversity and Inclusion Policy. In 2021, we completed establishment of internal control system to ensure that the control environment, controls, information and communication channels are effective and efficient in Enerjisa. In this scope, we defined over 800 workflows, 650 operational risks and 780 control activities in the Periscope software.

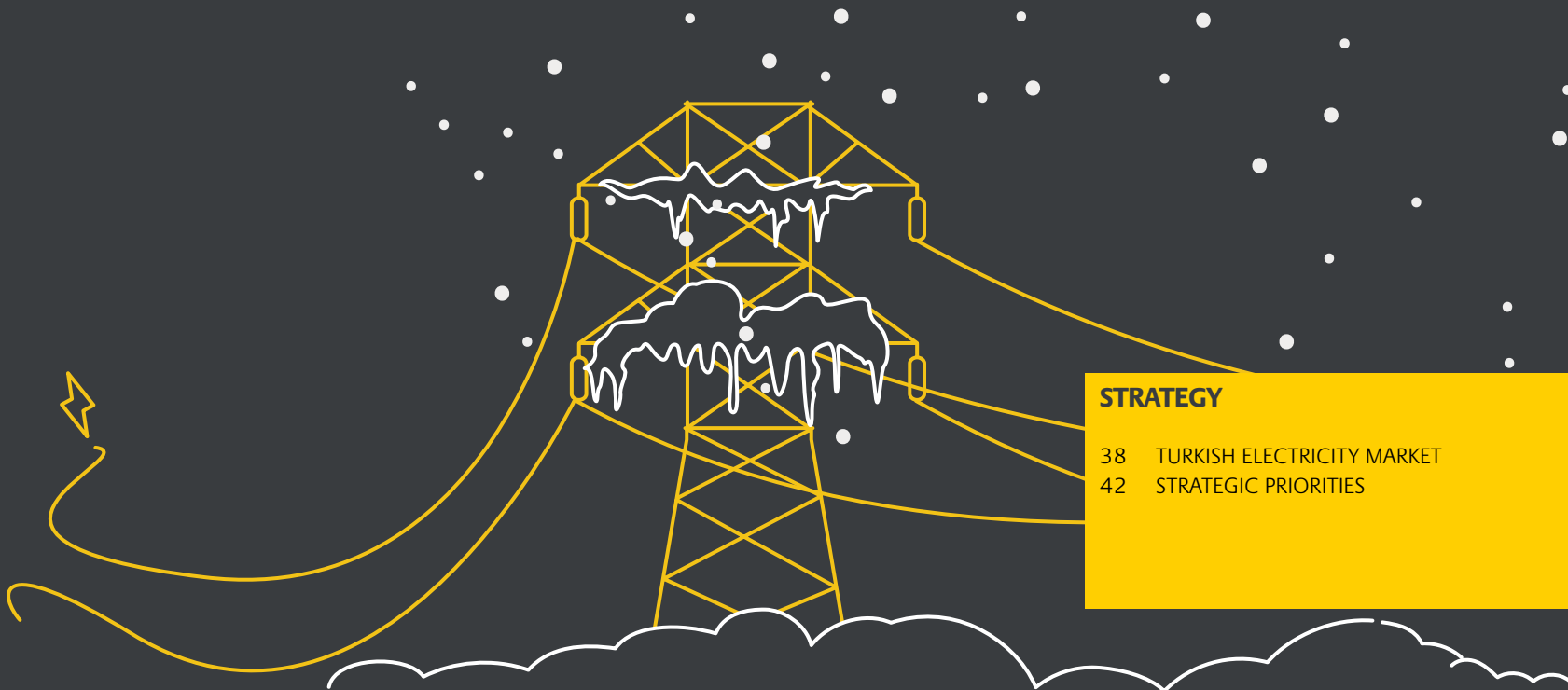
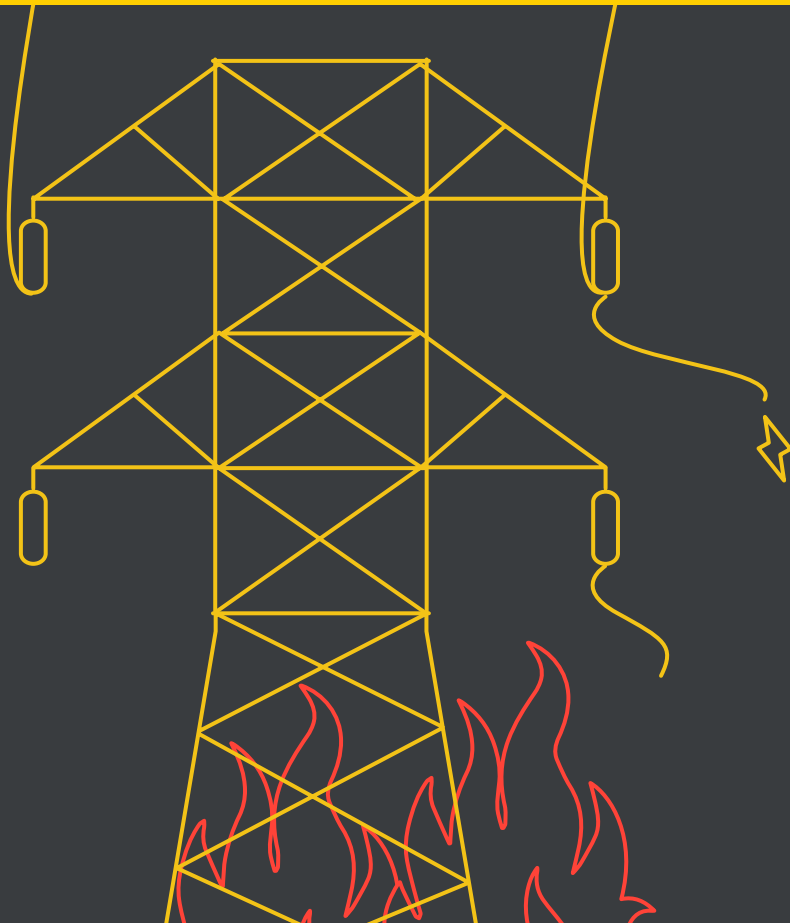
Our Board of Directors proposed a dividend of 1.24 TL per share to the AGM as per our commitment to provide sustainable dividend. This marks a 29% increase compared to last year and a 60.6% pay-out ratio.

I have full faith in our strategy and believe Enerjisa Enerji is well equipped to capitalize on the opportunities of Turkey and also the energy sector. I present my gratitude to all our stakeholders for their invaluable contribution and support in our journey.

**Dr. Michael Moser**  
CFO, Enerjisa Enerji



**WE DEVELOP OUR LONG-TERM STRATEGIES WITH A SUSTAINABLE AND HOLISTIC APPROACH**



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# TURKISH ELECTRICITY MARKET

“ The total installed capacity, which reached 99.8 GW in 2021, has been one of the important drivers of the strong GDP performance of Turkey in the past 20 year period.

## INSTALLED CAPACITY

Turkish Electricity Market has gone through substantial changes over the past 20 years and delivered significant growth on the back of these changes. With the developments including the introduction of renewable technologies, liberalization and privatization of the markets, as well as effective regulations and new legislations, the total installed capacity increased from 28 GW in 2001 to 99.8 GW in 2021. The increase in the total installed capacity of Turkey also paved the way for the rapid growth in other industries and became one of the important drivers of the strong GDP performance of Turkey in the past 20 year period.

## RENEWABLE ENERGY INSTALLED CAPACITY

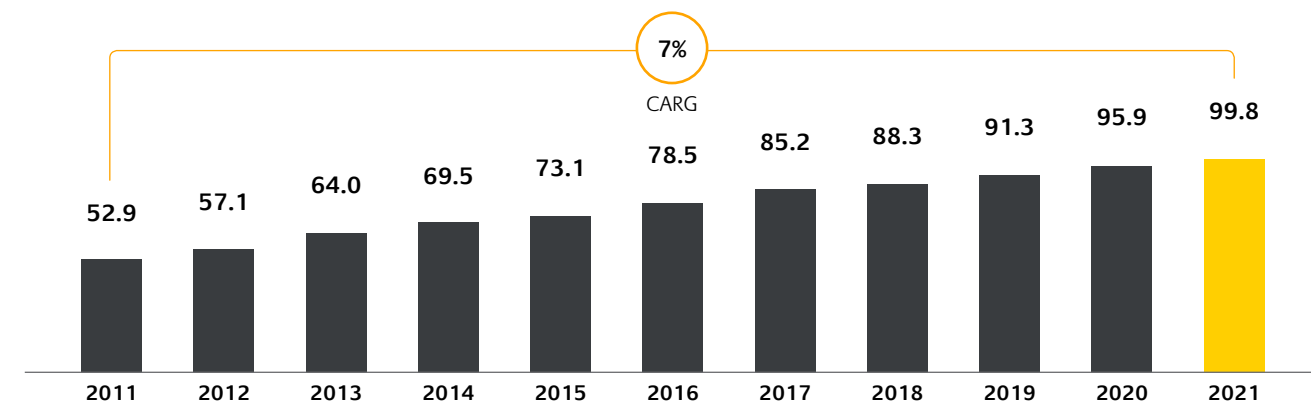
A successful energy transformation is undergoing in the Turkish Electricity Market. The share of renewable energy resources in total installed capacity has an increasing trend since 2005. While the share of power plants using renewable resources in the installed capacity was around 33% in 2005; this share increased to 53% in 2021<sup>1</sup>.

YEKDEM/FIT (Renewable Energy Resources Support Mechanism) played a significant role in that increase. 2020 has been a critical year for renewable resources, as the new incentive mechanism for renewable generation facilities has been announced. Incentives for renewable resources commissioned after 30 June 2021 were determined in TL and support was reduced, reflecting the decrease in investment costs of renewables.

In 2021, approximately 0.5 GW, 1.7 GW, and 1.6 GW installed capacities from Hydroelectric Power Plants (HEPP), Wind Power Plants (WPP), and solar and biomass power plants were commissioned respectively.

Turkey ranks 12<sup>th</sup> worldwide and 5<sup>th</sup> in Europe in terms of its renewable resource capacity. In 2021, the ratio of renewable energy resources in total generation capacity in Turkey was above the average of the EU (49.8%) and the world (36.6%)<sup>2</sup>.

Installed Capacity (GW)



Source: TEİAŞ

<sup>1</sup> Load Dispatcher Information System - teias.gov.tr  
<sup>2</sup> IRENA: Renewable capacity statistics 2021

“ In 2021, supply and demand balances in the energy markets were impacted due to the increase in commodity prices in global markets. In Turkey, high increases were observed in electricity sourcing costs due to global commodity price changes, exchange rate effect and low hydrology effect due to drought.

## SUPPLY & DEMAND BALANCE AND PROCUREMENT COSTS

Due to Covid-19, which affected the world at the beginning of 2020, the increase in gross electricity demand was limited in 2020 and the annual gross electricity demand increased by 0.5% to 305 TWh<sup>3</sup>. Although the effects of pandemic continued in 2021, the total gross electricity demand in Turkey increased by 8% year-over-year on the back of strong growth in the industrial sector and reached 329 TWh<sup>4</sup>. The electricity demand of the commercial and residential subscriber groups also increased year-over-year; however, the increase lagged behind the electricity demand growth of the country.

Total electricity generation in 2021 increased by 8.5% compared to the previous year and reached 331 TWh.

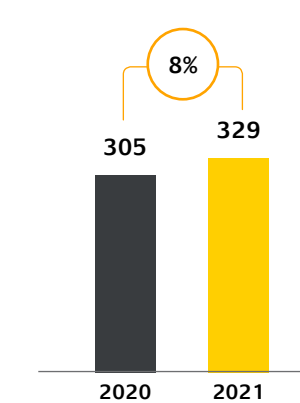
While the commodities markets were affected by the Covid-19 pandemic in 2020, this reversed with the economic recovery in 2021, leading to a tightening of the commodity markets and price increases. Rising natural gas and coal prices have led to increases in electricity prices in many markets.

The Turkish electricity market was also affected by the global increase in commodity prices. In the second half of the year, the electricity sourcing cost increase was higher than in the first half due to the increase in the prices of coal and natural gas, which are among the marginal energy sources that play an important role in the electricity production of the country, and the fact that hydroelectricity production remained below the average for many years due to the drought. The average Market Clearing Price in 2021 increased 82% year-over-year and reached 508.1 TL/MWh. In the fourth quarter of 2021, the annual increase in quarterly average Market Clearing Price was around 175%.

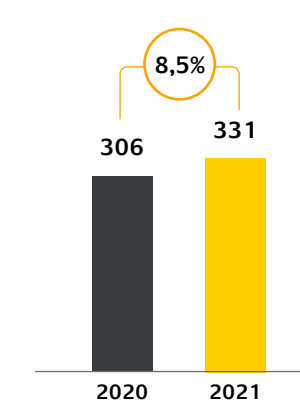
## Total electricity generation

In Turkey, total electricity generation increased by 8.5% in 2021 compared to the previous year, reaching 331 TWh.

Gross Electricity Demand (TWh)



Gross Electricity Generation (TWh)



Source: TEİAŞ

<sup>3</sup> TEİAŞ 2020 Electricity Generation-Consumption Report  
<sup>4</sup> TEİAŞ

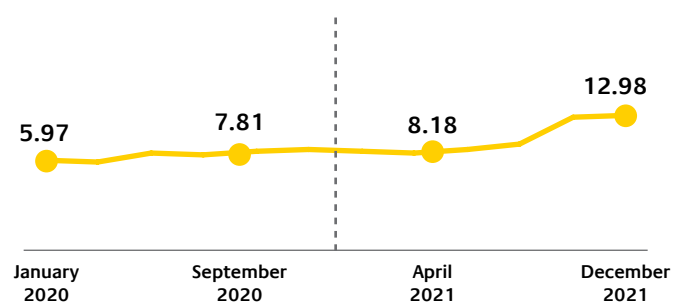
# TURKISH ELECTRICITY MARKET

## MACROECONOMIC DEVELOPMENTS

• **Growth:** In the third quarter of 2021, strong growth continued with the easing of restrictions together with the strong momentum in vaccination and the recovery trend in tourism activity. In the third quarter of 2021, the Gross Domestic Product increased by 7.4% on an annual basis. From the expenditure side, the main determinant of growth was domestic demand. The increasing contribution of domestic demand came from private consumption expenditures due opening leading to the recovery in sectors that were more affected by the epidemic. Machinery and equipment investments recorded an annual increase of 17.5%. Contribution of net exports to annual growth was 6.8%.

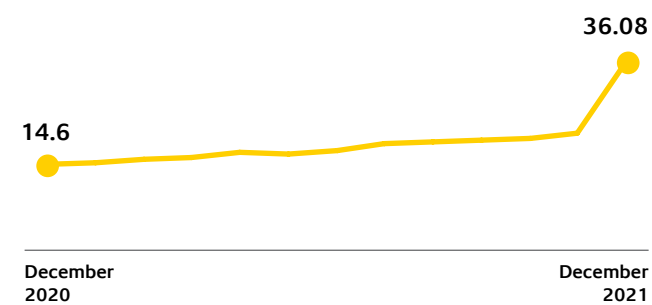
- **Inflation:** Inflation has accelerated in 2021 throughout the world, especially in developed countries, exceeding the 2008 level and reaching historically high levels. Factors such as demand, supply-demand mismatches and commodity price increases affect inflation at the global level. As a result of the raise in commodity and energy costs, fluctuations in the exchange rates and increase in food prices driven by unprocessed raw materials, inflation in Turkey rose from 14.6% at the end of 2020 to 36.1% at the end of 2021.
- **Interest Rate:** 2 year government bond interest rate increased from 15.0% in 2020 year end to 22.8% in 2021 year end.
- **FX:** In 2021, the USD rate increased by 77% annually, reaching 12.98 TL

2020 & 2021 FX Rate Development (USD/TL)



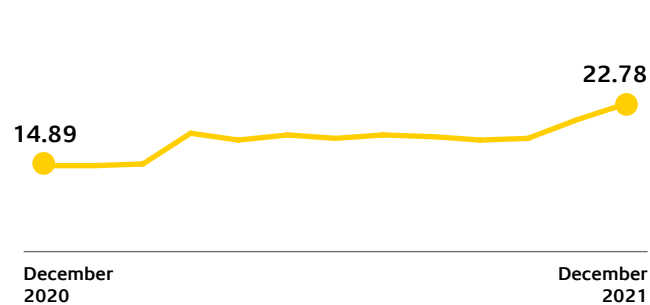
Source: CBRT

Inflation (%)



Source: TURKSTAT

Interest Rate (2Y TR Bond) (%)



Source: BAT

## END USER SALES TARIFF

The end consumer electricity bills include the following components in order to cover the operation and maintenance costs of the existing electricity system and encourage investments in new and improved generation and network infrastructure:

### Retail Energy Sales Tariff comprises:

- Generation costs,
- Net profit margin determined as 2.38% on procurement costs for the fourth regulatory period and;
- Other costs of providing the retail service.

**Distribution Tariff:** This component includes the cost of operating, maintenance, expansion and improvement of both distribution and transmission grids and theft-loss costs.

**Other Costs:** Includes costs such as reactive energy cost, capacity cost and overloading cost.

**Taxes:** Includes taxes such as VAT and Electricity Consumption Tax. The Energy Fund Fee and TRT share application has been abolished as of 2022.

Retail Electricity Sales Tariff is set by EMRA.

## REGULATED ELECTRICITY TARIFFS

### Developments in 2021

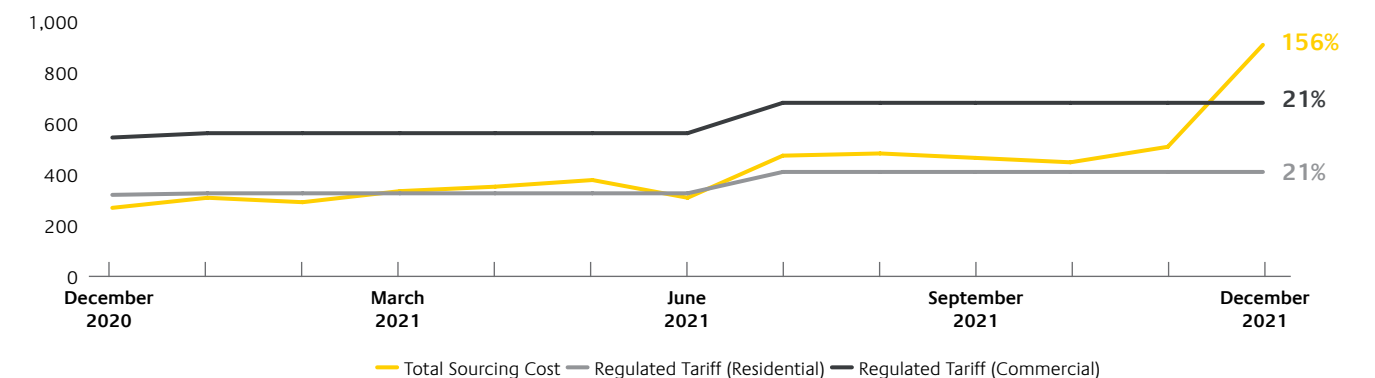
- **Q1 2021:** Applicable starting from 1 January 2021, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been increased by 1.3-3.4% and distribution tariff component increased by around 16%. The final tariff reflected to the end user has been increased by 6%.
- **Q2 2021:** Applicable starting from 1 April 2021, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been decreased by 0.1-0.2% and distribution tariff component increased by around 0.4%. In net, end user tariffs stayed flat for all tariff groups.

- **Q3 2021:** Applicable starting from July 1 2021, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been increased between 17.6%-19.5% and distribution tariff has been increased by 7.2%. The final tariff reflected to the end user has been increased by 15%.

- **Q4 2021:** Electricity tariffs were not changed in Q4.

You can find information about the changes in Regulated Electricity Tariffs in 2022 in the Legal Developments section.

## Regulated Electricity Tariffs



# STRATEGIC PRIORITIES

Enerjisa Enerji is the leading electricity distribution and retail company in Turkey that also provides public services. Focusing on customer requirements, the Company strives to deliver the highest quality in its investments and services.

Enerjisa Enerji continues to expand its grid of high-quality standards in its distribution regions and to expand its retail operations throughout the country. With the goal to grow profitably and create value for its shareholders, the Company is aware of its responsibility to society and that it should be a role model in the industry.

Enerjisa Enerji develops its long-term strategies with a sustainable and holistic approach and integrates the Environmental, Social and Governance (ESG) factors into these strategies.

Enerjisa Enerji operates in a dynamic sector transforming with the mega trends such as digitalization, decarbonization, deregulation, decentralization, urbanization and customer centricity. Closely monitoring the future developments with a clear vision, the Company focuses on value-creating opportunities with the contribution of its employees and the innovation culture.

Enerjisa Enerji supports shaping the legislation and explores new opportunities in the sector; hence, the Company gets prepared for these fundamental changes and leads the New Energy World with its sustainable energy solutions.

Enerjisa Enerji with its strategic priorities constitutes one of the important building blocks of its shareholders Sabancı Group and E.ON's ecosystems.

To achieve its goals and prepare for the future, Enerjisa Enerji has set the following five key strategic priorities:

## 1. "FOCUS" ON THE CORE

With strong growth fundamentals and a favorable position in an expanding market, Enerjisa Enerji's will leverage on its experience and expertise to continue its growth in distribution and retail segments:

- a. Expand the network in its distribution regions by seizing organic growth opportunities
- b. Improve the quality of grid and operations by focusing on operational excellence and digitalization
- c. Expand the customer base in retail operations with excellent service quality and agile operations that quickly adapt to changing market conditions
- d. Work with stakeholders, including regulatory authorities, to ensure compliance of implementations with the regulations in the new regulatory period; and be a strong partner of regulatory agencies

## 2. "EXPLORE" ADJACENCIES

Enerjisa Enerji adopts a 360-degree perspective to capture growth opportunities in its adjacencies:

- a. Leverage broad customer base to improve the performance in market access and data analytics capabilities
- b. Be prepared to meet changing customer demands and needs
- c. Grow by developing unique business models in areas that provide a competitive edge – namely, in the rooftop solar panels and energy efficiency products encompassed within our the "Energy of My Business" portfolio, which overlaps with market trends

## 3. PREPARE FOR THE "FUTURE"

Enerjisa Enerji is aware of the mega trends influence its sector and prepares for the New Energy World:

- a. Tap into the start-up ecosystem to add critical capabilities and provide solutions to get ready for the New Energy World
- b. Chase organic and inorganic opportunities in growth areas of the future, such as e-mobility, smart cities and energy storage
- c. Prepare for future data monetization prospects

## 4. SUPPORT THE "ECOSYSTEM"

Enerjisa Enerji adopts a reliable partnership approach based on the needs and expectations of its key stakeholders: national and local governments, general public, customers, partners, shareholders, contractors, investors and employees:

- a. Leverage on common interests between business and stakeholders
- b. Be a reliable partner of local governments
- c. Work together and win together

## 5. "PERFORMANCE CULTURE"

Enerjisa Enerji maximizes its efficiency by learning from its experiences, measuring its performance and prioritizing flexibility:

- a. Drive business excellence
- b. Ensure strong performance management
- c. Create a performance-driven, constructive and productive

“Aiming to grow profitably and create value for its shareholders, Enerjisa Enerji develops its long-term strategies with a sustainable and holistic approach and integrates the Environmental, Social and Governance factors into these strategies.”

### GROWTH (ORGANIC & INORGANIC)

We aim to sustain our strong growth and the value we create for our shareholders. We continue to invest in the distribution regions to both increase the quality standards of the grid and to expand it. While pursuing organic growth opportunities the electricity distribution sector provides, we continue to address the customer needs by closely monitoring new mega trends in the energy sector. We respond to these mega trends by offering environmentally friendly sustainable energy solutions under the umbrella of the "Energy of My Business".

### SUSTAINABILITY

Sustainability is an integral part of our business model and an immanent driver of our corporate strategy. We integrate sustainability into all our processes and comply with global principles in environmental and social issues while also investing in social awareness of these issues. While managing the environmental impacts of our activities, we also offer our customers leading energy solutions in tackling climate change.

### EQUITY STORY

### DIGITALIZATION

The expansion, modernization and digitalization of electricity networks is critical to pool all available flexibility sources, increase efficiencies and support the rapid low-carbon transition of the electricity supply. In 2020, we developed our digital transformation model E-TERNAL in order to holistically enhance sustainability with digitalization. With this model, we aim to dedicate all of our digital initiatives with our Purpose and align them with global and mega energy trends.

### RISK MANAGEMENT

Risk management is an integral part of our governance approach. Our Risk Management Framework aims to define all risks and opportunities, which may impact financial, operational and strategic plans and to mitigate these risks. With our risk management systems, we develop action plans to minimize the occurrence and impact of financial and non-financial risks in order to maximize value for our stakeholders.

## “THE NEW ENERGY WORLD

The New Energy World is the energy world of tomorrow; the world we live in when we have fully sustainable energy systems, smart infrastructure and digitally interconnected technologies. In this world, we produce energy through the earth's resources and not on the expense of them.

The customers are the center in the energy system; not the end point in the distribution network. Customers can produce energy themselves decentrally, share within their communities or store it for their own future needs through advanced battery solutions.

With the developed grid infrastructure of the new energy world, customers can also opt to sell back the energy by into the grid and thus be in control of their own energy costs. The New Energy World will change the way we

interact with energy, not only on an individual basis, but also as we use energy in and between our homes as well as our city landscape. Energy will be flexibly managed and interlinked with our appliances, cars and storage units to digitally optimize our use and energy loads.

It is something that is happening around us, and starts to take shape faster and faster; as more and more individual people and companies take an active stance to shift away from the conventional energy world.

In its essence, the new energy world is the new energy landscape emerging that provides us with cleaner, smarter, more sustainable and digital way of living and dealing with our energy needs, wherever and whenever it is needed.



**WE SHAPE THE FUTURE WITH OUR SOLID FINANCIAL STRUCTURE**





# DISTRIBUTION FINANCIAL DEVELOPMENTS

## OPERATIONAL EARNINGS

### Distribution Operational Earnings

(TL million)			Change	Change
	2020	2021	TL	%
Sales Revenue	7,306	10,231	2,925	40
Financial Income	2,070	2,951	881	43
Distribution Revenue	3,545	5,287	1,742	49
Pass-through Transmission Revenue	1,369	1,537	168	12
Lighting Sales Revenue	322	432	110	34
Other	0	24	24	n.m.
Cost of Sales	-2,662	-3,104	-442	17
Energy Purchases (Lighting, Theft-Loss)	-1,293	-1,567	-274	21
Pass-Through Transmission Cost	-1,369	-1,537	-168	12
<b>Gross Profit</b>	<b>4,644</b>	<b>7,127</b>	<b>2,483</b>	<b>53</b>
OPEX	-1,869	-2,613	-744	40
Other Income/(Expense)	-441	-343	98	-22
<b>Operating Profit before Finance Income/(Expense)</b>	<b>2,334</b>	<b>4,171</b>	<b>1,837</b>	<b>79</b>
Adjustment of Depreciation and Amortization	179	198	19	11
Adjustments Related to Operational FX Gains and Losses	28	231	203	725
Interest Income Related to Revenue Cap Regulation	-30	-56	-26	87
<b>EBITDA</b>	<b>2,511</b>	<b>4,544</b>	<b>2,033</b>	<b>81</b>
CAPEX Reimbursements	1,342	2,101	759	57
<b>EBITDA+CAPEX Reimbursements</b>	<b>3,853</b>	<b>6,645</b>	<b>2,792</b>	<b>72</b>
Fair Value Changes of Financial Assets	395	0	-395	n.m.
Non-recurring Expense Related to Previous Years	469	0	-469	n.m.
Non-recurring (Income)/Expense	46	-94	-140	n.m.
<b>Operational Earnings</b>	<b>4,763</b>	<b>6,551</b>	<b>1,788</b>	<b>38</b>

**66** In 2021, the first year of 5-year fourth regulatory period, Enerjisa Enerji continued to expand its grid infrastructure and invested TL 2.8 billion on its distribution grids, 56% higher than in 2020. Operational Earnings of distribution business unit increased by 38% year-over-year to TL 6,551 million in 2021, contributing to 87% of consolidated Operational Earnings.

Operational Earnings of distribution business unit increased by 38% year-over-year to TL 6,551 million in 2021. The contribution of distribution business unit to consolidated Operational Earnings was 87%. The main changes in the Operational earnings of the Distribution business unit in 2021 compared to 2020 are as follows.

**Financial Income** derived from the Regulated Asset Base (RAB) increased 43% year-over-year, reaching TL 2,951 million in 2021.

**CAPEX Reimbursements** is the second guaranteed element of investment earnings, and represents the return of the principal. Excluding exceptional reimbursements related to previous regulatory periods, CAPEX reimbursements increased from TL 1,342 million in 2020 to TL 2,101 million in 2021 (TL 759 million increase). The increase is driven by higher inflation, increase in CAPEX ceiling and the start of the regular reimbursements in the fourth regulatory period for the overspend CAPEX in the third regulatory period.

**Efficiency & Quality Parameters:** Total Efficiency & Quality Parameters increased by TL 104 million year-over-year in 2021, reaching TL 1,045 million.

• **CAPEX Outperformance:** CAPEX outperformance increased from TL 121 million in 2020 to TL 295 million in 2021 (TL 174 million increase). CAPEX outperformance improved with increase in CAPEX investments and the contract structure with fixed terms set in the beginning of 2021, providing an opportunity to benefit from the increase in commodity prices and the unit price escalation mechanism in the regulatory framework.

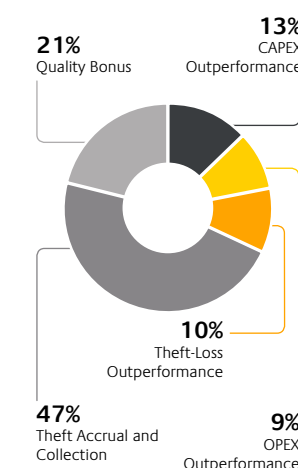
• **OPEX Outperformance:** OPEX outperformance in 2021 was TL 102 million, slightly higher than in 2020 (TL 82 million).

• **Theft-Loss Outperformance:** Theft-Loss Outperformance in 2021 was slightly lower than last year, mainly due to the lowered Theft-Loss threshold level in the fourth regulatory period, resulting in lower Theft-Loss targets set by the regulation.

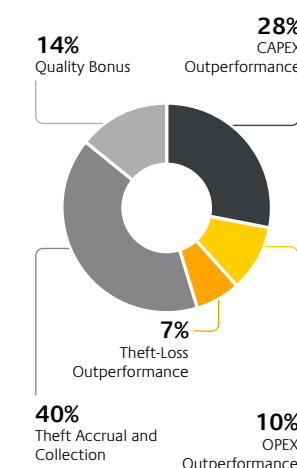
• **Theft Accrual and Collection:** Theft Accrual and Collection decreased only slightly, despite the reduction of retention rate of theft usage accruals at collection from 75% in the previous regulatory period to 50% in the fourth regulatory period.

• **Quality Parameters:** In-house sourcing incentive and incentives for publicly listed companies, which have been introduced in the 4<sup>th</sup> regulatory period, have been recognized since the first quarter of 2021. The quality income recognition in 2021 is lower than 2020 as the criteria for the eligibility for the remaining items became stricter together with the change in scope for calculation of quality parameter base in the fourth regulatory period (In the 4<sup>th</sup> regulatory period Uncontrollable OPEX is excluded from revenue requirement for calculating base of revenue for quality factor).

### Efficiency and Quality - 2020



### Efficiency and Quality - 2021



**Other Items:** Other item in 2021 was TL 171 million, slightly lower than TL 193 million in 2020. Other item mainly consists of TL 126 million net hedging gains, compared to TL 14 million in 2020.

# DISTRIBUTION FINANCIAL DEVELOPMENTS

## INVESTMENTS

Enerjisa Enerji sustained its strong growth in investments in 2021. In 2021, the investments by Enerjisa Enerji reached TL 2.8 billion, increasing by 56% year-over-year.

The Covid-19 pandemic continued to have impacts in 2021. With supply constraints and recovery in demand, commodity prices increased, and companies manufacturing goods that are used in grid investments encountered issues in material supply. Moreover, the fluctuations in the exchange rates in 2021 also resulted in increases in the material costs. Despite this conjuncture in 2021, Enerjisa Enerji sustained the momentum in its investment activities thanks to its agile investment and supply planning.

While annual inflation rate (CPI) was in 12.6% June 2020, it reached 17.5% in June 2021. Both the nominal return on investment (financial income) and the nominal Regulated Asset Base are indexed to June inflation.

Regulated Asset Base increased by 20% from TL 9.4 billion in 2020 to TL 11.2 billion in 2021. Revaluation of the opening balance and to some extent, investments exceeding CAPEX reimbursements had a positive contribution in this change.

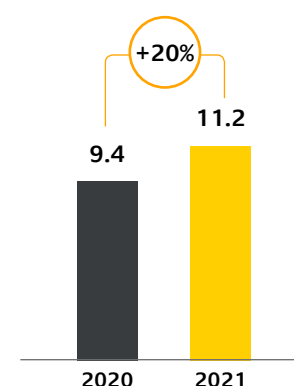
Financial income can be reasonably estimated using RAB, real rate of return (WACC), assumptions on future investment ceilings and investment realizations, as well as macroeconomic forecasts. The mentioned variables are the core inputs for calculating the internal rate of return (IRR) to be used in estimating financial income. This method is a simplified expression of financial accounting, based on the IRR and the value of financial assets for current and future planned investments until the end of the concession period.

## FREE CASH FLOW BEFORE INTEREST AND TAX

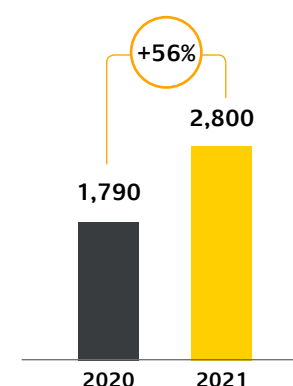
In the distribution business unit, operating cash flow before interest and tax increased by 85% in 2021 and reached TL 6,587 million. The increase in operating cash flow is driven by higher operational earnings, exceptional reimbursements related to previous regulatory periods and also the impact of higher than forecasted distributed energy volume.

With the increase in CAPEX and the reduction in payment terms for CAPEX related purchases in an effort to support supply chain, the cash effective CAPEX investments increased to TL 3,408 million in 2021, registering 61% increase. As a result, free cash flow before interest and tax for the distribution business unit increased from TL 1,452 million in 2020 to TL 3,179 million in 2021.

**Regulated Asset Base**  
(TL billion)



**CAPEX**  
(TL million)



## Distribution Operational Earnings Breakdown and Reconciliation to Free Cash Flow before Interest and Tax

(TL million)			Change	Change
	2020	2021	TL	%
Financial Income	2,070	2,951	881	43
CAPEX Reimbursements	1,342	2,101	759	57
Efficiency & Quality	941	1,045	104	11
Tax Correction	217	283	66	30
Other	193	171	-22	-11
<b>Operational Earnings</b>	<b>4,763</b>	<b>6,551</b>	<b>1,788</b>	<b>38</b>
Financial Income Not Yet Cash-Effective	-1,157	-1,050	107	-9
CAPEX Outperformance	-121	-295	-174	144
Net Working Capital and Other	78	1,381	1,303	1,671
<b>Operating Cash Flow (Before Interest &amp; Tax)</b>	<b>3,563</b>	<b>6,587</b>	<b>3,024</b>	<b>85</b>
Actual Allowed CAPEX	-1,790	-2,800	-1,010	56
CAPEX Outperformance	121	295	174	144
VAT Paid	-346	-451	-105	30
Unpaid and Previous Year CAPEX	-96	-452	-356	371
<b>Cash-Effective CAPEX</b>	<b>-2,111</b>	<b>-3,408</b>	<b>-1,297</b>	<b>61</b>
<b>Free Cash Flow (Before Interest &amp; Tax)</b>	<b>1,452</b>	<b>3,179</b>	<b>1,727</b>	<b>119</b>

# RETAIL & CUSTOMER SOLUTIONS FINANCIAL DEVELOPMENTS

## OPERATIONAL EARNINGS

### Retail & Customer Solutions Operational Earnings

(TL million)	2020	2021	Change	Change
			TL	%
Sales Revenue (Net)	14,450	20,317	5,867	41
Regulated	10,681	12,527	1,846	17
Liberalized	3,743	7,610	3,867	103
Customer Solutions	26	180	154	592
Cost Of Sales (-)	-13,456	-19,162	-5,706	42
Regulated	-9,944	-11,542	-1,598	16
Liberalized	-3,503	-7,539	-4,036	115
Customer Solutions	-9	-81	-72	800
<b>Gross Profit</b>	<b>994</b>	<b>1,155</b>	<b>161</b>	<b>16</b>
OPEX	-432	-504	-72	17
Other Income/(Expense)	90	-38	-128	n.m.
<b>Operating Profit Before Finance Income/(Expense)</b>	<b>652</b>	<b>613</b>	<b>-39</b>	<b>-6</b>
Adjustment of Depreciation And Amortization	52	60	8	15
Adjustments Related to Operational FX Gains and Losses	0	30	30	n.m.
Adjustments Related to Valuation Difference Arising from Deposits	162	306	144	89
<b>EBITDA</b>	<b>866</b>	<b>1,009</b>	<b>143</b>	<b>17</b>
Non-Recurring (Income)/Expense	13	-12	-25	n.m.
<b>Operational Earnings</b>	<b>879</b>	<b>997</b>	<b>118</b>	<b>13</b>

66 Despite the challenges in 2021, Operational Earnings of the retail and customer services business units increased by 13% year-over-year to TL 997 million in 2021. Customer Solutions gross profit increased fivefold compared to 2020.

Retail and customer solutions revenues increased by 41% year-over-year to TL 20.3 billion in 2021 as a result of higher electricity prices and higher sales volumes.

The contribution of the retail and customer solutions segment in the consolidated operating earnings was 13% in 2021. Operational earnings increased by 13% year-over-year to TL 997 million in 2021 despite many challenges within the year.

The growth in 2021 was mainly a result of increase in gross profit of regulated market segment and customer solutions and improvement in the collections related income.

Total retail sales increased by 5.3% from 34.0 TWh in 2020 to 35.8 TWh in 2021 due to recovery in electricity consumption with reduced impact of Covid-19.

Liberalized segment sales increased by 53% from 8.1 TWh in 2020 to 12.5 TWh in 2021 due to recovery in the economy along with shift from regulated segment to liberalized segment.

Meanwhile, regulated segment sales decreased by 10% from 25.9 TWh in 2020, to 23.3 TWh in 2021.

In 2021, sourcing costs increased due to increase in global spot natural gas and coal prices, FX impact and weak hydrology due to drought.

In regulated retail segment, a regulatory fixed margin of 2.38% on electricity sourcing costs (weighted average cost of sourcing from EÜAŞ, free market and bilateral agreements) is implemented.

The regulated segment gross profit increased by TL 236 million year-over-year to TL 974 million during the same period. The increase in regulated gross profit was driven by higher electricity sourcing costs and higher retail service revenue due to increase in OPEX allowance mainly driven by higher inflation.

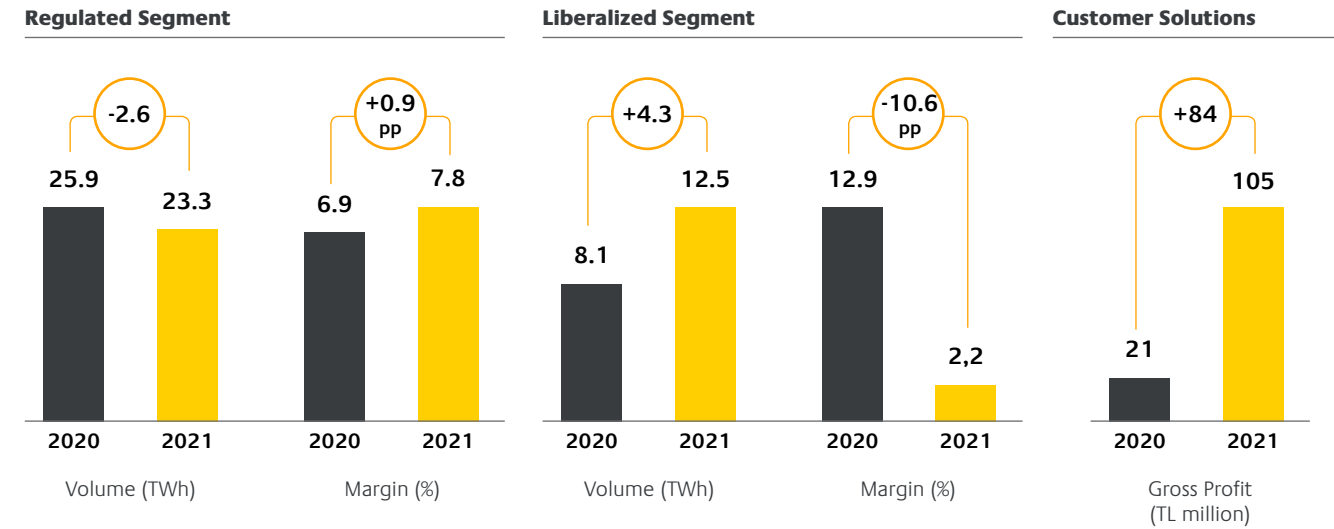
The liberalized segment gross profit decreased from TL 482 million in 2020 to TL 189 million in 2021 (TL 293 million decline). Despite higher volumes, liberalized gross profit declined due to competitive activity early in the year, high base impact in 2020 and volatility in electricity sourcing costs.

Customer Solutions gross profit increased 5-fold to TL 105 million mainly due to new solar projects. Customer Solutions business accounted for 8% of retail gross profit in 2021, compared to 2% in 2020.

## Customer Solutions

Customer Solutions gross profit increased five fold to TL 105 million mainly due to new solar projects.

# RETAIL & CUSTOMER SOLUTIONS FINANCIAL DEVELOPMENTS



## Sales Volume

TWh			Change	Change
	2020	2021	TWh	%
Regulated	25.9	23.3	-2.6	-10
Corporate	4.3	3.0	-1.3	-31
Residential & SME	21.6	20.3	-1.3	-6
Liberalized	8.1	12.5	4.3	53
Corporate	6.4	9.3	2.9	46
Residential & SME	1.8	3.2	1.4	82
<b>Total Sales Volume</b>	<b>34.0</b>	<b>35.8</b>	<b>1.8</b>	<b>5</b>

## FREE CASH FLOW BEFORE INTEREST AND TAX

Free cash flow before interest and tax was negative TL 313 million in 2021 compared to TL 742 million in 2020. The main reasons for the decrease in cash flow compared to last year was sharp increase in electricity sourcing costs, while the increase in regulatory tariffs during the same period was limited. Meanwhile, decline in working capital partly compensated for that impact. The undercollection in retail segment only has a timing impact on cash flow and will be corrected through price equalization mechanism.

## Retail & Customer Solutions Operational Earnings Breakdown and Reconciliation to Free Cash Flow before Interest and Tax

(TL million)			Change	Change
	2020	2021	TL	%
Regulated Gross Profit	738	974	236	32
Liberalized Gross Profit	482	189	-293	-61
Customer Solutions Gross Profit	21	105	84	400
OPEX	-385	-450	-65	17
Bad Debt Related Income and Expense	42	152	110	262
Doubtful Provision Expense	-142	-75	67	-47
Late Payment Income	138	166	28	20
Bonus Collection	46	61	15	33
Other	-19	27	46	n.m.
<b>Operational Earnings</b>	<b>879</b>	<b>997</b>	<b>118</b>	<b>13</b>
Price Equalization Effects	-119	-2,029	-1,910	1,605
Net Deposit Additions	-25	-39	-14	56
Delta NWC	46	842	796	1,730
<b>Operating Cash Flow (Before Interest &amp; Tax)</b>	<b>781</b>	<b>-229</b>	<b>-1,010</b>	<b>n.m.</b>
CAPEX	-39	-84	-45	115
<b>Free Cash Flow (Before Interest &amp; Tax)</b>	<b>742</b>	<b>-313</b>	<b>-1,055</b>	<b>n.m.</b>

# CONSOLIDATED FINANCIAL DEVELOPMENTS

## OPERATIONAL EARNINGS

### Consolidated Operational Earnings

(TL million)	2020	2021	Change TL	Change %
<b>Operating Profit Before Finance Income/(Expense)</b>	<b>2,738</b>	<b>4,514</b>	<b>1,776</b>	<b>65</b>
Adjustment of Depreciation and Amortization	444	473	29	7
Adjustments Related to Operational FX Gains and Losses	28	262	234	836
Adjustments Related to Valuation Difference Arising from Deposits	162	306	144	89
Interest Income Related to Revenue Cap Regulation	-30	-56	-26	87
<b>EBITDA</b>	<b>3,342</b>	<b>5,499</b>	<b>2,157</b>	<b>65</b>
CAPEX Reimbursements	1,342	2,101	759	57
<b>EBITDA+CAPEX Reimbursements</b>	<b>4,684</b>	<b>7,600</b>	<b>2,916</b>	<b>62</b>
Fair Value Changes of Financial Assets	395	0	-395	n.m.
Non-Recurring (Income)/Expense Related to Previous Years	469	-12	-481	n.m.
Non-Recurring (Income)/Expense	61	-94	-155	n.m.
<b>Operational Earnings</b>	<b>5,609</b>	<b>7,494</b>	<b>1,885</b>	<b>34</b>

## UNDERLYING NET INCOME

The Underlying Net Income of Enerjisa Enerji increased by TL 537 million (+29%) year-over-year to TL 2,415 million in 2021. In addition to the changes in the Operational Earnings, the main factors driving changes in the Underlying Net Income were as follows:

- Net loan interest expense increased by TL 245 million year-over-year. The weighted average loan financing cost increased from 11.9% in 2020 to 16.0% in 2021. Net loan interest expense includes FX losses on operational items of TL 262 million, which is partly compensated by TL 126 million hedging gains in other item of distribution segment. Excluding the FX impact, average loan financing cost increased by 1pp year-over-year to 12.5%.

- Bond interest expense increased by TL 99 million and deposit valuation expense increased by TL 144 million both due to higher CPI change (CPI change past year: +11.9% vs. this year +19.9%). The average bond financing cost increased from 16.2% in 2020 to 21.3% in 2021.
- Taxes increased by TL 77 million due to higher operational earnings.
- Corporate Tax Rate has increased from 20% to 25% in 2021. In distribution segment, corporate tax increase has been reflected to tax correction component of revenue ceiling. As these changes are both temporary applications, they have been treated as one-off and were not reflected to Operational Earnings and Underlying Net Income.

**66** Operational Earnings of Enerjisa Enerji increased by 34% year-over-year to TL 7,494 million in 2021. The Underlying Net Income increased by 29% year-over-year to TL 2,415 million.

## Consolidated Underlying Net Income

(TL million)	2020	2021	Change TL	Change %
<b>Operating Profit Before Finance Income/(Expense)</b>	<b>2,738</b>	<b>4,514</b>	<b>1,776</b>	<b>65</b>
Financial Income/(Expense)	-1,325	-1,371	-46	3
<b>Profit before Tax</b>	<b>1,413</b>	<b>3,143</b>	<b>1,730</b>	<b>122</b>
Taxation	-325	-861	-536	165
<b>Net Income</b>	<b>1,088</b>	<b>2,282</b>	<b>1,194</b>	<b>110</b>
Fair Value Changes of Financial Assets	308	0	-308	n.m.
Non-recurring Income Related to Previous Years	366	-10	-376	n.m.
Non-recurring (Income)/Expense	50	-75	-125	n.m.
Tax Rate Change	0	218	218	n.m.
Non-recurring Refinancing Transactions Fees	66	0	-66	n.m.
<b>Underlying Net Income</b>	<b>1,878</b>	<b>2,415</b>	<b>537</b>	<b>29</b>

## FREE CASH FLOW AFTER INTEREST AND TAX

Free Cash Flow after Interest and Tax decreased from TL 504 million in 2020 to TL 108 million in 2021. The negative free cash flow in the second half of the year is driven by; 1) sharp increase in electricity sourcing costs, while the increase in regulatory tariffs during the same

period was limited and 2) working capital impact related to distribution CAPEX in an effort to mitigate supply chain related risks for 2022 CAPEX. The undercollection in retail segment only has a timing impact on cash flow and will be corrected through price equalization mechanism. Meanwhile, working capital impact in distribution segment is expected to reverse in due course.

## Consolidated Free Cash Flow after Interest and Tax

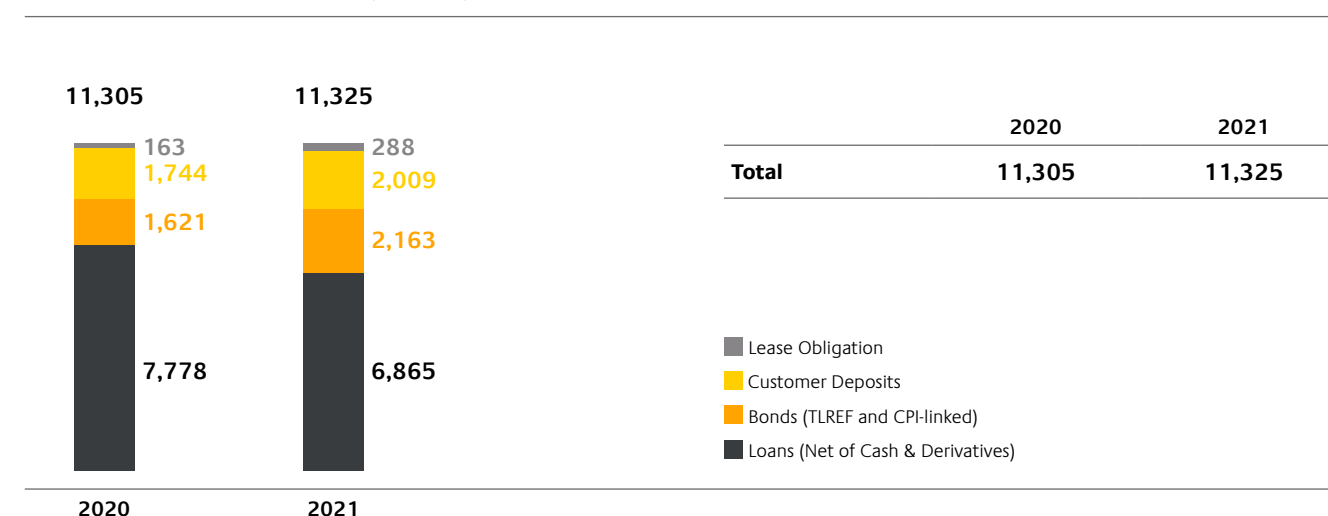
(TL million)	2020	2021	Change TL	Change %
<b>Operating Cash Flow (Before Interest and Tax)</b>	<b>4,315</b>	<b>6,315</b>	<b>2,000</b>	<b>46</b>
CAPEX	-2,155	-3,504	-1,349	63
<b>Free Cash Flow (Before Interest and Tax)</b>	<b>2,160</b>	<b>2,811</b>	<b>651</b>	<b>30</b>
Tax Payments	-445	-1,258	-813	183
Interest Received	49	112	63	12
Interest Paid	-1,260	-1,557	-297	24
<b>Free Cash Flow (After Interest and Tax)</b>	<b>504</b>	<b>108</b>	<b>-396</b>	<b>-79</b>

# CONSOLIDATED FINANCIAL DEVELOPMENTS

## ECONOMIC NET DEBT

Economic Net Debt stayed almost unchanged at TL 11,325 million in December 2021 compared to December 2020.

**Economic Net Debt Composition** (TL million)



## Economic Net Debt Development

<b>(TL million)</b>	
<b>Economic Net Debt (31 December 2020)</b>	<b>11,305</b>
Free Cash Flow Before Interest and Tax	-2,811
Net Interest Payments	1,445
Tax Payments	1,258
Dividend Payments	1,134
Other	-1,006
<b>Economic Net Debt (31 December 2021)</b>	<b>11,325</b>

## 2021 COMPANY GUIDANCE AND REALIZATION

On 10 August 2021 and 2 November 2021, the Company revised the guidance for 2021, which was announced on 22 February 2021.

Guidance for 2021 announced on *22 February 2021*

2021 year end guidance is; double digit yoy growth in Operational Earnings compared to 2020, "Underlying Net Income" at least at TL 1.9 billion, "RAB" at least at TL 10.9 billion and "Free Cash Flow after Interest and Tax" at least at TL 1.7 billion level.

Guidance for 2021 announced on *10 August 2021*

Reflecting the strong performance in the first half and the impact of inflation, the 2021 guidance has been revised upwards as follows:

- 15%-20% growth in Operational Earnings. Our previous guidance was double digit growth.
- Around TL 2.0 billion Underlying Net Income.
- Year-end RAB of at least TL 11.2 billion, reflecting higher inflation.
- At least TL 1.8 billion free cash flow after interest and tax.

Guidance for 2021 announced on *2 November 2021*

Reflecting nine months performance and expectations for the fourth quarter, the 2021 guidance has been revised. The revised 2021 guidance is as follows:

- 18%-20% growth in Operational Earnings (previous guidance: 15%-20% growth). The guidance range is narrowed to the higher end reflecting the impact of higher inflation.
- Around TL 2.0 billion Underlying Net Income (no change in guidance). The impact of revision of operational earnings guidance to the higher end of previous guidance range is counterbalanced by short term inflation also impacting deposit valuation and CPI-linked bond expenses.
- Year-end RAB of at least TL 11.2 billion (no change in guidance).
- Between TL 1.5 billion and TL 1.8 billion Free Cash Flow after Interest and Tax (previous guidance: at least TL 1.8 billion). The revision reflects caution for the regulated market on the back of volatility in the electricity markets, while any impact will be reversed in 2022 with the regulatory price equalization mechanism.

## 2021 Realization

Enerjisa Enerji has significantly outperformed its operational earnings and underlying net income guidance for 2021 mostly on the back of higher mid-term inflation assumptions. Meanwhile, the cash flow in 2021 was below guidance. This is due to 1) sharp increase in electricity sourcing costs, while the increase in regulatory tariffs were limited. 2) working capital impact related to mitigation of supply chain related risks in distribution CAPEX.

## 2022 GUIDANCE

Guidance for 2022 announced on *18 February 2022* is as follows:

2022 guidance is provided for Operational Earnings and Underlying Net Income. Taking the volatile macroeconomic environment and vulnerabilities in the supply chains into consideration, the Company assesses that it is more prudent to provide a detailed and specific guidance at a later stage. The Company will assess to provide guidance on further metrics and a more specific range for current metrics within the course of the year. Under current circumstances, the 2022 guidance is as follows:

- Above 30% year-over-year growth in Operational Earnings
- Above TL 2.0 billion Underlying Net Income

## MANAGEMENT FINANCIAL KPIS

Operational Earnings refers to EBITDA plus CAPEX reimbursements excluding exceptional items. Enerjisa Enerji distribution companies are subject to the application of IFRIC 12 (an IFRS standard that governs accounting for service concession arrangements). Accordingly, the Company accounts its license to operate and invest in the networks as a financial asset. This asset is not depreciated. Accordingly, P&L does not include depreciation expenses of networks. Similarly, P&L also excludes the reimbursement of CAPEX (i.e. the depreciation allowance) as a revenue item. This means that the Company's EBITDA figure is not comparable to international peers that do not apply IFRIC 12 accounting and the management uses Operational Earnings as a KPI for comparability.

Underlying Net Income refers to Net Income excluding exceptional items. Exceptional items mostly refer to the non-recurring items. The resulting KPI sets the basis on which the Company's dividend pay-out policy is applied.

## FINANCING

In addition to its cash flows obtained from operations, Enerjisa Enerji continued to use external financing to finance distribution investment expenditures and finance its working capital needs in 2021.

Two new bonds were issued in 2021; the first being a TL 400 million issue with a 2-year maturity and carrying a coupon of TLREF+1.40%, issued on 23 February 2021, and the second being a TL 800 million issue with a 2-year maturity and carrying a coupon of TLREF+1.40%, issued on 15 October 2021. As of the end of 2021, the bond portfolio accounted for a 21% share of total financing.

The Fitch Rating Agency upgraded the long-term national credit rating of Enerjisa Enerji A.S. and Baskent EDAŞ from “AA(tur)” to “AA+(tur)” on 18 February 2021. The outlook for both ratings is stable. Fitch Ratings has affirmed the National Long-Term Ratings of Enerjisa Enerji A.S. on January 26, 2022.

Meanwhile, the Fitch credit rating process for Baskent Elektrik Dağıtım A.Ş by has been terminated by mutual consent due to commercial reasons.

In addition, on 7 July 2021, Enerjisa Enerji A.S. received national credit rating of AAA (Trk) with a stable outlook and international credit rating of BBB+ with stable outlook by JCR Eurasia.

Enerjisa Enerji applied to the Capital Markets Board (CMB) on 24 November 2021 for the issuance of bonds and bills of up to TL 1.5 billion. The Domestic Debt Instrument Issue Certificate was approved by the CMB on 16 December 2021.

Enerjisa Enerji’s debt portfolio does not contain currency risk; 98% of the bank loans and bonds on the Company’s balance sheet are denominated directly in Turkish lira as

of 2021 year-end. The remaining 2% consists of a foreign currency loan which is also hedged against foreign currency risk with derivative products. In addition to bank loans and bonds, there is a EUR 38.1 million of TEDAŞ debt at the end of 2021 (EUR 45.4 million at the end of 2020), which is classified as “other financial debt” on the balance sheet (the payables within the scope of the loan agreements made by TEDAŞ with the European Investment Bank and the World Bank and transferred to the Company after the transfer of operating rights). This entire amount is hedged against foreign currency risk with derivative products.

Within the scope of the loan agreement signed with the EBRD in May 2020, Enerjisa Enerji used a loan amounting to approximately TL 956 million (equivalent to a total of USD 125 million), in two loan tranches in February 2021 and May 2021. With this amount, the total loan amount used from the EBRD increased to USD 225 million. In addition to this amount, the Company signed a new “Inclusive and Green-focused” loan agreement with the EBRD in November 2021 in Turkish lira, equivalent to USD 110 million. As of the end of 2021, there has not been any utilization within the scope of this new loan.

Enerjisa Enerji completed the Green Finance Framework\* in November 2021 and received the relevant Second Party Opinion\*\*. In the Green Finance Framework, the Company specified that the funds to be obtained from the Green Borrowings, such as loans and bond issuances, would be used for Green Projects and provided information in this regard.

Enerjisa Enerji aims to continue carrying out its financial activities in 2022, as it did in 2021, by managing interest, liquidity and exchange rate risks in connection with its operating revenues and long-term strategies.

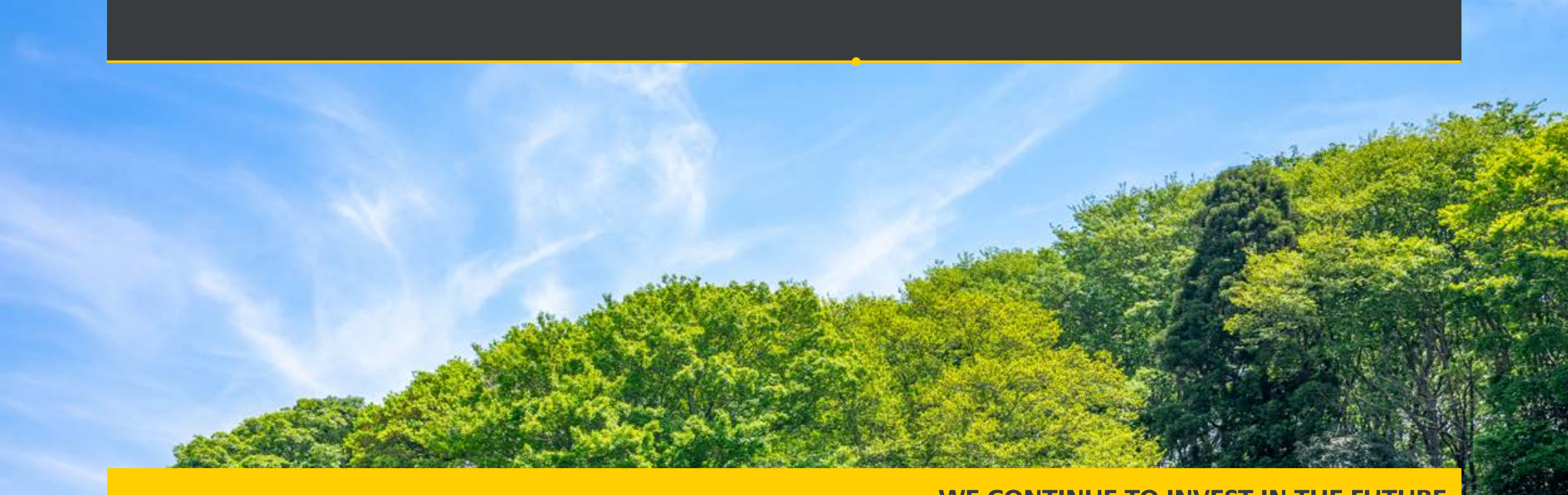
**66** Enerjisa Enerji completed the Green Finance Framework in November 2021 and received the relevant Second Party Opinion. In addition, the Company signed a new “Inclusive and Green-focused” loan agreement with the EBRD in Turkish lira, equivalent to USD 110 million.

Issuer	Issue Amount (TL million)	Yield (%)	Issue Date	Maturity Date
Enerjisa Enerji A.Ş.	335	Indexed to the CPI, 5% real coupon	1 August 2017	26 July 2022
Enerjisa Enerji A.Ş.	162	Indexed to the CPI, 5% real coupon	5 April 2018	30 March 2023
Enerjisa Enerji A.Ş.	400	TLREF*+1.40%	23 February 2021	21 February 2023
Enerjisa Enerji A.Ş.	800	TLREF*+1.40%	15 October 2021	13 October 2023
<b>Total</b>	<b>1,697</b>			

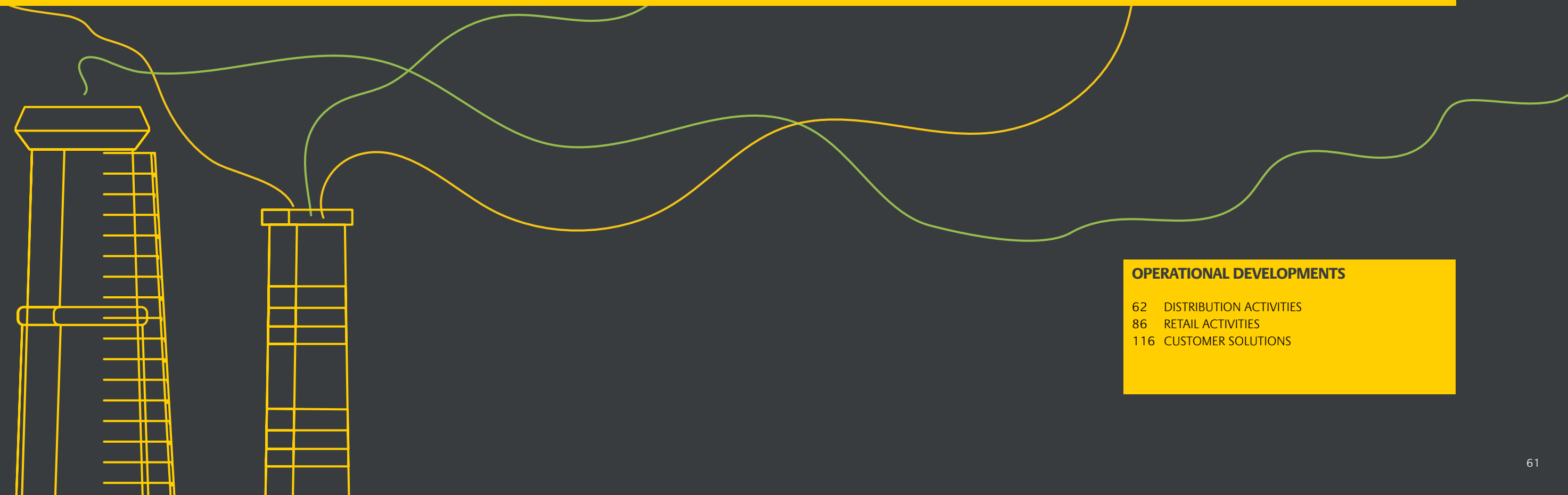
\* TLREF - Turkish Lira Overnight Reference Rate

\* <https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa-Green-Finance-Framework.pdf>

\*\* <https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa-Green-Finance-Framework-Second-Party-Opinion.pdf>



## WE CONTINUE TO INVEST IN THE FUTURE



**OPERATIONAL DEVELOPMENTS**

- 62 DISTRIBUTION ACTIVITIES
- 86 RETAIL ACTIVITIES
- 116 CUSTOMER SOLUTIONS



# DISTRIBUTION ACTIVITIES



“Energisa Enerji considers uninterrupted energy supply among its top priorities with a customer-oriented approach by making use of new technologies and digitalization.

Energisa Enerji carries out its electricity distribution activities in 3 distribution regions, namely Baskent, AYEDAS and Toroslar. In these 3 regions spanning 14 provinces, the Company serves a population of 21.9 million accounting for approximately 26% of the grid connections in Turkey.

At the core of Energisa Enerji’s distribution operations are people, solution and innovation oriented activities. The company takes a pioneering role in the distribution sector with its operations aimed at improving the service quality.

As a sector leader, Energisa Enerji is one of the top companies in Turkey in terms of openness for development. The company leads the New Energy World, which is shaped by mega trends, by adapting the most innovative technological applications in the world and in Turkey to its own system and arranging its processes accordingly.

“As part of the distribution grid management processes, Energisa Enerji engages in expansion and modernization of the distribution grid, increasing the grid’s operational efficiency as well as research and development activities.

## DISTRIBUTION ACTIVITIES

Distribution is defined as the delivery of electricity to the end user through power lines with a voltage level below 36 kV. Pursuant to “Electric Power Sector Reform and Privatization Strategy Document”, the electricity distribution grid in Turkey is divided into 21 distribution regions. Following the completion of privatizations between 2009 and 2013, all distribution regions started to be operated by private companies.

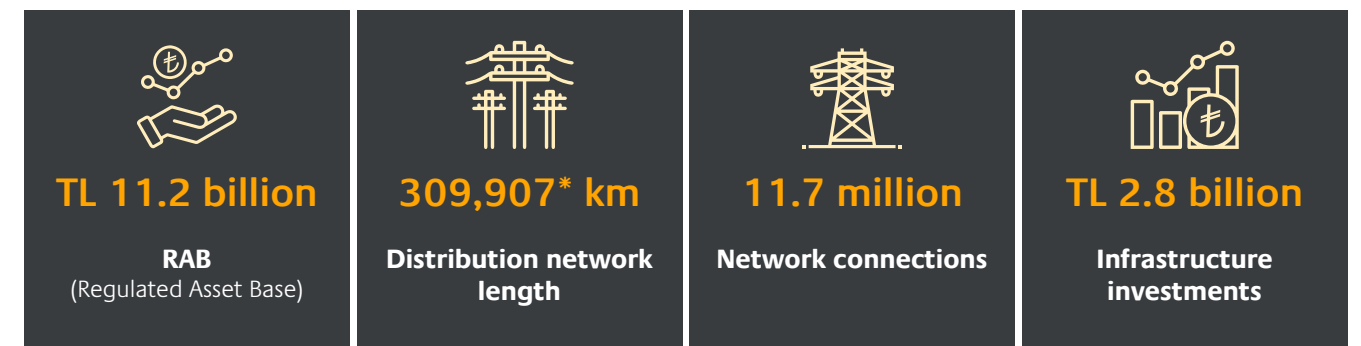
Each of the regional distribution grid operators is obliged to fulfil the following responsibilities in their region:

- Operation of distribution grid,
- Making necessary investments in maintenance, repair, environment, security, renovation and expansion,
- Maintaining and reading electricity meters,
- Preparing demand forecasts and investment plans,
- Monitoring electricity theft-loss rates,
- Purchasing electricity to cover technical and commercial losses,
- Taking necessary technical and operational measures to reduce the theft-loss rates,
- Providing illumination in public areas.

Energisa Enerji centrally manages and monitors all of its operations in the 3 distribution regions within its operation area, and plans and conducts its operations related to distribution grids.

As part of the distribution grid management processes, the company also engages in expansion and modernization of the distribution grid, increasing the distribution grid’s operational efficiency as well as research and development activities. These activities enable the Company in all 3 regions to;

- Standardize distribution grid management processes,
- Create centralized procedures,
- Determine the important performance indicators such as compliance with the technical and commercial standards of EMRA, supply reliability standards and interruption, theft-loss targets,
- Plan system improvements,
- Control and monitor local distribution grids,
- Carry out customer-related activities.



\*Calculation methodology changed in 2021.

## DISTRIBUTION ACTIVITIES

### DISTRIBUTION COMPANIES

Enerjisa Enerji carries out its electricity distribution activities in 14 provinces across 3 regions through Başkent Elektrik Dağıtım A.Ş. (Başkent EDAS), İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (AYEDAS) and Toroslar Elektrik Dağıtım A.Ş. (Toroslar EDAS). In 2021, the Company distributed 48 TWh gross electricity through a 309,907 km long distribution line.

#### BAŞKENT ELEKTRİK DAĞITIM A.Ş.

Başkent EDAS builds, maintains and operates electricity distribution grids in provinces within the Başkent Electricity Distribution Region. The Company provides access to electricity distribution for 7.6 million people within the distribution region which covers Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale and Zonguldak provinces. In 2020, Başkent EDAS distributed a gross total of 16.5 TWh electricity via 132,981 km long distribution network.

Enerjisa Enerji was awarded the tender for the privatization of 100% of the shares of Başkent Elektrik Dağıtım A.Ş. through block sale method on July 1, 2008 for USD 1,225 million. The transfer of the shares was completed on January 28, 2009. Under the Transfer of Operating Rights (TOR) agreement signed with Türkiye Elektrik Dağıtım A.Ş. (TEDAS) on March 31, 2006, Başkent EDAS is entitled to distribute electricity in a total of 7 cities - Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale and Zonguldak - for a period of 30 years, until September 1, 2036.

#### İSTANBUL ANADOLU YAKASI ELEKTRİK DAĞITIM A.Ş.

AYEDAS builds, maintains and operates electricity distribution grids in sub-provinces within İstanbul Anadolu Yakası Electricity Distribution Region. Providing electricity distribution service to approximately 5.6 million people residing at the Anatolian Side of İstanbul, AYEDAS distributed a gross total of 12.6 TWh electricity via 33,580 km long distribution network of in 2021.

Enerjisa Enerji was awarded the tender for the privatization of 100% of the shares of AYEDAS through block sale method for USD 1,227 million. The transfer of the shares was completed on July 31, 2013. Under the Transfer of Operating Rights (TOR) agreement signed with TEDAS on July 24, 2006, AYEDAS is entitled to distribute electricity on the Anatolian side of İstanbul until December 31, 2042.

#### TOROSLAR ELEKTRİK DAĞITIM A.Ş.

Toroslar EDAS builds, maintains and operates electricity distribution grids in provinces within its distribution region. The Company provides electricity distribution to 8.7 million people within Toroslar Electricity Distribution Region which covers Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye provinces. In 2021, Toroslar distributed a gross total of 18.8 TWh electricity via 143,346 km long distribution network.

Enerjisa Enerji was awarded the tender for the privatization of 100% of the shares of Toroslar through block sale method for USD 1,725 million. The transfer of the shares was completed on September 30, 2013. Under the TOR agreement signed with TEDAS on July 24, 2006, Toroslar is entitled to distribute electricity in Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye until December 31, 2042.

	License Start Date	License End Date
■ Başkent	13 March 2003	1 September 2036
■ AYEDAS	1 September 2006	31 December 2042
■ Toroslar	1 September 2006	31 December 2042

## Operating in 3 regions

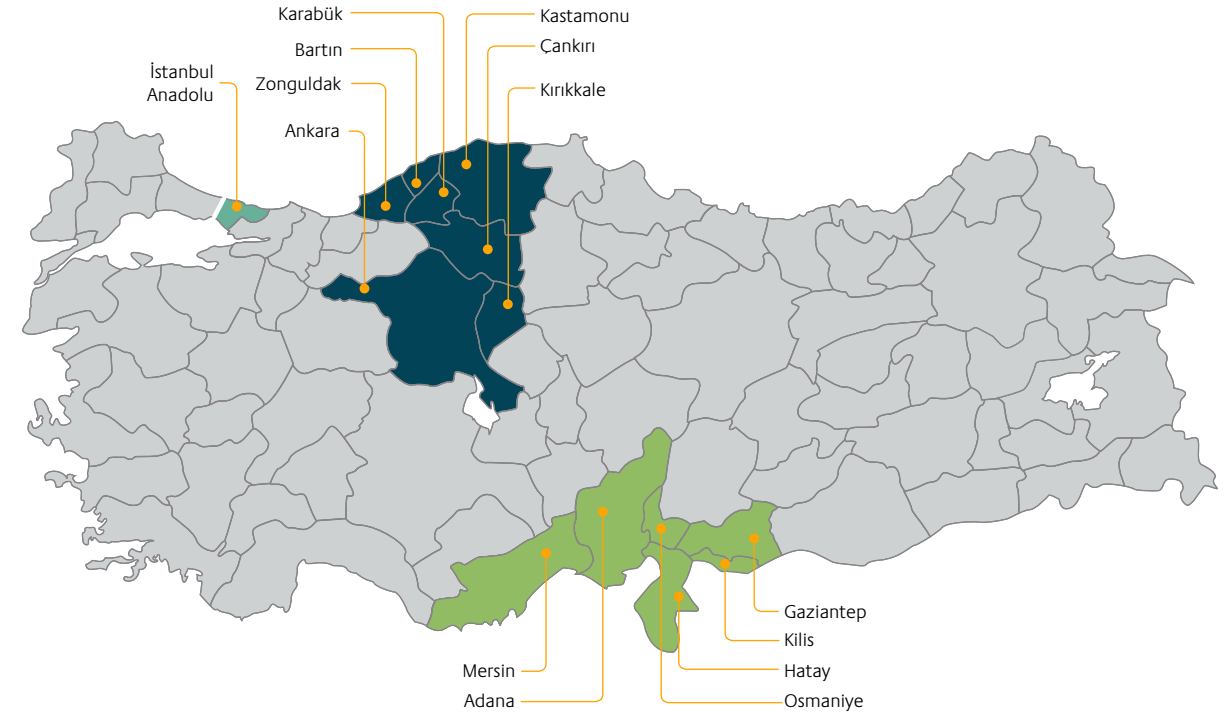
Enerjisa Enerji carries out its electricity distribution activities in 14 provinces across 3 regions.

66 Enerjisa Enerji carries out its electricity distribution activities in 14 provinces across 3 regions through Başkent EDAS, AYEDAS and Toroslar EDAS.

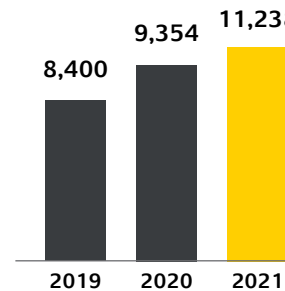
#### Population\*

■ Başkent 7.6 million ■ AYEDAS 5.6 million ■ Toroslar 8.7 million

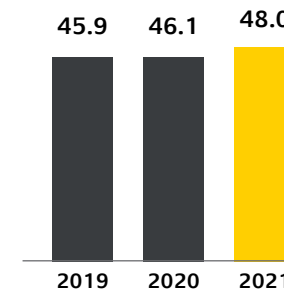
\*TURKSTAT



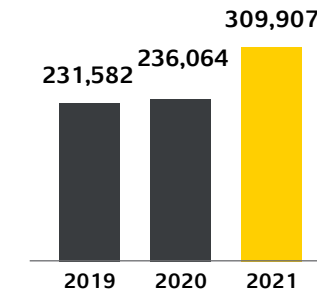
#### Regulated Asset Base (TL million)



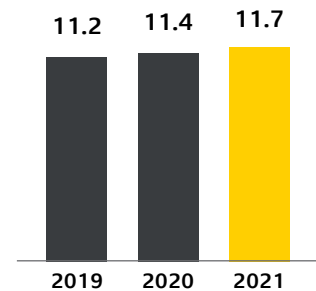
#### Volume of Distributed Electricity - Gross (TWh)



#### Distribution Network Length (km)

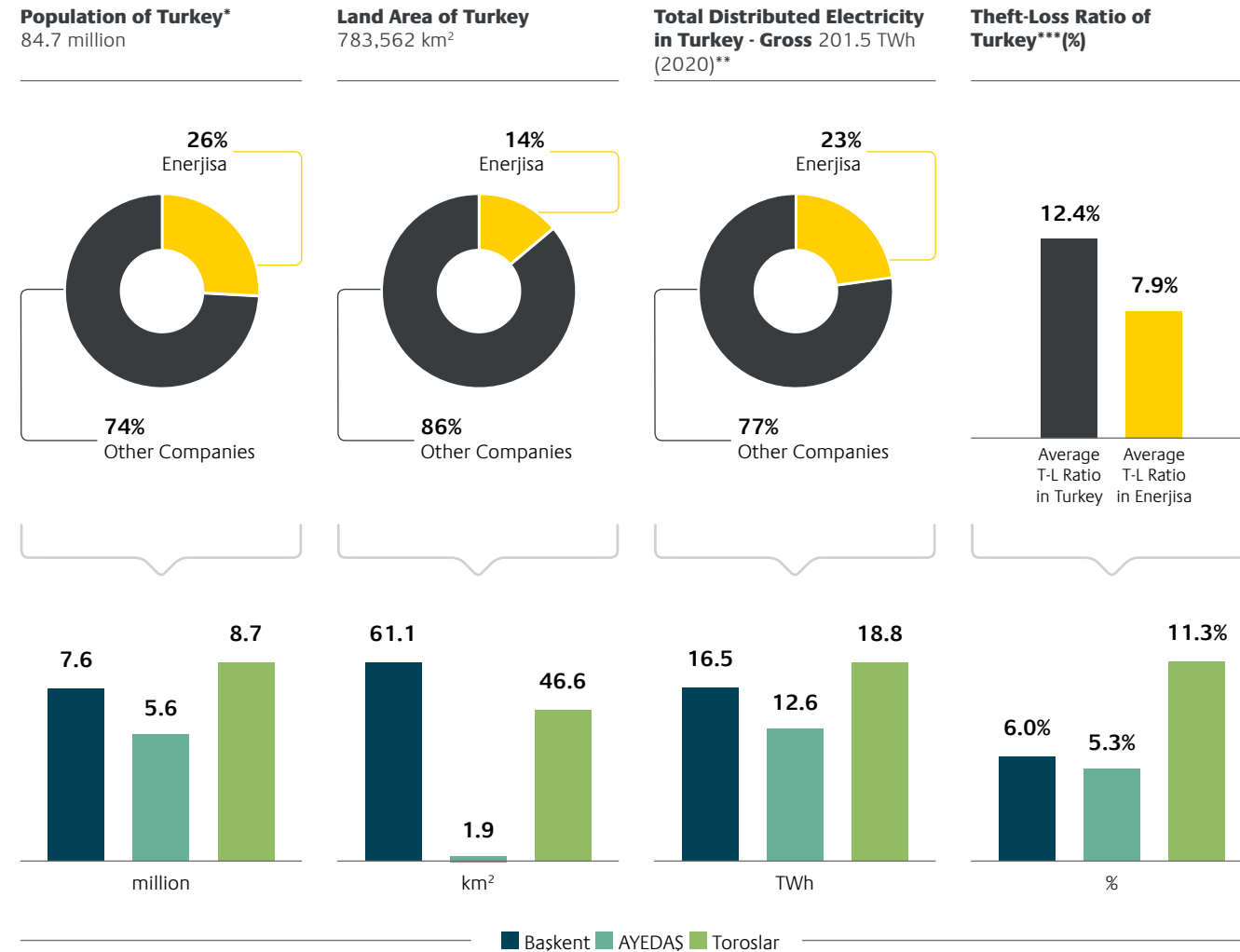


#### Number of Network Connections (million)



# DISTRIBUTION ACTIVITIES

## DISTRIBUTION COMPANIES IN FIGURES



Population	Land Area	Distributed Electricity - Gross	Average Theft-Loss
21.9 million	109,663 km <sup>2</sup>	48 TWh	7.9%

\*TURKSTAT  
 \*\* EMRA  
 \*\*\*Turkey sector figure is 2020 EMRA figure. Enerjisa Enerji data is from 2021 Company financial reports.

66 In Turkey, distribution companies are responsible for assessing the energy demand, lighting grid requirements, investment requirements to renovate the grid and improve the grid topology; as well as developing and implementing investment plans.

## INVESTMENTS

Long-term and steady investments should be sustained to ensure continuity in the service quality and supply security of the electricity distribution grid. However, investments in the distribution grid remained relatively limited before the privatization of the distribution companies in Turkey. Following the privatization, investments increased and were executed in line with the needs.

Nevertheless, the nationwide increase in the number of electricity grid users as well as the energy demand is expected to continue in the long-term. The current momentum in investments needs to be sustained in order to reach the quality criteria of the developed countries in grid service quality. Moreover, the mega trends in the energy sector and the electrification trend in the energy demand is estimated to increase the investment requirement in the distribution grid. Considering these factors, the increase in investments is expected to continue.

Electricity distribution investments are subject to regulations and the investment amounts are determined by EMRA for regulatory periods of 5 years. Investment plans and realizations of these investments are inspected by public institutions (EMRA, MoENR, TEDAS).

Distribution companies are responsible for assessing the energy demand, lighting grid requirements, investment requirements to renovate the grid and improve the grid topology; as well as developing and implementing investment plans. In these assessments, the quality indicators and other indicators regarding the current status and operation of the grid, needs identified through field surveys, energy demand and demands of users, local authorities, public institutions and organizations are taken into consideration.

Furthermore, monitoring the investment budget, preparing the investment reports submitted to EMRA with the 5-year investment budget and justification reports, and developing a master plan that include 5-year and 10-year plans are also among the duties of the distribution companies.

## 4. Regulatory Period

**CAPEX Allowance:** For the 4<sup>th</sup> regulatory period that started in 2021, EMRA continued to incentivize investments in the sector via increasing the CAPEX allowance.

In the fourth regulatory period, total initial allowed CAPEX of Enerjisa Enerji distribution companies for 2021-2025 is set at TL 13,549 million based on 487.38 CPI (Oct 2020). Accordingly, initial CAPEX allowance increased by 72% in real terms compared to the third regulatory period.

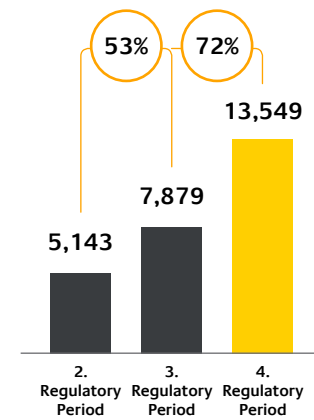
- The initial allowed CAPEX in the third regulatory period (2016-2020) was TL 4,319 million based on 267.2 base CPI (Oct 2015), which corresponds to TL 7,879 million based on 487.38 CPI (Oct 2020).
- The actual allowed CAPEX (initial allowed CAPEX plus additional allowance granted by EMRA) in the third regulatory period was TL 6,189 million based on 267.2 CPI (Oct 2015), which corresponds to TL 11,289 million based on 487.38 CPI (Oct 2020).

72% increase

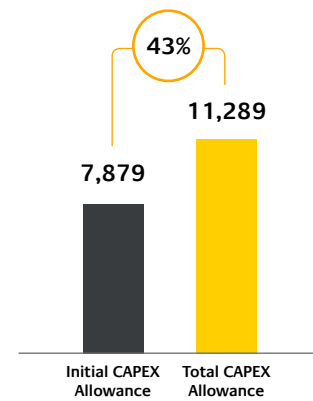
In the fourth regulatory period covering 2021-2025, total initial allowed CAPEX of Enerjisa Enerji distribution companies increased by 72% in real terms compared to the third regulatory period.

# DISTRIBUTION ACTIVITIES

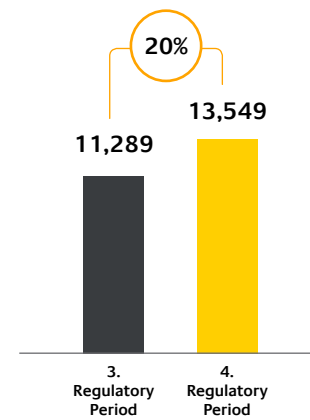
**Comparison of Initial CAPEX Allowance**  
(TL million - Oct 2020 CPI (487.38))



**3. Regulatory Period CAPEX Allowance**  
(TL million - Oct 2020 CPI (487.38))



**Comparison of Total CAPEX Allowance**  
(TL million - Oct 2020 CPI (487.38))



\* There is no additional CAPEX allowance for the 4<sup>th</sup> regulatory period yet.

## Developments in 2021

Enerjisa Enerji sustained its strong growth in 2021 as well. The company continued to meet the energy demand in its distribution regions with its high operational capacity and sound financial structure, and carried on with its investments in lighting, grid modernization-improvement and similar investments as well as its investments in technology and digitalization to support the operation of the distribution grid. In 2021, the investments by Enerjisa Enerji reached approximately TL 2.8 billion at 2021 nominal prices.

Enerjisa Enerji updates its investment plans throughout the year in line with the changes in field requirements and financing costs. The Covid-19 pandemic, which began

affecting our country in 2020, continued its impacts in 2021. Due to the pandemic, commodity prices increased, and companies manufacturing goods that are used in grid investments experienced problems in supplying materials. Moreover, the fluctuations in the exchange rates in 2021 also resulted in increases in the material costs.

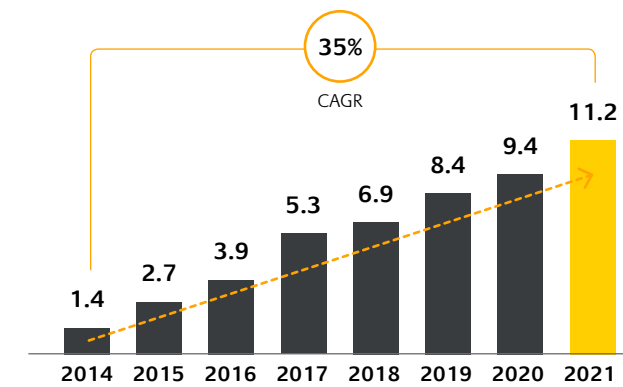
Despite the conjuncture in 2021, when the pandemic and the exchange rate fluctuations prevailed, Enerjisa Enerji sustained its investment momentum thanks to its agile investment and supply planning.

As a result of the investments made Regulated Asset Base reached TL 11.2 billion as of end of 2021.

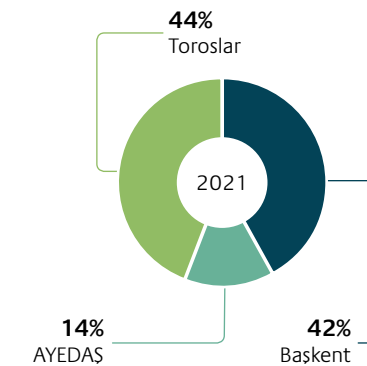


Despite the conjuncture in 2021, when the pandemic and the exchange rate fluctuations prevailed, Enerjisa Enerji sustained its investment momentum thanks to its agile investment and supply planning.

**Regulated Asset Base (TL billion)**

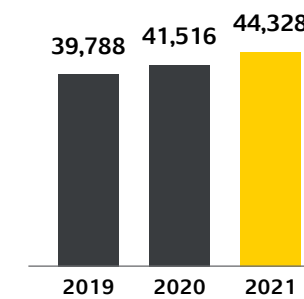


**Regional Breakdown of Investments (%)**

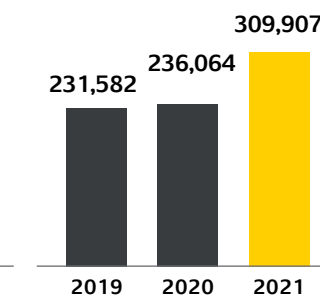


## GRID DEVELOPMENT

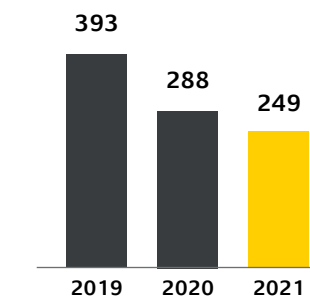
**Transformer Installed Capacity (MVA)**



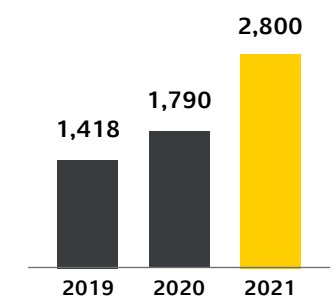
**Total Length of Network (km)**



**Number of New Connections (000')**



**Total CAPEX (TL million)**



\* Calculation methodology changed in 2021.

# DISTRIBUTION ACTIVITIES

## EFFICIENCY AND QUALITY PARAMETERS

In the Turkish electricity sector, there is a legislative structure that supports efficiency, service quality and reduction of theft-loss rate for distribution companies. In this context, the prominent efficiency and quality parameters are as follows:

**CAPEX Outperformance:** By the end of a tariff year, if a distribution company realizes its mandated investments at a cost less than the unit prices determined by EMRA, then it will have its revenues based on CAPEX realization calculated with unit prices set by EMRA. In that case, the company retains the difference.

**OPEX outperformance:** As per current regulatory framework, fixed and variable OPEX component is not subject to adjustment based on realizations and it is possible to achieve OPEX outperformance through efficient processes, cost management and digitalization. In case of outperformance, the company retains the difference.

**Theft-Loss outperformance:** Except for those consumers connected directly to the transmission network, all eligible and ineligible customers pay the theft-loss tariff. Distribution companies are obliged to procure energy to compensate for energy theft-loss. The theft-loss tariff is determined at the national level and the revenue imbalances between the distribution regions are corrected through the price equalization mechanism. In this way, the cost burden calculated according to the theft-loss target, does not fall on the consumers in a specific region alone, but distributed across all consumers in the country. If the performance of distribution companies is below the target, the company retains the difference, and if it is above the target, it bears the cost.

**Quality parameters:** EMRA applies quality parameters to the revenue requirement (excluding non-controllable OPEX, including scheduled maintenance) to incentivize the performance of companies on continuity of supply, technical quality, customer satisfaction, transparency, corporate governance and occupational health and safety.

**Additional income:** Additional income is retained by distribution companies based on predetermined ratios and the rest is deducted from revenue cap. The following revenues are retained by distribution companies as additional income:

- 55% of detected and invoiced theft usage accrual,
- 50% of actual theft usage accruals after legal proceedings,
- Maintenance and repair service revenues (75%), advertisement and rent revenues (50%), consultancy revenues (75%), AMR (75%), litigative income (50%) etc.

## Efficiency and quality focus

A legislative structure that supports efficiency, service quality and reduction of theft-loss rate

“Energisa Enerji continues to carry out an extensive range of activities aimed at cultivating a customer-oriented working approach in all operational units and enhancing the quality of the services it offers to its customers.

## CUSTOMER EXPERIENCE

One of Energisa Enerji's top priorities is enhancing the customer experience. The Company continues to carry out an extensive range of activities aimed at cultivating a customer-oriented working approach in all operational units and enhancing the quality of the services it offers to its customers. With the aim of improving the customer experience, Energisa Enerji distribution companies offer new applications to customers and undertake new investments in this field.

Energisa Enerji places priority on diversifying its customer communication channels to meet the current needs. The Company continues to work intensely on responding to customer requests and complaints through these channels promptly and providing the most appropriate solutions to its customers.

## Communication Channels

Energisa Enerji customers may submit their applications and complaints to the Company through various channels such as petitions, e-mail, telephone, the website, the mobile application (Mobil 186), registered e-mail (REM), social media (Twitter, Facebook, Instagram) support accounts, the corporate Facebook account, the corporate Sikayetvar.com account, the WhatsApp Support Line, and Chatbot.

The information which is shared through these channels is logged and then passed onto the operational units. The feedback received from the operation units regarding the subject is passed on to the customer through the customer's preferred feedback channel. In accordance with the PDPL (Personal Data Protection Law), customers approve the clarification text through the distribution websites, WhatsApp Support Line, Chatbot application and mobile application channels. In addition, masking is performed on the call center screens.

### Customer Transactions Communication Channels

	Call Center	Mobile App	Social Media	Petition	E-mail	Website	WhatsApp Support Line	Chatbot
Index Reading	√	√	√	√	√	√	√	
Meter Operations	√	√	√	√	√	√	√	
Disconnect/Reconnect	√	√	√	√	√	√	√	
Failure Related Outages	√	√	√	√	√	√	√	√
Damage	√			√	√	√	√	
Lighting Failure	√	√	√	√	√	√	√	√
Electricity Theft	√			√	√	√	√	
New Connection	√	√	√	√	√	√	√	

# DISTRIBUTION ACTIVITIES

## CALL CENTER

Placing customer satisfaction at the heart of its high-quality service principle, Enerjisa Enerji boasts the sector's largest call operations with a team of approximately 800 staff in the distribution business line. The Call Center, which can be accessed by calling 186, provides uninterrupted communication between the Company and its customers in Ankara, Adana and Rize on a 24/7 basis.

Customer complaints and call center performance are set as important quality parameters by EMRA. In this context, better performance compared to the predetermined target provides financial return over the revenue requirement of distribution tariffs.

Enerjisa Enerji analyzes all customer requests and complaints meticulously and works to improve its operational processes in this direction. The Company takes steps to increase customer satisfaction with both channel-based and process-based continuous measurements, and makes improvements after a detailed analysis of the points where there is a decrease in measurements.

Enerjisa Enerji distribution companies received around 22 million calls through the call center in 2021. Respond rate of these calls was 95% with a service level score of 83% and an average call response time of 12 seconds.

### Customer Satisfaction

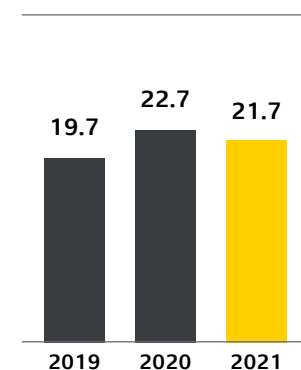
Enerjisa Enerji manages customer satisfaction and communication with customers in line with its internal policies and international standards. The Company provides services at global standards within the scope of the ISO 10002 Customer Satisfaction Management System, which is internalized by all employees. To this end, Enerjisa Enerji provided training to over 1,000 employees on customer orientation and customer satisfaction in 2021.

Enerjisa Enerji carries out customer satisfaction surveys on a regular basis to evaluate the journey of its customers in the communication channels and to improve their experiences.

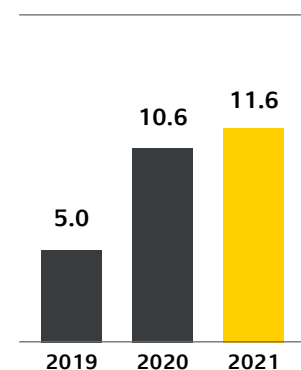
Customer Satisfaction Scores (CSAT) and the Net Promoter Scores (NPS) for years 2019, 2020 and 2021 are provided below:

### RESPONDED CALLS AND RESPONSE TIMES

**IVR Incoming Calls**  
(million)

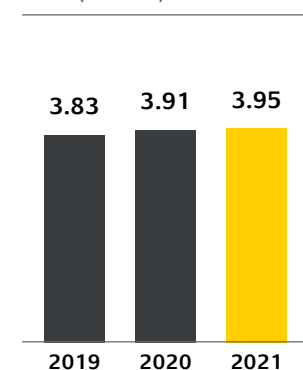


**Call Center Average Response Time**  
(seconds)

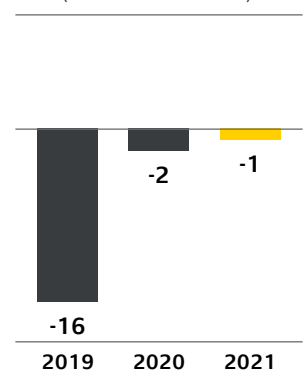


### CSAT AND NPS SCORES

**CSAT** (out of 5)



**NPS** (from -100 to +100)



Enerjisa Enerji communicates with its customers through diversified channels. The Company is constantly improving these channels in order to resolve problems and complaints promptly, while also widening the diversity of communication channels to meet the needs of its customers.

Considering communication as an important priority in increasing customer satisfaction, Enerjisa Enerji communicates with its customers through diversified channels. The Company is constantly improving these channels in order to resolve problems and complaints promptly, while widening the diversity of communication channels to meet the needs of its customers.

### Developments in 2021

In 2021, Enerjisa Enerji distribution companies carried out the projects on Distribution Websites, WhatsApp Support Line, Chatbot (Volti) Application and RPA (Robotic Process Automation) to increase customer satisfaction within the scope of digitalization efforts.

- **Distribution Websites Online Services Project:** This project aimed to offer customers a more personalized experience, and it was ensured that the online application registration process and application inquiry processes were integrated into distribution websites. Instant faults and planned outage information is displayed in detail on maps on the websites. Customers can easily apply from different categories through the system for information about power outages or other

processes and can query their past applications. In addition to this, customers can pay their distribution debts such as distribution connection fees, system usage agreement invoice fees, meter fees, unlicensed generation fees and unlawful invoices over the websites of the distribution companies.

- **Customer Application via WhatsApp:** The goal of this project is to receive and respond to consumer requests via WhatsApp. Thanks to a 3<sup>rd</sup> party application, conversations are made between customers and representatives who send messages to the Company's WhatsApp line. The project aims to reduce the number of inquiries reaching the 186 Call Center and achieve an improvement in customer experience. The teams formed exclusively for this channel serve customers 24/7. Customer requests are responded to in an average of 1.5 minutes through this new channel, which seeks to transfer instant requests of customers to a representative swiftly and directly.
- **Chatbot (Volti) Application:** The Chatbot project enables the distribution websites to receive client queries via web-chat. Customers can easily submit their requests via Chatbot and inquire about the status of their past requests.
- **RPA (Robotic Process Automation):** The processes of assigning the works that are planned to be answered in writing on a daily basis by the customer relations team to the writing team via CRM and Envision, were transferred to robotic processes.
- **RPA-Pattern Writing by RPA:** The customer relations team sends out an average of 9,000 reply letters (REM, letters, and e-mails) to customers each month. Within these texts, standard answers were determined with certain patterns and the text was written by the robot with these patterns. As a result, texts that can be answered with standard text were removed from the tasks of customer relations, with the aim of achieving a high level of customer satisfaction by improving the quality of the text.

Online Transactions		
Electricity Cut	Application Tracking	Fault Reporting
Disconnect Reconnect	Index Transactions	Meter Transactions
Debt Payment	Theft Transactions	Compensation Inquiry

# DISTRIBUTION ACTIVITIES

## TECHNOLOGY AND GRID MANAGEMENT

One of the primary objectives of Enerjisa Enerji is to provide an uninterrupted and accessible energy supply with the solutions it develops by closely monitoring technological developments. The Company conducts its activities in this direction to provide a world-class service quality to a population of 21.9 million in 14 provinces spread over 3 operating regions.

With the aim of providing an uninterrupted supply of electricity, Enerjisa Enerji carries out an effective grid management which places technology at the forefront of its activities. Enerjisa Enerji distribution companies use the following systems in their operations:

- Outage Management System (OMS) is used for outage management. In addition, customer notices received from the CRM system are conveyed directly in the OMS.
- SCADA (Supervisory control and data acquisition), an industrial automation control system which remotely monitors supply continuity, is used to collect outage data. The total number of sensors in the SCADA system, which was 716,608 at the end of 2020, reached 790,818 by the end of 2021.
- In order to increase the traceability of the grid at the Medium Voltage (MV) level, grid inventories not monitored with SCADA are monitored with the modems installed within the scope of the High Voltage Data Collection project. Thanks to all of these systems, the monitoring ratio of the stations at the MV level increased to 100%.
- In addition, outage information is received from the Lighting and Customer Automatic Meter Reading System (AMRS). The AMRS installations have been ongoing for remote reading of meters in distribution regions. The total number of installations within the scope of AMRS, increased from 80,243 as of the end of 2020 to 87,730 by the end of 2021.
- The users affected by the outages can be determined by the Geographic Information System (GIS).

In line with the outage information received from all these systems, the location of the outage is estimated through the use of various algorithms, which enables a reduction in response times to the outages. Enerjisa Enerji distribution companies use industrial tablets to record the procedures carried out in the field during the power outages. All system integrations allow the correct calculation of the start and end times of outages in operating regions and the number of subscribers who are affected.

### Grid Quality Metrics

With the new tariff period which started as of 2021, "The Procedures and Principles Regarding the Consideration of Planned Maintenance Expenditures of the Electricity Distribution Companies in Tariff Calculations" entered into effect. In this context, a new framework was defined for planned maintenance in order to improve the continuity of supply and to support the increase in customer satisfaction and a new OPEX allowance was introduced for planned maintenance. With this practice, the maintenance works of distribution companies has been stepped up with an increase in the number of power cuts applied for maintenance purposes when compared to the previous years. Intensive maintenance work is aimed at reducing the incidence of failure in the grid and reducing the frequency of outages to be experienced in the upcoming years.

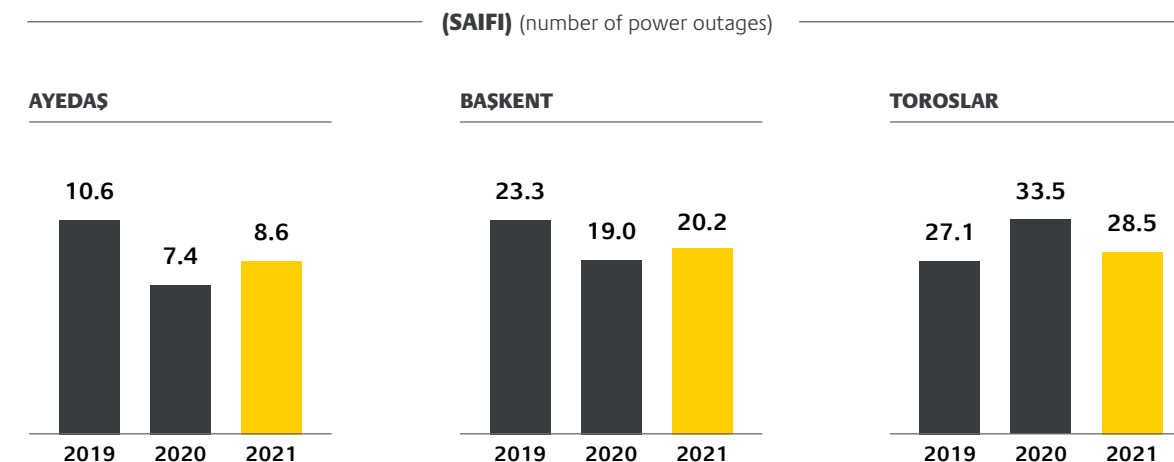
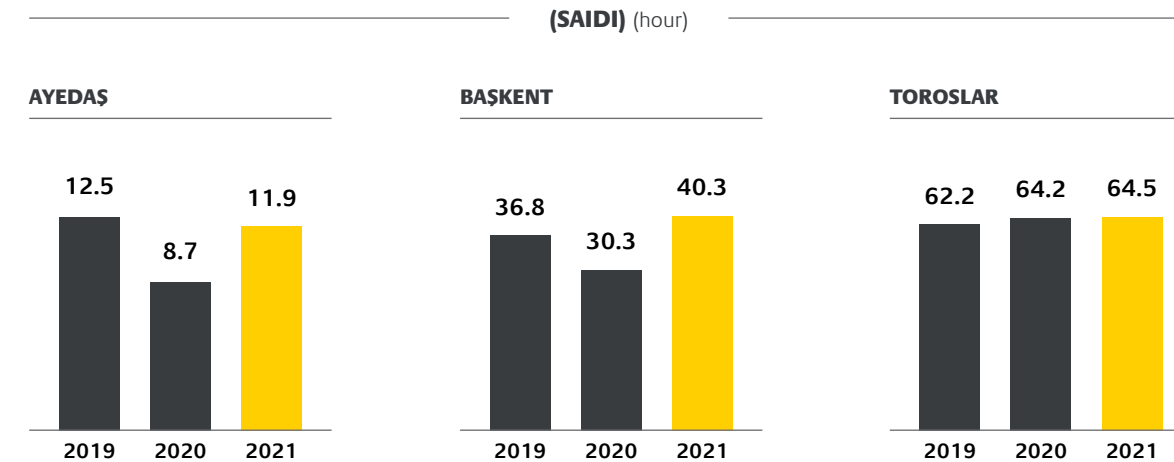


66 With the new planned maintenance implementation in the fourth regulatory period, a reduction in power outage frequency in the upcoming years is targeted.

Another reason for not achieving the targeted improvement in the indices in the Başkent region was the disasters experienced in the provinces of Zonguldak, Bartın and Kastamonu during the year. In January and February 2021, the provinces of Zonguldak, Bartın and Kastamonu were exposed to the heaviest snowfall recorded in the last decade, with conductors failed and poles brought down due to the weight of snow. Additionally, in August, the Bozkurt district of Kastamonu was hit by flood and the region was declared as disaster area. Enerjisa Enerji carries out projects and investments to facilitate adaption to the potential impacts of climate change as part of

its sustainability strategy. For example, in distribution networks, the overhead lines are more exposed to the impacts of natural disasters compared to underground cables. The ratio of underground cables increased from 19% in 2015 to 26% in 2021 in Enerjisa distribution regions, mitigating the impact of external factors on the distribution network.

System Average Interruption Duration Index (SAIDI) and System Average Frequency Index (SAIFI) are used to monitor grid quality in terms of continuity of supply.



# DISTRIBUTION ACTIVITIES

66 Technology and grid management projects of Enerjisa Enerji have a wide impact area, including stakeholder management, customer experience, digitalization, quality and OHS.

## Technology and Grid Management Projects

Enerjisa Enerji presses ahead with its grid investments in order to provide an uninterrupted supply of power and makes extensive use of technology. Some of the important projects realized in 2021 and their impact areas are as follows:

PROJECTS	SCOPE	IMPACT AREA
The Tablet User Experience Project	The 4-phase project aims to facilitate the use of tablets by field operators, to reduce erroneous data entry and to resolve problems they may encounter.	<ul style="list-style-type: none"> <li>Stakeholder Management</li> <li>Customer Experience</li> <li>Digitalization</li> <li>Quality</li> <li>OHS</li> </ul>
Digitalization and Replacement of Protection Relays and Test Devices	With this project, faulty lines and equipment will be disconnected from the grid in the event of a failure on the grid, within the time set in the relay coordination. Thus, customers in areas where there are no failures will not be affected by these outages. Relay/polarity/breaker test devices are renewed and increased in number, thus increasing the reliability of the grid.	<ul style="list-style-type: none"> <li>Stakeholder Management</li> <li>Customer Experience</li> <li>Digitalization</li> <li>Quality</li> </ul>
The Baskent Digital Inventory Management System and Analysis (DIGSILENT)	The aim of the project is to render grid management more secure. With the DIGSILENT software, protection and coordination functions are transferred to the digital environment. The DIGSILENT software allows the examination of voltage and current frequency anomalies through digital modelling with the power quality and harmonic analysis modules.	<ul style="list-style-type: none"> <li>Digitalization</li> <li>Quality</li> </ul>
OMS & AMRS (Outage Notice)	Improvement activities are carried out in the OMS project in order to provide ease of use by taking into account EMRA's recommendations and legislative requirements.	<ul style="list-style-type: none"> <li>Customer Experience</li> <li>Digitalization</li> <li>Quality</li> </ul>
The TEİAŞ Feeder Monitoring and Improvement Project	The project is aimed at monitoring output feeder data (current, voltage, power etc.) and the location information of circuit breakers and disconnectors and the like at the TEİAŞ Substations with the application software, and to integrate these data into the SCADA and Inavitas systems. In addition, demand tracking of the TEİAŞ Substations and TEİAŞ feeder openings can be monitored instantly through the Inavitas system.	<ul style="list-style-type: none"> <li>Stakeholder Management</li> <li>Digitalization</li> <li>Quality</li> <li>OHS</li> </ul>
Reactive Power Compensation Systems Project	The aim of the project is to keep the reactive power supplied to or withdrawn from the system within the limits specified in the Regulation on Electricity Grid and to prevent possible reactive penalty excesses, which are defined as violations in the penal clauses of the System Usage Agreements signed with TEİAŞ. With the project, user and inventory protection can be achieved and SCADA integration can be provided easily with the closed system automation software developed considering OHS measures. In addition, inventories (such as capacitor bank and shunt reactors), which are suitable for changing grid conditions, can be adapted quickly.	<ul style="list-style-type: none"> <li>Stakeholder Management</li> <li>Digitalization</li> <li>Quality</li> <li>OHS</li> </ul>

PROJECTS	SCOPE	IMPACT AREA
Mobile Power Quality Device (MPQD) Supply	Power quality devices were provided for customer/operation measurement demands, measurements for identifying customers which negatively affect technical quality, and for use in place of malfunctioning devices at all points where measurements are made in the field during the year. In line with the incoming customer/operation requests, measurements were taken in the areas experiencing problems and improvements were made in the power quality, technical quality parameters in line with the measurement results. The aim here is to increase technical quality of the grid and customer satisfaction.	<ul style="list-style-type: none"> <li>Stakeholder Management</li> <li>Customer Experience</li> <li>Quality</li> </ul>
Compensation Analysis System Development (CAS)	The Compensation Analysis System aims to prevent reactive power limits from being exceeded and to prevent penalties, which may be imposed if these limits are exceeded, with daily follow-ups. CAS informs all users via e-mail by calculating the active and reactive power values with the meter data retrieved from the TEİAŞ substations on a daily basis. Thanks to these features, power analyses and penal risks can be foreseen and grid maneuvers and facility commissioning/decommissioning operations (including simulations specific to the type of facility) can be performed on the basis of the analyses in the system.	<ul style="list-style-type: none"> <li>Stakeholder Management</li> <li>Digitalization</li> </ul>
Demand Optimization System Development (DOS)	The DOS system is aimed at monitoring consumption and generation data, preventing power limits from being exceeded and minimizing any penalties which may occur in case these limits are exceeded. Within the DOS system, daily maximum demand values are calculated and all users are informed by e-mail. Daily/monthly/annual reports and automatic load transfer notifications are provided. Thanks to these features, power analyzes and demand controls with penal risks can be made.	<ul style="list-style-type: none"> <li>Stakeholder Management</li> <li>Digitalization</li> </ul>
Recloser/Sectionalizer Replacement Works	Recloser devices enable automatic reclosing in case of temporary faults occurring in the grid. In this way, the duration of the power outage can be reduced to 30 seconds without intervention from the team. Thus, long outage durations will be minimized and the SAIDI and the SAIFI values will be reduced.	<ul style="list-style-type: none"> <li>Stakeholder Management</li> <li>Customer Experience</li> </ul>



## DISTRIBUTION ACTIVITIES

PROJECTS	SCOPE	IMPACT AREA
Overhead Line Fault Indicator Mechanisms	Overhead Line Fault Indicator Mechanisms are devices which locate the fault occurring on the line, thanks to the light signal they emit. These devices contribute to customer satisfaction by shortening the time for the team to locate the fault, thus shortening the outage time.	<ul style="list-style-type: none"> <li>• Customer Experience</li> <li>• OHS</li> </ul>
Automatic Retrieval of Failure Records from Protection Relays Project	When a fault occurs on the grid, oscillographic fault records are kept by the protection relays. A team is sent to the field to take these records. With the project, the records will be automatically stored and maintained without the need for a team to visit the site. With the project, a total of 200 feeders at Başkent EDAS and the Toroslar EDAS and 150 feeders at Ayedas will be included in the scope of work. The application will be a first in the sector and for the Company. The project will provide benefits in the fields such as digitalization, operating cost management and OHS.	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Digitalization</li> <li>• OHS</li> </ul>
Industrial IoT Platform and Software Project	This project enables estimation and modelling with artificial intelligence and machine learning algorithms, including analytical and reporting tools which will interpret the data collected from a wide range of points. In this way, a multi-layered system consisting of hardware and software will be developed which can guide the Company's future investments.	<ul style="list-style-type: none"> <li>• Stakeholder Management</li> <li>• Digitalization</li> <li>• Quality</li> <li>• OHS</li> </ul>
SCADA Infrastructure and Adaptation Projects	Infrastructure and extension work will be carried out at the centers within the scope of the projects and the relevant centers will be added to the SCADA system. By replacing the relays which have completed their technological lives, the feeders will be rendered remotely monitorable and controllable.	<ul style="list-style-type: none"> <li>• Stakeholder Management</li> <li>• Digitalization</li> <li>• Quality</li> <li>• OHS</li> </ul>
Substation SCADA Projects	With these projects, high-voltage and low-voltage information from the Distribution Substations is collected and sent to SCADA and the IoT Platform. Overall, the data to be received from the centers will be cell location/control information, substation information, and voltage yes/no data related to the substation output feeders. Necessary infrastructure and expansion work will be carried out at the substation centers in order to receive this data.	<ul style="list-style-type: none"> <li>• Stakeholder Management</li> <li>• Digitalization</li> <li>• Quality</li> <li>• OHS</li> </ul>
Peak SCADA Projects	Within the scope of the project, low voltage (LV) substation data will be received from the centers, where the Pole Mounted Substations are located. In order to receive this information, necessary infrastructure and expansion work will be carried out at the substation centers. The received LV data will be transferred to the IoT Platform.	<ul style="list-style-type: none"> <li>• Stakeholder Management</li> <li>• Digitalization</li> <li>• Quality</li> <li>• OHS</li> </ul>



“With the aim of providing an uninterrupted supply of electricity, Enerjisa Enerji carries out an effective grid management which places technology at the forefront of its activities. All system integrations allow the correct calculation of the start and end times of outages in operating regions and the number of affected subscribers.

## DISTRIBUTION ACTIVITIES

### R&D

Conducting various projects focused on development of new products, systems or designs, Enerjisa Enerji R&D business unit closely monitors technological developments in the energy sector. In this respect, the unit focuses on exploring the best practices in the world for the distribution network and producing customized solutions for Turkey with domestic resources. The main areas of work for the Enerjisa Enerji R&D business unit are renewable energy sources, electric vehicles, micro-grid and storage systems, the Internet of Things, information and communication technologies, artificial intelligence, big data and cyber security as part of the efforts towards a sustainable future.

Company's R&D projects are funded through a combination of domestic and foreign sources. While the main source of funding is the EMRA R&D fund, the European Union Framework Programs, ITEA and EUROGIA funds are also used for the projects. In 2021, approximately TL 9.4 million was spent on projects supported by the European Union Framework Programs, TÜBİTAK and EMRA R&D funds.

The Enerjisa Enerji R&D and Innovation Committee operates under the leadership of the CEO. Senior managers from all business units take part in the Committee as decision makers and guides. The R&D and Innovation Committee has a structure which blends the views from different fields of expertise in the process of implementing new products, services or projects by the Company. All of the Company's R&D projects are selected considering the Company's internal needs and expectations, its strategic goals and international R&D developments. The projects are monitored by the R&D and Innovation Committee.

Since the outputs of R&D activities are shared with EMRA, they also play a role in shaping future legislation.

Enerjisa Enerji cooperates with a number of universities in its R&D projects. In this context, cooperation with the ODTÜ (Middle Eastern Technical University), Özyeğin University, İTÜ (İstanbul Technical University), Sabancı University, Osmangazi University and Sakarya University continued in 2021.

A pioneer in the sector with its R&D projects, Enerjisa Enerji participates in both the management and the technical evaluation committee of the EUROGIA 2020 cluster operating in the energy field under the umbrella of EUREKA, the International R&D Support Program. The chairman of the cluster is Murat Pinar, the CEO of Enerjisa Enerji.

The following R&D projects were carried out by Enerjisa Enerji in 2021:

- **Energy Storage Project (KEDEP):** This is the first project carried out in the electricity distribution sector, where energy storage systems are handled holistically. Within the scope of the project supported by EMRA, six electricity distribution companies carried out pilot field applications with different purposes such as the control of distributed storage technology in the LV grid, micro-grid power management, rescheduling of distribution grid investments, reactive power support, load management and routing. In 2021, Başkent EDAS installed the 420 kWh Li-ion battery system integrated with the 300 kWp solar power plant installed in the selected pilot region, and implemented micro-grid applications with the energy management system software it developed. This system uses lithium-ion type batteries as a substitute for the currently installed diesel generator with a power of 1,250 kVA in the network with the aim of reducing use of oil-powered generators and preventing the hazardous emissions caused by fuel use. It is aimed to monitor and report the results of all installations in 2022.

TL 9.4 million  
R&D investments

In 2021, approximately TL 9.4 million was spent on projects supported by the European Union Framework Programs, TÜBİTAK and EMRA R&D funds.

66 Closely monitoring the technological requirements of the New Energy World, Enerjisa Enerji focuses on projects which will increase sustainability, efficiency, reliability and continuity in electricity distribution.

- **Micro-Grid Management and Control Methods:** The basic building blocks of micro-grids are renewable energy resource, storage systems, loads and a micro-grid management system which builds the relationship between these three elements. Within the scope of the project which started in 2019 with domestic resources and the support of the EMRA R&D fund, micro-grid control hardware and management software were successfully deployed in 2021. According to the results, it was observed that the system is capable of physically controlling the power from renewable resources and the grid by "disconnecting from the main grid", "activating the load" and "storing power". In addition, the tested system stores collected data on a remote server and performs the analysis successfully. Benchmarking and testing studies of the system continue in a micro-grid test center in Denmark.

- **Recloser Development Project:** A recloser is an equipment that ensures continuity of supply by automatically re-energizing the grid, in case of temporary failures especially on radial lines in rural areas. Unlike other medium voltage equipment, reclosers are not manufactured locally and due to their high cost, distribution companies cannot use them despite the considerable need. Within the scope of the project supported by the EMRA R&D fund, a more affordable recloser which includes both a domestic overhead line breaker and a control panel was produced. The type tests and factory acceptance tests of three reclosers were successfully conducted, and their installation was completed in Başkent, Ayedaş and Toroslar regions. The developed product successfully passed the CESI certification tests and received a domestic product certificate.

- **Duplex Substation Design:** One of the biggest problems in the distribution sector is space availability for substation installation. In this project, in order to solve the location problem of substations, a smaller scale and duplex substation was designed with the support of the EMRA R&D fund. Domestic tests of the project were completed and the international certification tests continue. The international tests and field installation of the duplex substation is aimed to be completed in 2022.



- **The Energy Efficiency "Hasat" Project:** The aim of the project is to develop innovative practices and methodologies which will increase energy efficiency in the electricity distribution sector and to implement pilot projects for that purpose. The project was initiated with the support of the EMRA fund, under the coordination of Başkent EDAS with the participation of 15 distribution companies and in cooperation with ELDER (Electricity Distribution Services Association). Within the scope of the project, pilot projects are carried out in the fields of energy efficiency in substations, applications which increase the energy efficiency in distributed generation, LED applications in general lighting and energy efficiency consumer awareness index. Work on the project, which got underway in 2020, is ongoing.
- **The RECON Project:** RECON is a container based mobile micro-grid development project, which operates with renewable energy. The project aims to develop a zero emission product which will enable the establishment of a micro-grid in rural areas, where new grid investments are costly and consumption is low. The product also targets rapid provision of energy to the remote areas in the event of a disaster. The project started in 2021 and the installations were completed. The project is currently in the pilot phase.

## DISTRIBUTION ACTIVITIES



- **My Fuel is Solar:** The project works for the development of battery-supported DC (direct current) electric vehicle charging stations integrated with solar energy systems installed in idle parking areas. The project aims to install solar energy systems in car parks instead of open fields, support the circular economy with the secondary use of batteries from electric buses and provide fast charging with zero emissions. The project started in 2021 and project installations were completed. Roll out of the project is targeted in 2022.
- **Production of Sensor and Monitoring Software for High-Voltage Overhead Lines to Increase the Energy Quality and Efficiency:** The project implemented with the EMRA R&D fund, targets the creation of a domestically produced Energy Monitoring System that can be installed on overhead lines for the determination of theft-loss, and detection of the point of illegal

### My Fuel is Solar

The project scope is the development of battery supported DC electric vehicle charging stations integrated with solar energy systems installed in idle parking areas. The project aims to support the circular economy and provide fast charging with zero emissions.

use by analyzing electricity consumption. 3-phase measurements are aimed at determining the intervention points by monitoring the customer meter index and the load profile of the consumer on real time, and by analyzing the sudden load losses caused by the consumer. In 2022, the project will be completed after installation at 10 different facilities.

- **Fault Detection and Analysis with Image Processing:** Detection of faults on power transmission lines is a labor intensive and costly process. As part of the project, Enerjisa Enerji started to use drones for fault detection in order to optimize the process and increase efficiency. Inventories in the field and fault conditions can be detected autonomously by using image processing technology. Within the scope of the project supported by the EMRA R&D fund, a software was developed, in which the data collected autonomously was presented, and the project was successfully completed.



- **Detection of Anomalies on Power Transmission Lines-Vis-Inspect:** It is vital that failure and maintenance processes are carried out efficiently to ensure an uninterrupted supply of power. At the same time, reporting the failure-maintenance data of the grid inventories and photographing the deficiencies within the scope of the maintenance instructions is an important part of the work. In order to improve these processes, the Vis-Inspect project was initiated in July

“With the My Power is Everywhere project, development and testing of a system infrastructure independent of the installation, whose infrastructure is provided by the electricity distribution companies, and usage and payment methods are mobile is aimed in order to meet the power needs in public spaces.

2021 with the support of the EMRA R&D fund. Within the scope of the project, the data of the inventory on the route related to the work steps determined in the failure and maintenance processes will be received from on-board cameras, and the data in rural areas will be received from drones. The data will be transferred to the maintenance system autonomously with image processing technology. The literature review and data collection from the field phase of the project has been completed.

- **National Smart Meter Systems:** The project is carried out under the coordination of ELDER with the support of the EMRA R&D fund with the participation of 21 distribution companies. As necessitated by smart city and smart grid transformation, the project aims to determine the requirements of meters, modems and their communication systems with technology compatible with the current conditions, and to create a national system with optimum features in accordance with these requirements. The project, which got underway in 2020, continued in 2021 with the development of meter and modem prototypes. The project will be completed with the completion of pilot studies in 2022.
- **Next-Generation Meter Test Bench:** Testing meters subject to a complaint and creation of relevant reports is a long process, especially for electricity distribution companies operating in crowded settlements. With the next generation meter test bench, this time will be shortened significantly, largely removing human intervention thanks to the automated process. The project, which was kicked off in cooperation of BEDAS in 2020 within the scope of the EMRA R&D fund, continued in 2021.
- **Next-Generation Network Design Project (Power Transmission Lines):** With the completion of the power transmission lines (PTL) project, the next phase “Next-Generation Network Design” project was launched in 2021. The project plans to design lines in accordance with the next-generation network design in order to solve problems caused by the distribution components,

particularly the energy transmission lines, as faced by all distribution companies, and to present suggestions to the decision makers regarding the relevant legislative changes. The project is carried out under the leadership of Toroslar EDAS with the participation of TEDAS, ELDER and 21 electricity distribution companies with the EMRA R&D fund.



- **My Power is Everywhere:** “My Power is Everywhere” (Infrastructure Development and Pilot Implementation for the Installation-Independent Electricity Distribution Service) project is carried out by Firat EDAS. Boğaziçi EDAS, Yeşilirmak EDAS, Gediz EDAS, Osmangazi EDAS and Baskent EDAS are the other stakeholders of the project. The project aims development and testing of a system infrastructure independent of the installation, with the infrastructure provided by the electricity distribution companies in order to meet the power needs in public spaces, as well as mobile usage and payment methods. Infrastructure development studies of the EMRA-supported project were carried out in 2021 and pilot applications are ongoing.

# DISTRIBUTION ACTIVITIES

## The İvme Entrepreneurship Acceleration Program

The “İvme Entrepreneurship Acceleration Program” was initiated by the Enerjisa R&D unit in 2020 in order to develop solutions to the current problems faced by the energy sector and make these solutions accessible, to develop easily applicable and scalable technologies, and to contribute to the creation and growth of next generation enterprises. Aiming to support start-ups which make an impact in the energy sector, the Program brings them together with the Enerjisa distribution companies. The Program helps start-ups overcome the difficulties they

encounter in the process between prototype product and commercialization, while addressing current problems and future opportunities.

A total of 70 start-up applications have been received for the second term of the İvme Entrepreneurship Acceleration Program, held in 2021. Business unit interviews were held with 55 start-ups, and technology verification work was successfully completed with 12 start-ups within an 8-weeks time frame.

The start-ups, which were accepted into the POC (Proof of Concept) process in 2021 are given below:

Venture Name	Project Phase	Project Definition	Impact Area
Agcurate	Technology Verification	The Company worked to determine vegetation under and around overhead power lines, the type and growth of the vegetation, and conducted risk analysis with high resolution, SAR and multispectral satellite imagery.	<ul style="list-style-type: none"> <li>Vegetation management around energy transmission lines with remote sensing methods</li> <li>Optimization of maintenance and pruning processes</li> </ul>
Arvia	Technology Verification	The Company worked on providing video calls service to customers with the CRM integration, where user permissions connected to the call center will be defined.	<ul style="list-style-type: none"> <li>Company website</li> <li>Customer contact information, the PDPL (the Personal Data Protection Law) consents, customer representatives</li> <li>Customer satisfaction survey and scores</li> </ul>
B-preg	Technology Verification	By mixing customized Natural Fiber Reinforced Composite materials with the materials used in the meter and transformer measuring cap seals, the start-up worked on the production of seals that cannot be imitated.	<ul style="list-style-type: none"> <li>Material technologies</li> <li>Reducing the theft-loss ratio</li> </ul>
Distant Tech	Technology Verification	The purpose of the application is to assist the field teams by displaying the inventories, which are planned to be installed, and the installation points on the mobile or tablet by using augmented reality. In addition, the start-up also worked on the use of the application for distance measurement and control during inspection.	<ul style="list-style-type: none"> <li>Digitalization of the process</li> <li>Optimization</li> </ul>
Metis	Technology Verification	A concept verification study of the high voltage overhead line fault indicator mechanism based on temperature measurement was conducted.	<ul style="list-style-type: none"> <li>Determining the point, where the fault current in the conductor passes by taking the change in conductor temperature as a base in high voltage overhead line faults.</li> </ul>

“66 The “İvme Entrepreneurship Acceleration Program” initiated by the Enerjisa Enerji R&D unit, aims to support start-ups which make an impact in the energy sector, and brings them together with Enerjisa distribution companies.

Venture Name	Project Phase	Project Definition	Impact Area
Onlock	Technology Verification	A smart lock was developed to be used in the transformers, which can be remotely controlled, where personnel can be authorized, and is able to instantaneously notify of any interventions and violations.	<ul style="list-style-type: none"> <li>Material technologies</li> <li>Reducing the theft-loss ratio</li> </ul>
Optiwisdom	Technology Verification	A pool is created with the data received from the transformers and enrichment of such data with information such as environmental and weather conditions and the construction year. This information is used to predict the time interval in which the transformer will fail.	<ul style="list-style-type: none"> <li>Process improvement</li> <li>Ensuring customer satisfaction and cost reduction by preventing cuts caused by substation failures</li> </ul>
Optiyol	Technology Verification	Route and capacity analysis was conducted for manned and unmanned warehouses. Optimum outcome was determined by mapping through comparison of time, number of vehicles and costs.	<ul style="list-style-type: none"> <li>Digitalization of the process</li> <li>Optimization</li> <li>Recording the relationship between the number of vehicles-frequency/ stock status</li> </ul>
Plastic Move	Technology Verification	The start-up worked on the production of seals that cannot be imitated by mixing composite materials obtained by using waste bread with the materials used in the meter and substation measuring cap seals.	<ul style="list-style-type: none"> <li>Material technologies</li> <li>Reducing the theft-loss ratio</li> </ul>
Senshero	Technology Verification	In order to reveal system health (health index), a verification study of highly accurate artificial intelligence solutions, in comparison to traditional methods, was carried out.	<ul style="list-style-type: none"> <li>By detecting anomalies on the overhead lines, adjusted by season and human factors, pre-detection of phase-neutral failures due to insulation failures, and detecting the fault position on the overhead line based on the measurements obtained between different points.</li> </ul>
Texinsight	Technology Verification	Document digitization was carried out by using image processing technology. Handwritten and computer-printed petitions were autonomously converted into appropriate formats, categorized, and grouped.	<ul style="list-style-type: none"> <li>Process improvement</li> </ul>
Virmode	Technology Verification	A simulation application with 3D design is connected with virtual reality glasses. At this stage, any faults and errors which may be encountered by the maintenance teams in real life during transformer maintenance processes are simulated and training is provided on this basis.	<ul style="list-style-type: none"> <li>Digitalization</li> <li>Process improvement</li> <li>Training of teams/training of teams with new technology</li> </ul>

## RETAIL ACTIVITIES



“Energisa Enerji maintained its leading position in the retail sales area in terms of sales volume and number of customers in 2021.

### RETAIL SALES ACTIVITIES

In the retail power sales sector, Energisa Enerji is the industry leader in terms of sales volume and number of customers. As of the end of 2021, the Company commanded a 22% market share based on the number of customers.

Energisa Enerji retail companies operate in three regions as the incumbent retail companies in the regulated electricity market, under the supply license issued by the Energy Market Regulatory Authority (EMRA).

“Energisa Enerji continued to develop its products and services within the scope of its retail sales business with a focus on sustainability and to implement customer-oriented digitalization projects in 2021 as well.

As incumbent retail companies, these companies provide electricity retail sales services to customers below the eligible consumer limit as well as consumers above the eligible limit but who have not chosen a different supplier, in the Company’s distribution regions. Furthermore, these companies may sell electricity to eligible customers in their own regions as well as other parts of Turkey with no regional restrictions.

Energisa Enerji develops its products and services with a focus on sustainability and provides cutting-edge technology to its consumers. The Company implements a wide range of innovations aimed at increasing customer satisfaction through customer-oriented digitalization projects.

The customer-oriented business approach adopted by Energisa Enerji is directly reflected in its wide range of service channels and after-sales service network. Providing services to approximately 10.3 million customers and a population of 21.9 million through the physical, digital and remote channels, Energisa Enerji strives to meet the needs of its customers, create value in electricity supply and provide after-sales support.

The main service channels used by Energisa Enerji are as follows:

- **Physical Channels:** Customers services are provided through physical channels including 39 Energisa Customer Service Centers, 76 Energisa Transaction Centers and 10 Mobile Service Vehicles.
- **Digital Channels:** Customer transactions are executed through digital service channels, which were redesigned to meet the needs of customers. Digital channels include the Online Service Center, the internet, mobile platforms and e-Government.
- **Remote Channels:** 24/7 uninterrupted services are provided remotely through the Call Center, while the telesales services have also been actively provided.

### RETAIL COMPANIES

Energisa Enerji carries out electricity retail activities in 14 provinces across three regions through Energisa Baskent Elektrik Perakende Satış A.Ş., Energisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Energisa Toroslar Perakende Satış A.Ş.

**Energisa Başkent Elektrik Perakende Satış A.Ş.** was established and started its operations in 2014. Energisa Baskent Elektrik Perakende Satış A.Ş., serves more than 3.9 million predominantly residential and commercial customers in the Baskent Region (Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale and Zonguldak), where the Company is the incumbent electricity supplier.

**Energisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.** Under the privatization program, the transfer of Energisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. shares to Energisa Enerji was completed on July 31, 2013, with the signing of share transfer agreement. Energisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. provides services to approximately 2.6 million predominantly residential and commercial customers on the Anatolian Side of İstanbul, where the Company is the incumbent electricity supplier.

**Energisa Toroslar Elektrik Perakende Satış A.Ş.** The transfer of Energisa Toroslar Elektrik Perakende Satış A.Ş. shares to Energisa Enerji under the privatization program was completed on September 30, 2013, with the signing of the share transfer agreement. Energisa Toroslar Elektrik Perakende Satış A.Ş. serves more than 3.8 million predominantly residential and commercial customers in the Toroslar Region (Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye) where the Company is the incumbent electricity supplier.



**35.8 TWh**  
Sales Volume

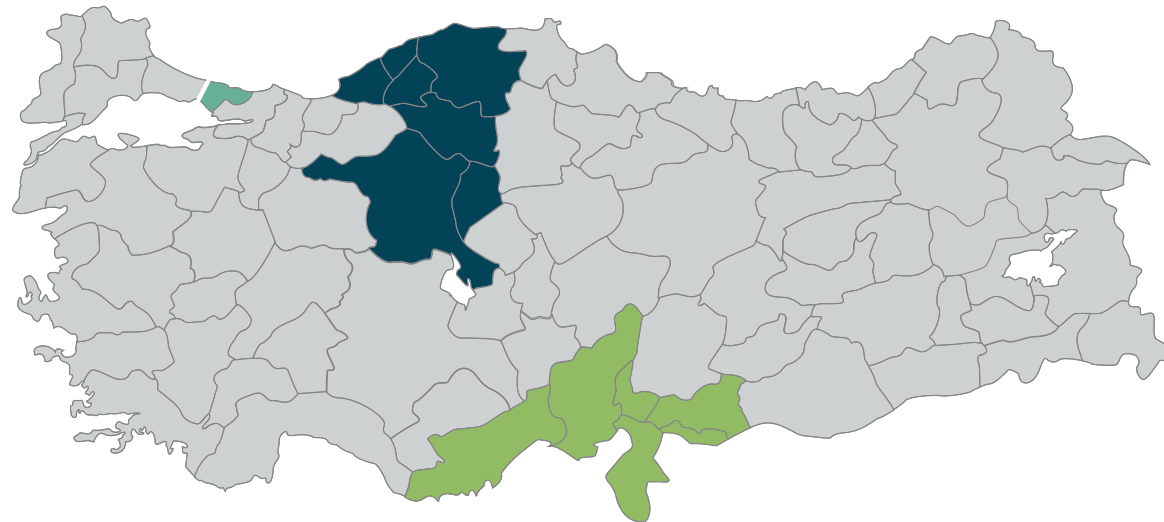
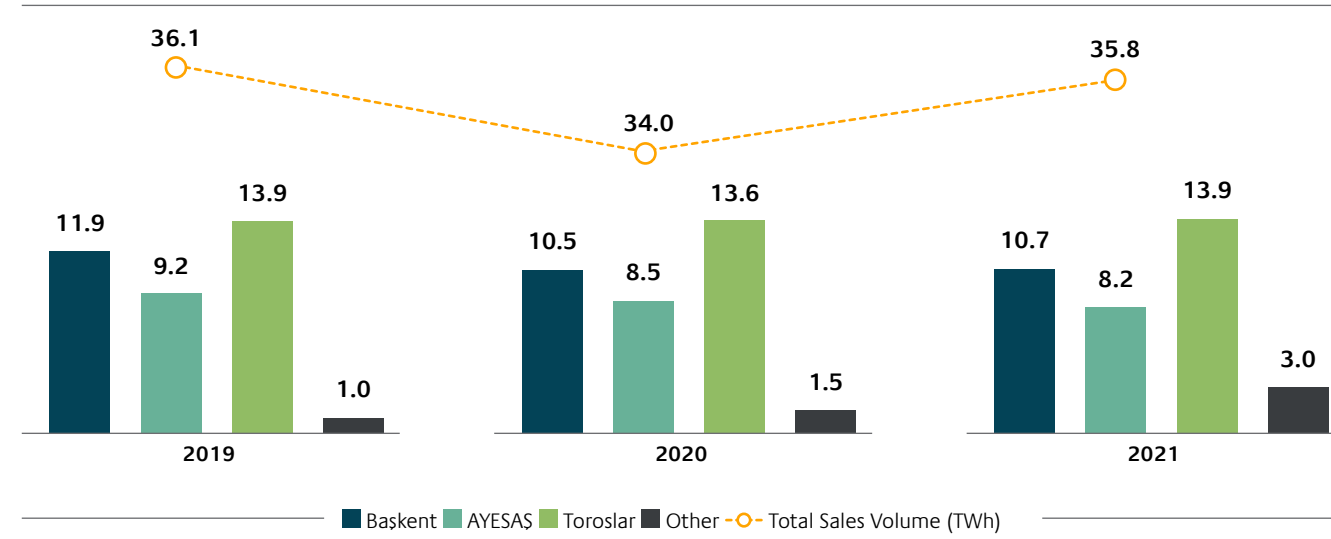


**10.3 million**  
Number of Customers

# RETAIL ACTIVITIES

## RETAIL COMPANIES IN NUMBERS

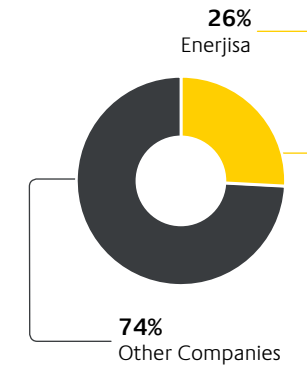
SALES VOLUME BY REGIONS (TWh)



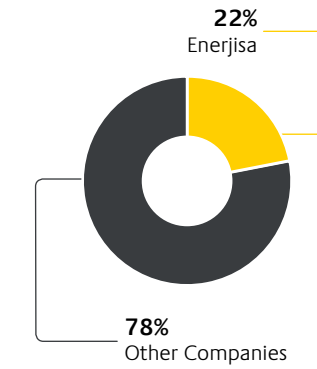
<b>Başkent</b> Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale, Zonguldak	<b>AYESAŞ</b> İstanbul - Anatolian Side	<b>Toroslar</b> Adana, Gaziantep, Hatay, Kilis, Mersin, Osmaniye	<b>Other Regions</b>
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“The customer-oriented business approach of Enerjisa Enerji is reflected in its extensive service channels and after-sales service network.”

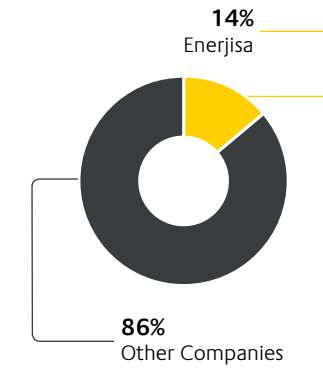
Population of Turkey\*  
84.7 million



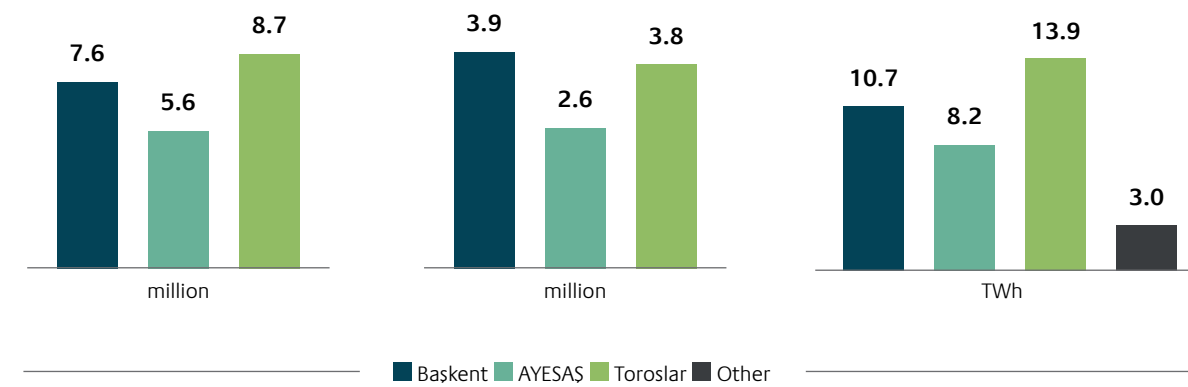
Total Customers in Turkey  
47 million\*\*



Total Electricity Sold in Turkey  
253.5 TWh\*\*



ENERJİSA ENERJİ



<b>Population</b> <b>21.9 million</b>	<b>Number of Customers</b> <b>10.3 million</b>	<b>Sales Volume</b> <b>35.8 TWh</b>
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\*TURKSTAT  
\*\*EMRA December 2021 Report

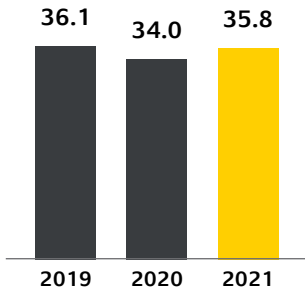
# RETAIL ACTIVITIES

## Sales Volume

The sales volume includes eligible and non-eligible sales in 3 regions where the sales company has the incumbent electricity supplier status as well as free market sales in other regions.

Total retail sales volume was 35.8 TWh in 2021 compared to 34.0 TWh in 2020. As the impact of Covid-19 pandemic eased throughout 2021, demand for electricity increased in the segments on which Enerjisa Enerji has focused in line with its profitable growth strategy.

Sales Volume (TWh)



**35.8 TWh**

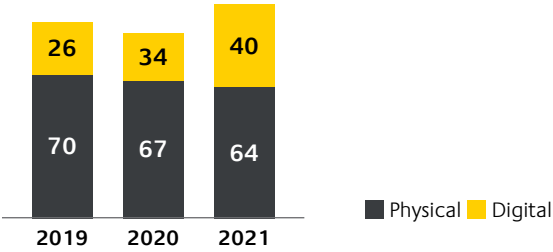
Total sales volume was realized as 35.8 TWh in 2021.

## Billing

With the transition to digital invoicing, Enerjisa Enerji aims to provide clients with fast access to their invoices while also helping to preserve the environment by reducing its paper consumption. In line with this purpose, the Company maintains its e-archive communication and development efforts, carrying out systemic improvements to improve the customer experience in e-archive invoice viewing such as removing captcha, preventing e-mails from being directed to spam folders and resolving problems related to invoice links.

A total of 104.5 million invoices had been issued in 2021. 38.0 million invoices were notified through SMS and/or e-mail and 2.1 million invoices were notified by e-invoices, according to customer preferences. As a result, the number of paper bills was reduced, thereby contributing to efforts to protect the environment.

Physical and Digital Invoice Quantities (million)



**104.5 million**

A total of 104.5 million invoices had been issued in 2021.

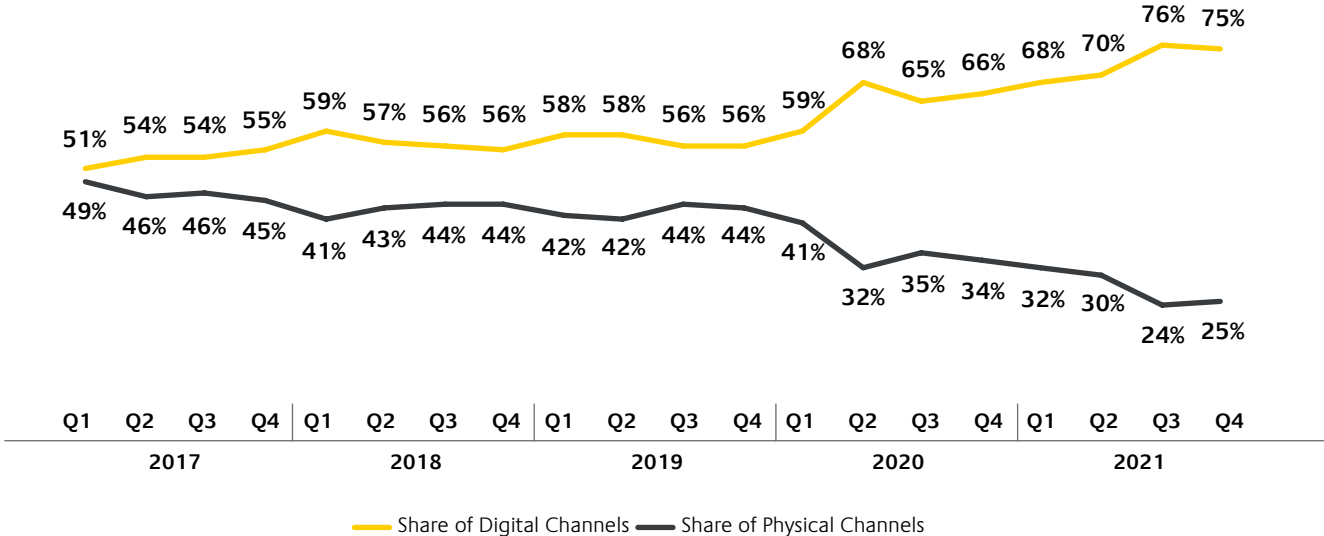
## Payments

With the effect of the digitization trend and digital solutions offered to clients, the share of digital channels in bill payments has been increasing since 2017. The usage of digital channels continued to increase in 2021 with the impact of the pandemic. On a per unit basis, the share of digital payments exceeded 75% by the end of 2021.

**75%**

On a per unit basis, the share of digital payments had exceeded 75% by the end of 2021.

Progression of Share of Digital and Physical Channels: 2017-2021 (%)



# RETAIL ACTIVITIES

Consumption Volume (kWh/year)* and Customer Type	Eligible Consumer Right Exercise Status	Tariff Applied	Supplier
0-1,100 kWh	Non-Eligible Consumers No right to choose a supplier	National (Regulated) Tariff (Compulsory)	Incumbent Electricity Retail Company
Residential ≥ 1,100 kWh and < 50 million kWh	Eligible Consumer The right to choose a supplier has not been exercised.	National Tariff	Incumbent Electricity Retail Company
Agricultural Irrigation ≥ 1,100 kWh and < 7 million kWh	Eligible Consumer The right to choose a supplier has been exercised.	Eligible Consumer Tariff	Incumbent Electricity Retail Company or Other Suppliers
Other (Commercial, Industrial, Lighting) ≥ 1,100 kWh and < 3 million kWh			
Residential ≥ 50 million kWh	Eligible Consumer The right to choose a supplier has not been exercised.	Last Resource Tariff Energy Costs (including FIT) x 1.0938	Incumbent Electricity Retail Company
Agricultural Irrigation ≥ 7 million kWh	Eligible Consumer The right to choose a supplier has been exercised.	Eligible Consumer Tariff	Incumbent Electricity Retail Company or Other Suppliers
Other (Commercial, Industrial, Lighting) ≥ 3 million kWh			

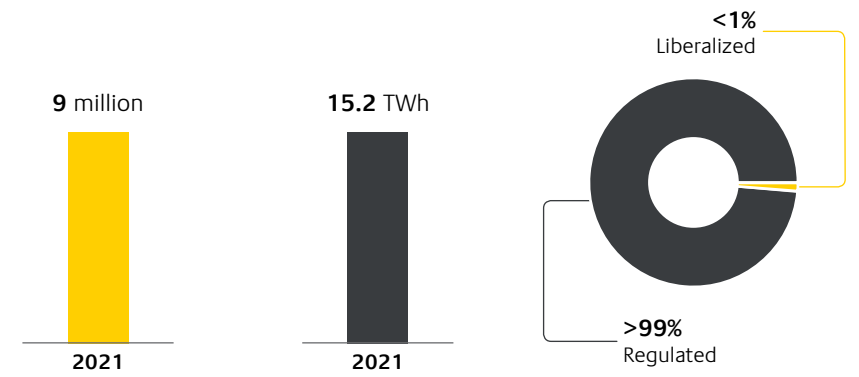
\* As of year 2022

## DEFINED STRATEGY BASED ON CUSTOMER SEGMENTS

CUSTOMER SEGMENT	NUMBER OF CUSTOMERS	SALES VOLUME (TWh)	SALES VOLUME (%)
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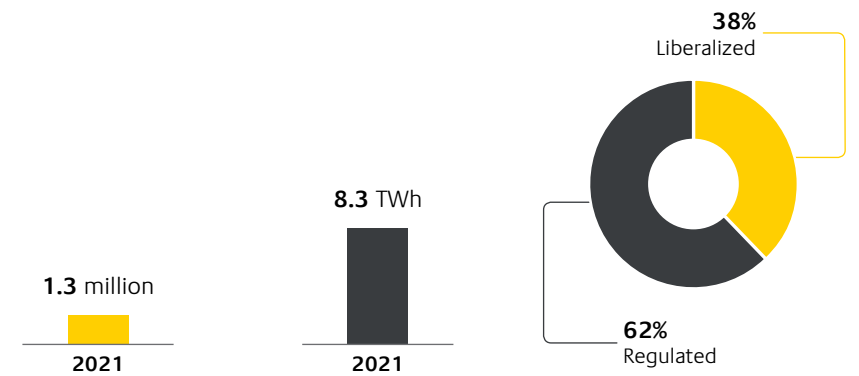
### RESIDENTIAL (Regulated + Liberalized)

- Customers below the eligibility limit or those who continue to purchase electricity at the regulated tariff due to their tariff structure, even though exceeding the eligibility limit,
- Wide customer base and diverse customer needs,
- Service and support need through different channels.



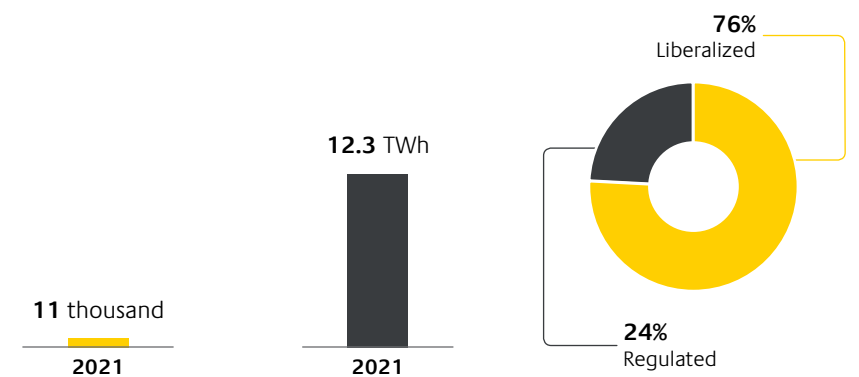
### SME (Regulated + Liberalized)

- Due to the tariff structure, a shift to liberalized segment among customers who are above the eligibility limit,
- Wide customer base and diverse customer needs,
- Service and support need through different channels.



### CORPORATE (Regulated + Liberalized)

- Mostly commercial or industrial customers above eligibility limit and with high consumption,
- Customer oriented solution and customized service need.





# RETAIL ACTIVITIES

## PRODUCTS, TARIFFS AND SERVICES

Structuring its products and services in two groups as electricity and non-electricity, Enerjisa Enerji manages this structure in accordance with the different expectations and needs of mass and corporate customer segments.

Enerjisa Enerji's mass customer segment consists of residential and SME customers. The Company runs periodic campaigns for this segment and provides the most advantageous offers to its customers based on industry trends. In addition, the Company plans to extend projects developed for corporate customers to the mass customer segment as well as to non-electricity products and services.

Enerjisa Enerji aspires to deliver solutions which touch different points in the lives of its customers with non-electricity products. In order to protect customers from the risks which may occur as a result of the pandemic, a range of insurance products were offered in 2021. Furthermore, customers are offered gift cards which can be used in a range of outlets, and various offers are provided for different sectors.

In the corporate segment, Enerjisa Enerji's approach is to offer commercial products with fixed and variable pricing to meet the expectations and demands of its corporate customers. Energy solutions other than electricity sales, such as project-based power generation at the point of consumption and energy efficiency are other services provided for this segment.

Customer Type	Customer Group	Electricity Tariffs*
Mass	Residential	<ul style="list-style-type: none"> <li>National Tariff</li> </ul>
	SME	<ul style="list-style-type: none"> <li>National Tariff</li> <li>Fixed Tariff</li> <li>Standard Tariff</li> <li>National Tariff Indexed Tariff</li> <li>MCP+FIT Indexed Tariff</li> </ul>
Corporate	Commercial and Industrial Medium-Sized Customers	<ul style="list-style-type: none"> <li>National Tariff</li> <li>Green Energy Tariff</li> <li>Fixed Tariff</li> <li>Fixed Tariff excluding FIT</li> <li>Fixed Tariff excluding MCP</li> <li>National Tariff Indexed Tariff</li> <li>MCP+FIT Indexed Tariff</li> </ul>
	Commercial and Industrial Large and Special Customers	<ul style="list-style-type: none"> <li>National Tariff</li> <li>Green Energy Tariff</li> <li>Fixed Tariff</li> <li>Fixed Tariff excluding FIT</li> <li>Fixed Tariff excluding MCP</li> <li>National Tariff Indexed Tariff</li> <li>MCP+FIT Indexed Tariff</li> </ul>

\* MCP: Market Clearing Price, FIT: Feed-in-Tariff

“Enerjisa Enerji's service approach is founded on meeting the diverse expectations and requirements of its customers in line with the latest developments in the sector.

## TARIFFS

The products and tariffs offered by Enerjisa Enerji with different commercial options, including indexed, fixed, pre-paid and post-paid options, are as follows;

- National Tariff:** This refers to the tariff announced by EMRA quarterly, which is applicable to eligible consumers who do not exercise their eligibility rights or end-users whose consumption is below the eligible consumer limit.
- National Tariff Indexed Tariff:** The product is offered with a discount to national tariffs. Electricity is supplied by applying a fixed discount rate when the national tariff increases or decreases.
- Fixed Tariff:** This product offers a fixed unit price unaffected by energy market costs or changes in the national tariff during the contract period. More cost-effective pricing options are provided with different prepayment terms.
- Standard Tariff:** The price set for retail customers is variable with defined conditions and requires no commitment.
- Fixed Tariff Excluding FIT (Feed-in Tariff):** While the unit price excluding FIT does not change over the contract time, the total unit price is revised each month based on the FIT unit cost. More cost-effective pricing options are provided with different prepayment terms.
- Fixed Tariff Excluding MCP:** Under this tariff, the unit price excluding the MCP is fixed throughout the contract period and the total unit price is revised every month according to the announced MCP unit cost. More cost-effective pricing options are provided with different prepayment terms.
- Green Energy Tariff:** Green Energy refers to energy generated from renewable resources, certified by globally recognized accreditation organizations and reported transparently. Users prefer green energy sources to reduce or neutralize greenhouse gas emissions resulting from their electricity consumption. Enerjisa Enerji offers green energy solutions with two types of certification including the carbon reduction certificate and renewable energy certificate.
- MCP + FIT Indexed Tariff:** This product is indexed to the cost of energy supply. The unit price varies according to changes in market costs throughout the contract period. More cost-effective pricing options are provided with different prepayment terms.

## Variety of product and tariff options

Enerjisa Enerji offers products and tariffs with different commercial options, including indexed, fixed, pre-paid and post-paid options.

# RETAIL ACTIVITIES

## SERVICE CHANNELS

Enerjisa Enerji diversifies its channel and service structure for an excellent customer experience, while creating projects that will ensure the most efficient use of resources. To this end, the Company is constantly reviewing and improving the processes of its service channels, which are listed in the table below.

Transactions	Digital Channels				Physical Channels			Remote Channels	
	Mobile & Online Service Center	WEB	B2B Portal	e-Government	Customer Service Center	Enerjisa Transaction Center	Corporate Service Channels	Call Center	Telesales
Subscription and termination	√			√	√	√			√
Periodic bill viewing/inquiry	√			√	√	√	√	√	
Payment transactions	√			√		√		√	
Monitoring monthly energy consumption trend	√								
Information update	√				√	√	√	√	√
Application transactions	√				√	√	√	√	√
Permission / request management	√				√	√	√	√	√
Tariff change transactions	√				√	√	√		
Appointment transactions	√							√	
Security deposit refund / inquiry request		√			√	√	√	√	√
Technical support								√	
Sales service via phone									√
Electron sales					√	√	√		√
Key customer management							√	√	
Energy consultancy							√		
Renewable energy solutions									
Energy efficiency solutions									
VIP support line								√	

## Customer-focused service channels

Enerjisa Enerji diversifies its channel and service structure for an excellent customer experience.

66 Enerjisa Enerji maintains its activities focused on providing the highest quality service to its customers with its physical channels consisting of 39 Customer Service Centers, 76 Enerjisa Transaction Centers and 10 Mobile Service Vehicles.

Transactions	Digital Channels				Physical Channels			Remote Channels	
	Mobile & Online Service Center	WEB	B2B Portal	e-Government	Customer Service Center	Enerjisa Transaction Center	Corporate Service Channels	Call Center	Telesales
Subscription and termination					√	√			
Periodic bill viewing/inquiry			√		√	√	√	√	√
Payment transactions						√			
Monitoring monthly energy consumption trend			√				√		
Information update			√		√	√	√	√	
Application transactions			√		√	√	√	√	√*
Permission / request management					√	√	√	√	
Tariff change transactions					√	√	√		
Appointment transactions								√	
Security deposit refund / inquiry request		√			√	√	√	√	√*
Technical support								√	
Sales service via phone									
Electron sales							√		
Key customer management							√		
Energy consultancy							√		
Renewable energy solutions							√		
Energy efficiency solutions							√		
VIP support line								√	√*

\* Transactions can be made for medium-sized customers.

# RETAIL ACTIVITIES

## PHYSICAL CHANNELS

Adopting a customer-oriented approach in its services, Enerjisa Enerji aspires to provide its consumers with the best experience through physical channels. These channels, which handled approximately 1.9 million transactions in 2021, and the services they offer are listed below:

**1.9 million transactions**

In 2021, 1.9 million transactions were handled in physical channels.

## DIGITAL CHANNELS

Enerjisa Enerji customers may perform a variety of transactions including subscription and termination, payment, appointment, request and complaint processes online on a 24/7 basis through [online.enerjisa.com.tr](http://online.enerjisa.com.tr), Enerjisa Mobile and the e-Government portal, without visiting physical channels. While the use of digital channels in retail sales was 2% in 2019, it increased to 13% in 2020 and to 18% in 2021. Furthermore, in October 2021, the experience of logging on to digital channels was simplified, resulting in a 19% decrease in consumer feedbacks on this area.

The digital channels developed by Enerjisa Enerji to provide the best service to its customers, and the transactions performed on these channels are listed below:

**24/7 online services**

A variety of transactions can be performed online on a 24/7 basis through [online.enerjisa.com.tr](http://online.enerjisa.com.tr), Enerjisa Mobile and the e-Government portal.

Customer Service Center	Enerjisa Transaction Center
<p>Enerjisa Enerji serves its customers with 39 Customer Service Centers (CSC) in 3 regions. The transactions carried out in the Customer Service Centers are as follows:</p> <ul style="list-style-type: none"> <li>• Application transactions</li> <li>• Subscription and termination transactions</li> <li>• Billing transactions</li> <li>• Information update transactions</li> <li>• Permission/request management transactions</li> <li>• Tariff change transactions</li> <li>• Security deposit refund/inquiry request transactions</li> </ul> <p>Furthermore, the Company serves its customers at Enerjisa Transaction Centers in the Baskent and Toroslar Regions and with 10 mobile service vehicles (Mobile CSCs) at remote locations where there are no Customer Service Centers.</p>	<p>Enerjisa Enerji serves its customers with 76 Enerjisa Transaction Centers (ETC) in 3 regions.</p> <p>Subscription, termination and relocation (transfer) transactions are carried out in ETCs in addition to transactions such as the payment of electricity bills, security deposit and installment items. Furthermore, ETCs handle all kinds of applications and complaints submitted by customers.</p>

Online Services Center & Mobile Application	e-Government
<p>The following operations are carried out through the Online Service Center and Mobile Application:</p> <ul style="list-style-type: none"> <li>• Subscription and termination transactions</li> <li>• Receiving electricity sales application requests</li> <li>• Billing transactions <ul style="list-style-type: none"> <li>- Monitoring monthly energy consumption trends</li> <li>- Periodic bill viewing through the application</li> </ul> </li> <li>• Bill payment transactions</li> <li>• Tariff change transactions</li> <li>• Objection and complaint application follow-up</li> <li>• Permission request management transactions</li> <li>• Information update transactions</li> <li>• Appointment transactions</li> </ul>	<p>Enerjisa Enerji customers may perform the following transactions through the e-Government portal:</p> <ul style="list-style-type: none"> <li>• Subscription and termination transactions</li> <li>• Billing transactions</li> <li>• Payment transactions</li> </ul>

# RETAIL ACTIVITIES

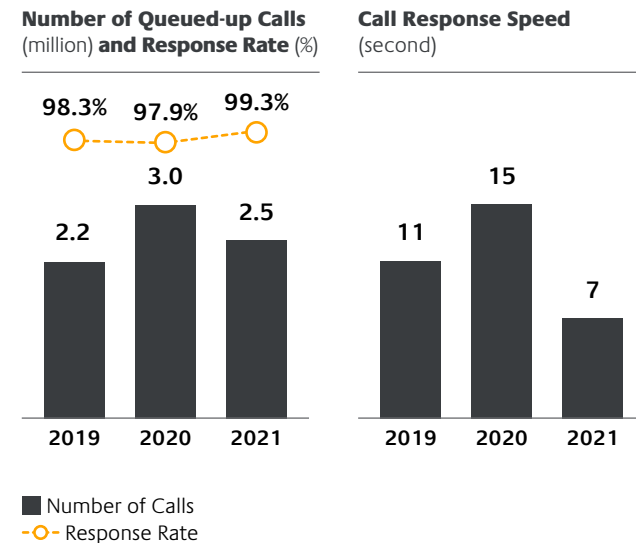
## REMOTE CHANNELS

### Call Center

With around 250 staff, Enerjisa Enerji's call center represents an important channel for the Company. Managing a wide range of customer traffic, this channel offers the following services:

- Contract Transactions
- Billing Transactions
- Payment Transactions
- Eligible Customer Transactions
- Information Update
- Appointment Transactions
- Technical Support

The Call Center received a total of approximately 7 million calls in 2021, 65% of which were handled by the voice response system, with 99% of the 2.5 million queued-up calls answered. The average response time of the call center was 7 seconds. Billing transactions were the most frequent application subject with 48%, while subscription transactions took the second place with 19%.



## ~7 million calls

The Call Center received a total of approximately 7 million calls in 2021, 65% of which were handled by the voice response system.

The "Voice Recognition and Analysis" project, which was put in place last year and analyzes call center conversations with the support of artificial intelligence, was upgraded and rendered more effective in 2021 through the use of machine learning. This has allowed the effective monitoring of the emotional states of customers and employees, call trends and call content. As a result of these studies, actions to increase customer satisfaction are designed and process improvements are carried out.

In addition, as a result of the analysis, the room for improvement of employees was identified and necessary training plans were put in place.

Allowing customers to obtain services without connecting to a customer representative, the "Self-Service IVR (Interactive Voice Response)" application was improved with the addition of refund functionality for the security deposit fee and credit card payment transactions. This development has brought about improvements in terms of customer satisfaction and efficiency, with the enhancements raising the IVR utilization rate to 65%.

Customer representatives were provided with quick access to the correct information through the SAP-CRM screens used as part of the "User-Friendly CRM" project, which increased employee loyalty and motivation.

**“66”** The Enerjisa Enerji Customer Solution Center monitors customer requests, complaints and information demands received from all channels and replies through preferred channels of customers.

## CUSTOMER SOLUTION CENTER

The Enerjisa Enerji Customer Solution Center monitors customer requests, complaints and information demands received from all channels and replies through preferred channels of customers.

Once The Customer Solution Center enters the customer applications into the SAP-CRM system, they are directly transferred to the relevant department over the system. After the check, the relevant department generates a solution for the issue and the description of the solution reaches the Solution Center over the system. The Solution Center converts the solution into a format which can be communicated to the customer, and informs the customer of the solution through their preferred channel of communication.

The Envision application is developed in the Solution Center, where application responses are prepared and all approval stages conducted digitally, and integrated with the SAP-CRM application, which serves as the customer database. As a result, the responses prepared in Envision are automatically added to the customer application in the CRM and promptly concluded.

In addition, the "First Call Resolution Efficiency" project, targeting to increase the first-contact resolution rates, was implemented in 2021. With this project, incorrectly received customer applications are automatically tracked to ensure that a corrected record is quickly created and forwarded to the appropriate unit. These improvements are aimed at improving efficiency and operational excellence.

In 2021, the Solution Center received 386,000 applications to be monitored and to be responded to. Of these applications, 99% were responded to within the targeted time frame. On average, the applications were completed in 4 business days.



# RETAIL ACTIVITIES

## CUSTOMER EXPERIENCE

The importance of “Customer Experience” as a concept is increasing at a pace in parallel with changing customer needs and behaviors. Since its establishment, Enerjisa Enerji has always prioritized customer satisfaction and service quality in its investments and strategies.

Placing its customers at the heart of its business model, Enerjisa Enerji develops exclusive services and products compatible with the digitalized world. The Company aims to provide the best service in energy supply by continuously improving these products and services.

Integrating customer satisfaction management into its internal policies, Enerjisa Enerji implements the ISO 10002 Customer Satisfaction Management System. Employees are trained within the scope of ISO 10002 in order to respond to customer expectations in the most appropriate and efficient manner. A total of 1,088 hours of ISO 10002 training was provided in the Call Center in 2021.

Customer Experience teams of Enerjisa Enerji work in cooperation with internal stakeholders and customers to improve the interactions between customers and the Company. Before every improvement, the Company first receives feedback from its customer service employees and takes opinions of its customers by using research methods such as surveys and focus group studies, which can clearly reveal customer expectations. Relevant actions are planned according to the feedbacks.

### ISO 10002

Integrating customer satisfaction management into its internal policies, Enerjisa Enerji applies the ISO 10002 Customer Satisfaction Management System.

Enerjisa Enerji manages the customer experience through 5 main journeys. These journeys and their scope are described below:

- **Sales Journey:** Within the scope of this journey, Enerjisa Enerji creates a journey map for the entire process, which includes pre-sale preparations in all sales channels, information sharing about the process through different channels, portfolio registration processes, and issuing bills to eligible consumers. The Company also plans actions to improve the quality of the service provided at the time of sales. Main tasks of Customer Experience teams include measuring customer satisfaction at all stages of the journey, improving measurement results and communicating them with all teams.
- **Relocation Journey:** As part of this journey, Enerjisa Enerji maps customer journeys according to their experiences during subscription transactions and, plans process improvement actions according to the customer needs/expectations. Accordingly, cross functions within the Company carry out actions to improve the experience. Customer satisfaction results are monitored in all steps of the journey and the results are shared with the relevant functions.
- **Application and Request Management Journey:** This journey includes the creation of journey maps on receiving and following the customer requests and complaints, developing solutions and communicating the results to the customers. The improvement actions in these steps are planned and implemented with cross functions. All periodic and ad-hoc market research studies and the management and responsibility of the satisfaction measurement system are also within the scope of this journey.

“Enerjisa Enerji develops services and products for its customers which are compatible with the digitalizing world through the use of cutting-edge technology within the framework of its customer-oriented business model.”

- **Journey from Meter to Payment:** As part of this journey, Enerjisa Enerji carries out various analyses and studies from the moment the electricity meters of customers are read, to the moment when customer satisfaction is achieved. In this context, the steps involved in this journey are creation of bills, payment reminders, payment processes, termination and litigation processes in case of non-payment, mapping all the steps through the eyes of the customer and determining the experience improvement actions, respectively. Satisfaction measurement and increasing satisfaction results are also the main topics of interest in this journey.
- **Corporate Customer Experience Journey:** This journey refers to the creation of journey maps with cross functions for electricity and non-electricity services. In this scope, the Company deals with the creating the necessary infrastructure to examine the experiences of corporate customers, identifying areas open to development by creating customer journey maps and conducting improvement activities.

Enerjisa Enerji implements experience and process designs in every project which touches the customer. As part of its attempts to improve the customer experience and considering the impact of the pandemic the Company concentrated on digitalization and segment-based service strategies in 2021, and these efforts had a positive impact on customer satisfaction. In this regard, Enerjisa Enerji's customer experience vision has guided projects involving digitalization of relocation and application procedures, the expansion of payment channels and the improvement of the user experience in mobile applications and the digital channels.

## 5 main journeys

Placing its customers at the heart of its business model, Enerjisa Enerji manages the customer experience through 5 main journeys.

Enerjisa Enerji conducted a total of 7 quantitative and 8 qualitative market research studies in 2021. They include;

- Research on Payment Channels and Billing Processes,
- Research on Attitudes towards Electricity Production with Solar Energy,
- Brand and Employee Image Research,
- Digital Channels Experience Research,
- Customer Integration Research,
- Sustainable Energy Service and Practices Research,
- SME Segment Persona Research,
- Application Process Research,
- New Connection Process Research,
- Mystery Customer Research

## Customer-Oriented Projects

In 2021, Enerjisa Enerji launched a range of new projects in order to provide a better customer experience and improve its services. Some of the projects are listed below:

- **e-Government Automation Project:** This project aimed to automate the subscription processes of customers who want to subscribe via the e-Government channel. With this project, the likelihood of penalties such as commercial quality compensation payments has been reduced.
- **Establishment of Distance Sales Contract:** In the subscription transactions via corporate communication channels, Distance Sales Contract has been put into use. This eliminated the need for signatures and paperwork in the subscription processes. This project cut the duration of end-to-end subscription process to just 3 minutes, leading to a 6% increase in customer satisfaction.
- **Jet Subscription:** This project aims to collect the data required for the subscription during the appointment process and then complete the subscription using the information received. With the Jet Subscription project, information provided by the customer during the appointment is transferred to the system and displayed on the screen of the user to be subscribed. Then, confirmation is received from the customer and the subscription process is completed, ensuring effective time management.

## RETAIL ACTIVITIES

- **SMS Validation:** With the project, approval for viewing and processing data of customers who use physical channels, can be obtained through SMS codes. Approvals, which required the signing of documents, can now be obtained with SMS approvals. This aims to prevent data entry and data viewing without the approval of the customer as well as to prevent misuse by ensuring that the Personal Data Protection Law (PDPL) and the Clarification Text are transmitted to the customer in a digital environment.
- **Jet Kiosk:** The goal of Jet Kiosk is to track and report the customer's transaction steps and the time between logging into the CSC/ETC and the conclusion of the transaction. The utility of Siramatik has been enhanced in terms of software and hardware, with the aim of improving the customer experience with its expanded functions.
- **KUR-MOB:** This application aims to ensure that all of the sales and contract processes which are carried out by the corporate sales teams are performed through the mobile interface. First of its kind in the industry, this application aims to keep corporate memory alive at all times while also speeding up the sales processes. The application ensures that customer permissions are obtained, information on visits is entered into the system instantly, offer processes are accelerated and that customer requests and complaints can be transmitted instantly with a single click. It aims to enrich data quality by keeping the data up to date.
- **Hermes Project (Customer Payment Journey Project with Advanced Data Analytics):** Communication channels such as SMS, e-Mail, the Call Center and IVR are used from the moment a customer delays payment of a bill until the payment is received. As customers have varying sensitivity to each of these channels for payment, under this project the customers' past payment responses to communication channels started to be measured and their sensitivity is determined accordingly. With this project, which was implemented using advanced data analytics techniques, it was ensured that invoices were paid as quickly as possible by reaching the customer through the most appropriate channel based on their sensitivities.

- **Payment via IVR:** This project plans to provide an online payment solution where customers can pay overdue amounts safely by credit card over the phone on a 24/7 basis by easily following the voice response system commands, via the Call Center.
- **One-Click Pay:** The link service, which is included in the SMS delivered to customers through Enerjisa Enerji channels, directing them to the payment gateway infrastructure and allowing them to make their bill payments, has started to be offered. Customers expressing a preference to pay by calling the Call Center receive a one-click pay link and the service is promoted as a quick, easy, and secure payment option in the overdue SMS warnings.



- **e-Government Bill Payment Project:** Thanks to the online payment solution project, which aims to perform subscription and termination transactions, as well as bill, debt query and payment transactions, customers may view their bills and pay their debts instantly after logging into the system through the e-Government password verification steps. For customers who choose to pay their bills through government agencies, related transactions can be performed over the e-Government portal.



- **Robotic Process Automation (RPA) Technology:** With this project, 45% of bill objections were analyzed by RPA and concluded. Thus, customer satisfaction was increased by providing a quick response to customers. The RPA concluded around 90,000 objections out of around to 200,000 objections which had been received in 2021. The manual processing time, which had been 70 seconds before the improvement, was reduced to an average of 40 seconds through the RPA. A robot specific for this subject was purchased, aiming to increase the usage rate further in 2022.

### RPA technology

With the Robotic Process Automation (RPA) technology implemented in 2021, 45% of bill objections were analyzed and concluded.

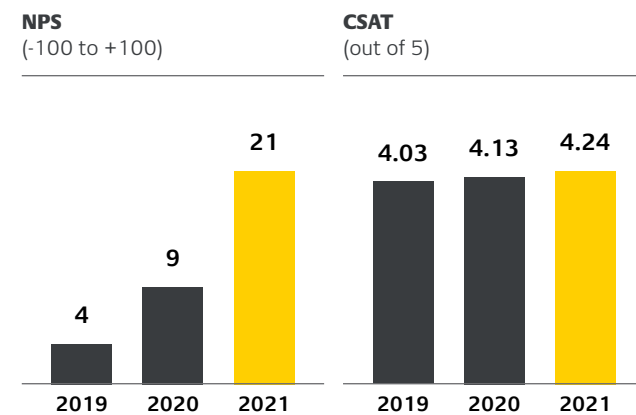
- **Profit/Loss Notification for Commercial Customers:** Summary contract information started to be shared with customers by e-mail and SMS after the acceptance of the sales offer. In addition, profit/loss table was created in the systems, where the profit or loss status of customers in the eligible consumer portfolio and the corporate segment can be calculated in comparison to the national tariff. With this table, the effect of remaining in the portfolio for the customers can be measured clearly, with the advantages displayed instantaneously. This improvement was critical in assuring customer retention during the renewal period.
- **Digital Contract Project:** The Digital Sales Project reduces the financial and operational risks in the sales processes, as well as the incidence of transactions which could lead to customer dissatisfaction. The contract process has been digitized with customers informed at every stage of the sales process.

# RETAIL ACTIVITIES

## CUSTOMER SATISFACTION MEASUREMENT

Customer satisfaction is measured regularly at Enerjisa Enerji. The results of the monthly quantitative Customer Satisfaction Score (CSAT) and the Net Promoter Score (NPS) are shared with all stakeholders by the Customer Experience Committee, which consists of the senior management.

The Company has implemented an end-to-end customer satisfaction model since 2018. Customer satisfaction is measured in five processes: sales, relocation, retail sales application management, distribution application management and meter-to-payment. In 2021, new contact points such as digital payment channels and social media were added to the customer satisfaction measurement system. Customer satisfaction is measured in real time at 60 points of contact with customers.



In 2021, more than 100,000 customer feedbacks were collected per month with the customer experience measurement system. In accordance with these measurements, the results were analyzed, priority issues requiring resolution were identified and conceptualized as projects, and improvements were carried out in the processes highlighted by the customers.

The Net Promoter Score is measured by an independent research company and over 4,000 customers per month have been reached for NPS measurement.

Thanks to the initiatives launched to improve the customer experience, the improvement trend in the Customer Satisfaction Score and Net Promoter Score continued in 2021 as well. In addition, EMRA customer satisfaction surveys started as of January 2021.

**+100.000**  
customer feedback

In 2021, more than 100,000 customer feedbacks were collected per month with the customer experience measurement system.

66 Enerjisa Enerji effectively manages the energy supply process, which has a significant importance for financial sustainability. The Company has a pioneering role in the market with its flexible product supply model, robust risk management policy, information technologies infrastructure that sets an example in the sector and experienced human resources.

## ENERGY MANAGEMENT

### TURKISH ELECTRICITY MARKET

Electricity trading processes in Turkey are carried out by incumbent retail companies, other supply companies and electricity generation companies. The trading transactions are performed through bilateral agreements on futures and spot markets.

Enerji Piyasaları İşletme A.Ş. (EPIAŞ) serves as the market operator. The Company operates the day-ahead, intraday, electricity futures markets and the energy resource guarantee system (YEK-G), issues notifications for relevant market participants regarding their receivables/payables through the settlement procedures and manages eligible customer processes.

Türkiye Elektrik İletim A.Ş. (TEİAŞ) serves as the system operator. The Company carries out installation and management of electricity transmission system to ensure supply security and continuity, as well as organization and operation of power balancing market and ancillary services market.

### TURKISH ELECTRICITY MARKET STRUCTURE

Settlement	Commodity	Time Horizon	Market	Operator	
Physical	Power	Futures	Over the Counter (OTC)	EPIAŞ	
			VEP		
			Day-ahead		
		Spot	Intraday		
			Balancing Power		TEİAŞ
			Ancillary services		
Financial	Power	Spot	YEK-G	EPIAŞ	
		Futures	Over the Counter (OTC)	BORSA İSTANBUL	
			VIOP		

OTC: Over-the-Counter market  
 VEP: Electricity Futures Market  
 YEK-G: Renewable Energy Resource Guarantee Certificate  
 VIOP: Futures and Options Market

## RETAIL ACTIVITIES

**Electricity Futures Market (VEP)**, which is operated by EPIAS, was launched in June 2021. This new market, an alternative to OTC markets, will enable long-term reference prices to be created in the electricity market and market participants to trade without being exposed to counterparty risks such as default risks or renegeing on the transaction, and hence, manage their risks.

In addition to VEP, YEK-G Market was also launched by EPIAS in June 2021. YEK-G is an organized market that brings together the companies generating energy from renewable energy resources and the consumers who demand their electric energy to be supplied from renewable energy resources. The market will enable the consumers who prefer to consume energy generated from renewable energy resources to be assured their electric energy is generated from these resources; and these consumers will be able to document that their consumptions are supplied from green resources.

### SUPPLY-DEMAND BALANCE & DEVELOPMENTS IN THE ELECTRICITY MARKET

#### Generation Capacity

A successful energy transformation is underway in Turkey, where the main goals are set to provide supply security and reduce foreign dependency in electricity generation. The growth achieved in Turkey in the installed capacity also continued in 2021 in line with the energy policies of the country and reached 99.8 GW in total, with 3.9 GW capacity installed throughout the year<sup>1</sup>. Generation facilities based on renewable resources, in particular, contributed significantly to this growth.

In 2021, approximately 0.5 GW, 1.7 GW, and 1.6 GW installed capacities from hydroelectric power plants (HEPP), wind power plants (WPP), and solar and biomass power plants, were commissioned respectively.

<sup>1</sup>TEİAŞ Installed Capacity Report.

<sup>2</sup>Load Dispatcher Information System- teias.gov.tr

<sup>3</sup>IRENA: Renewable capacity statistics 2021

<sup>4</sup>TEİAŞ

<sup>5</sup>TEİAŞ

While the share of power plants using renewable resources in the installed capacity was around 33% in 2005, this increased to 53% in 2021<sup>2</sup>. Renewable Energy Resources Support Mechanism (FIT) played a significant role in the increase. Turkey ranks 12<sup>th</sup> worldwide and 5<sup>th</sup> in Europe in terms of its renewable resources' capacity. In 2021, the ratio of renewable energy resources in total generation capacity in Turkey was above the average of the EU (49.8%) and the world average (36.6%)<sup>3</sup>.

#### Electricity Demand

Although the effects of the Covid-19 pandemic on social life and the world's economy continued in 2021, the global electricity demand increased by 4.6%, compensating for the 4% decline in 2020<sup>4</sup>.

The total gross electricity demand in Turkey increased by 8% year-over-year on the back of strong growth in the industrial sector and reached 329.3 TWh<sup>5</sup>. The electricity demand of the commercial and residential subscriber groups also increased year-over-year; however, the increase lagged behind the electricity demand growth of the country.

#### Electricity Prices

- **Market Clearing Price (MCP):** The average MCP for 2021 increased 82% year-over-year and reached 508.1 TL/MWh. The global increase in commodity prices affected Turkey as well. A higher price increase was recorded in the second half of the year due to the fact that the generation from hydroelectric power plants had remained below the average for several years, in addition to the rapid increase in the prices of coal and natural gas which are among the marginal energy resources that play a critical role in the country's electricity generation.
- **Price Ceiling:** With the EMRA decision, the coefficient in calculating the price ceiling for the MCP increased from two to three as of October 16, 2021, which resulted in a rapid increase in market prices. The price ceiling, which was 718 TL/MWh for October, increased to 1,078 TL/MWh, and in December it reached the highest level of the year with 1,217 TL/MWh.



**The aim of energy management at Enerjisa Enerji is to successfully carry out the entire energy supply process of the company's retail sales portfolio and to contribute to the sustainable and predictable profitability by effectively managing the risks related to the process.**

#### Other Highlights in 2021

On January 27, EMRA revised the regulation on the Ancillary Services of the Electricity Market and specified the supply principles for the "Demand side backup service". The procedures and principles regarding the certification of consumption facilities that will receive service as part of this regulation entered into force on August 12<sup>th</sup>.

The consumers were given the opportunity to install Solar Power Plants on their lands with the amendment in the Regulation on Unlicensed Electricity Generation in the Electricity Market dated May 9, provided that these facilities remain in the same distribution region and do not exceed their contractual capacity. Thus, the amendment cleared the path for the investments of consumers who want to generate electricity from solar energy, but do not have enough space on their roofs to install a power plant.

In addition, it was decided not to pay the FIT participating generators, who do not comply with the load shedding instructions of the system operator, up to the amount of the unfulfilled instructions as per the amendment in the Regulation on Certification and Support of Renewable Energy Resources on May 9.

The capacity mechanism, which was developed to support base load power plants required for electricity supply security, was revised on May 21 and December 18. Accordingly, build-operate power plants, whose the contracts have expired, were included in the system, and capacity payments started to be issued on the basis of the market clearing price and fixed and variable cost components to be determined according to the resource type.

On June 4, the President announced that a new natural gas resource of 135 billion cubic meters was discovered in the Amasra-1 well in the Sakarya Gas Field. Thus, the total amount of natural gas that Turkey discovered in the Black Sea reached 540 billion cubic meters. With this new discovery, the foreign dependency of Turkey on natural gas is anticipated to decrease significantly as of 2023.

Ertuğrul Gazi Floating Storage and Re-gasification Unit (FSRU) started its operations on June 25 at the Dörtyol terminal of Botas. This new unit is considered to have critical importance in Turkey's energy supply security.

The law for Turkey to ratify the Paris Agreement was approved by the Grand National Assembly of Turkey on October 6. The Agreement entered into force on November 10, and Turkey became the 192<sup>nd</sup> country to ratify the agreement. Thus, Turkey is expected to design a roadmap for achieving net zero emissions in 2053.

#### ENERGY MANAGEMENT AT ENERJISA ENERJİ

Enerjisa Enerji effectively manages the energy supply process, which has a significant importance for financial sustainability. The Company has a pioneering role in the market with its flexible product supply model, robust risk management policy, information technologies infrastructure that sets an example in the sector and experienced human resources.

The aim of energy management at Enerjisa Enerji is to successfully carry out the entire energy supply process of the company's retail sales portfolio (regulated and free market) and to contribute to the sustainable and predictable profitability by effectively managing the risks related to the process.

Enerjisa Enerji supplies the electricity for regulated market sales primarily from Elektrik Üretim A.Ş. (EÜAŞ) and the portion above the capacity offered by EÜAŞ from the day-ahead market. The Company meets the electrical energy required by its eligible consumer portfolio from OTC, VEP, as well as the day-ahead and intraday markets.

In 2022, Enerjisa Enerji will continue to increase the number of its active suppliers and product variety, develop competitive supply strategies and create value through an effective portfolio management.



# RETAIL ACTIVITIES

## GREEN ENERGY SUPPLY

In addition to supplying green energy to its customers, Enerjisa Enerji also uses green energy in its headquarters, customer services centers and distribution centers.

With the aim of contributing to environmental sustainability, the Company initiated the supply and sales of green energy certified by internationally accredited organizations in 2019.

Enerjisa Enerji sustained its activities to supply its energy from the power plants generating electricity from renewable resources throughout 2021. The Company significantly enhanced its renewable portfolio volume, signing bilateral agreements in order to supply electricity directly from the power plants that generate energy from renewable energy resources. In 2021, the total volume of electricity supplied from renewable energy resources through these agreements reached 963,000 MWh.

Besides supplying renewable energy, Enerjisa Enerji sold 284,000 MWh of green energy certificates to its eligible customers throughout 2021. With these certificates, the Company also supplied energy consumed in its own facilities in 2021 from renewable sources.

In sales to its eligible customers, Enerjisa Enerji aims to supply a part of the energy from renewable resources in 2022.

**963,000 MWh**

In 2021, the total volume of electricity supplied from renewable energy resources through bilateral agreements reached 963,000 MWh.

## RISK MANAGEMENT

Enerjisa Enerji develops strategies to effectively manage the risks posed by the uncertainty and volatility in the energy markets on the energy supply process. With its risk management policies, the Company aims to provide sustainable and predictable profitability and protect the value created as a result of its retail activities.

Enerjisa Enerji monitors its risk management under four main topics as part of the Company's approved risk policy:

- Price risk
- Volume risk
- FIT (Renewable Energy Resources Support Mechanism) risk
- Counterparty risk

In 2021, the top priority risk item for Enerjisa Enerji was the incremental energy procurement cost (replacement cost) in the event that the energy supplying counterparties do not fulfil their contractual liabilities. The Company managed this risk by re-evaluating alternative energy procurement scenarios and counterparty risk assessment processes as well as the conditions of the contracts. Moreover, Enerjisa Enerji also evaluates the commercial opportunities in the VEP in order to strengthen its supply security.

In addition to counterparty risk management actions, Enerjisa Enerji also tests portfolio resilience according to different stress levels with the sensitivity analyses in which all risk variables affecting portfolio profitability are evaluated holistically. Thus, the Company regularly monitors the energy demand of its portfolio, supply prices, changes in generation costs and possible volume deviations, and examines their effects on the portfolio position, and manages the risk in line with the dynamic portfolio management principles in prescribed confidence intervals.



**Enerjisa Enerji views innovation as an important lever in preparing for the New Energy World and improves its processes to compete in a rapidly changing environment.**

## INNOVATION

Data analysis with advanced analytics allows companies to unlock greater efficiencies and gain strategic insights. The use of artificial intelligence in directing field workers remotely allows for prediction and prevention of problems, as well as swift and safe interventions to power outages.

Enerjisa Enerji views innovation as an important lever in preparing for the New Energy World. In this context, the Innovation Department at Enerjisa Enerji focuses on the enterprise ecosystem and establishes strong collaborations by promoting the culture of innovation within the Company. The Department also develops innovative products and processes aimed at transforming its customers.

## OPEN INNOVATION

Enerjisa Enerji conducts various collaborations with technology start-ups, companies, technology development zones and universities on open innovation:

- **Collaborations with Technology Start-ups:** Enerjisa Enerji uses three different models in its collaborations with technology start-ups to attract innovative ideas:
  1. Developing new products or services to be used in Enerjisa Enerji's business areas by benefiting from the extensive knowledge and agility of start-ups in their areas of expertise.
  2. Adding the products and services of start-ups to the portfolio of Enerjisa Enerji and offering them to customers, thereby building a channel between the product and the consumer.
  3. Investing in start-ups.

- **Global Collaborations:** Enerjisa Enerji focuses on offering innovative products and services to mass and corporate customers and stepping up their digitalization processes with new technologies. In this vein, the Company develops joint projects with companies conducting similar sectoral activities all over the world, especially in Europe and North America. Enerjisa Enerji cooperates with acceleration programs which host start-ups on an international scale. The cooperation with the EU-funded EIT InnoEnergy started as an event sponsorship in 2018 and continued with membership in 2021. In this context, meetings were started to be held with energy-focused start-ups operating in the entrepreneurial ecosystem abroad with the aim of getting to know each other and exploring collaboration prospects.
- **Local Collaborations:** The collaboration with TÜSİAD SD<sup>2</sup>, the Digital Transformation in the Industry Platform run by TÜSİAD, continued in 2021. Joining the platform as a technology user, Enerjisa Enerji joined forces with Ango.ai, a technology provider positioned to contribute to the digital transformation of the industry in Turkey. A solution in the "Network Failure and Maintenance Detection with Image Processing" area is aimed with the cooperation. Studies have started to create a medium, which will enable joint progress with the matched supplier.

## RETAIL ACTIVITIES



- **Collaboration with Universities:** The collaboration with Sabancı University Inovent A.Ş. continued in 2021. In addition, within the scope of initiatives to support the innovation and enterprise ecosystem, Enerjisa Enerji, as one of the main stakeholders since 2017, continued its cooperation with İTÜ Çekirdek, the incubation center of the İTÜ Arı Teknokent. In this context, a TL 60,000 grant was awarded to each of the following start-ups, which were selected among the 20 start-ups that made it to the finals at the Big Bang event held on December 2.

- **İyiEkim Myco:** Produces biodegradable material from fungal mycelium
- **Kozalak:** Develops an Internet of Things system detecting forest fires before they expand
- **Esular:** Offers an effective smart irrigation solution to farmers with its IoT based smart irrigation system infrastructure

### CORPORATE ENTREPRENEURSHIP AND INNOVATION PROGRAM: NAR

Enerjisa Enerji's intrapreneurship and innovation program, Nar, has been harvesting innovative ideas for 7 years. The program provides a platform where employees are able to develop and implement innovative ideas within context of the annual theme. Intrapreneurs are onboarded to the incubation process after receiving training on practical and theoretical lean entrepreneurship and design-oriented thinking within the scope of the acceleration program.

In 2021, 130 idea applications were received from Company employees within the scope of the year-specific theme of **Increasing Efficiency with Innovative Solutions which can be Commercialized**. For the acceleration phase of the 7<sup>th</sup> term of Nar, which was held online, 11 ideas were accepted and the teams with project ideas completed their boot camp enterprise training digitally. 10 teams which were deemed fit to continue made their online presentations to the final jury formed by the members of the R&D and Innovation Committee at the Investment Day event held in December. 4 projects will be evaluated in the second round and six projects received funding. The projects accepted under the 7<sup>th</sup> Nar Program are as follows:

- **Şarjla Kazan (Earn with Charging):** A mobile application which shows all optimum electric vehicle charging points on long-distance travel routes and improves the electric vehicle travel experience of electric vehicle owners.
- **Sen Korum (You Protect):** A mobile application offering users the ability to track their carbon footprint.
- **Keşfi Pazar (Market Discovery):** A mobile application which brings entrepreneurs and their target audiences together on an online platform, offering entrepreneurs the opportunity to verify the idea, problem and product. The app offers target audiences the opportunity to turn their experiences into returns.

“ Enerjisa Enerji's intrapreneurship and innovation program, Nar, provides a platform where employees are able to develop and implement innovative ideas within the scope of the year-specific themes.

- **Kulağım Sende (I'm All Ears):** It is an application that captures keywords with voice detection technology during push-to-talk conversations and reminds the use of Personal Protective Equipment through artificial intelligence by conducting work analysis.
- **KAVİ:** The Smart Screw in the Cutting application in electricity meters prevents illegal use of electricity with a damaged seal.
- **Enerjimi İzliyorum (I'm Monitoring My Energy):** A project to develop an online interface where customers receiving the AMRS (Automatic Meter Reading System) service can monitor their consumption real time and are notified when their reactive consumption reaches a risky level.
- **Çifte Telli (Double Wired):** A type of fuse that can detect temporary faults in the distribution grid resume to supply energy in a short time.
- **TopraklaSA:** With the designed device, the project aims to minimize the OHS risks by eliminating the need for climbing a pole and using a basket car in the local grounding process.
- **Can Perdesi (Life Curtain):** This product can cover the pits and channels and is easy to transport as it is foldable. Can Perdesi aims to prevent possible loss of life and property, and reduce occupational health and safety risks.
- **Yeşil Oda (Green Room):** It is a virtual reality-based gamification project with the concept of climate change that brings Enerjisa Enerji and young generations together on the same platform. The project allows Enerjisa Enerji to transfer its vision regarding climate change and sustainability to new generations, and gives the young generations the opportunity to learn by experience.



130 ideas

In 2021, 130 idea applications were received from Company employees within the scope of Enerjisa Enerji's intrapreneurship and innovation program, Nar.

## RETAIL ACTIVITIES

The projects that were accepted and still continue within the scope of the 6<sup>th</sup> Nar Program that was completed in 2020 are as follows:

- **EVPark Project:** The EVPark project aims at establishing a sustainable digital parking lot ecosystem targeting to reduce carbon emissions by enabling efficient journeys while facilitating the lives of users. The project focuses specifically on large cities with parking shortages. The EVPark project targets to provide a digital solution to the parking lot sharing model, which is increasingly used globally. The project is targeted to be commissioned in 2022 with the completion of the payment infrastructure and pilot tests.
- **Simply Sun Project:** With the Simply Sun project, a solar energy solution which can be easily installed by consumers at their homes was designed. The project will:
  - Eliminate the permit process of rooftop solar power plants and the need for roof installation,
  - Meet the energy needs from renewable energy sources,
  - Not require any technical knowledge for installation, and offers a portable, scalable, plug/play micro solar solution with the following features:

The project started in October 2020. Following the completion of the payment infrastructure and pilot tests, the project is expected to be commissioned in 2022.

### EVPark project

Project aims at establishing a sustainable digital parking lot ecosystem targeting to reduce carbon emissions by enabling efficient journeys while facilitating the lives of users. The project targets to provide a solution especially in large cities with parking shortages.

- **Touch in Safe Project:** The main objective of the hardware developed with the Touch in Safe project has been determined as reducing Occupational Health and Safety risks in the field. During high voltage fuse replacement, there is a risk of both falling down from height and being electrocuted when climbing a pole. The aim of the project is to ensure that the assembly and dismantling of high-voltage fuses can be performed more safely from the ground by using the system developed, without having to climb the separator pole. The project is planned to be commissioned in 2022, after the preparation of the technical specification and contract within the scope of prototype studies.
- **G-Check Project:** The product developed within the scope of the G-Check project is an advanced device which securely detects the presence of energy with the magnetic field principle and transmits it to team tablets over the mobile network. In cases where troubleshooting or maintenance is required, the power must be cut first. The distance between the point where the power is cut and the point where the work will take place causes time and labor loss for the field teams. The delay in the cut control due to the distance also exposes maintenance-repair teams to OHS risks. The G-Check provides a safe process which eliminates the OHS risk by allowing field teams to cut power at the correct point. The G-Check also prevents long-term power cuts, increases customer satisfaction and prevents loss of workforce and unnecessary operational expenses. The project, which got underway in October 2020, is aimed to enter mass production and be commissioned in 2022.



Enerjisa Enerji evaluates venture capital fund investments to influence the entrepreneurial ecosystem as an investor, to have access to new technologies, new business models and products, as well as information on the venture investment processes.

### ENERJISA REACTIVE ENERGY MONITORING SOLUTION

Another ongoing project within the scope of corporate innovation is the Enerjisa Reactive Energy Monitoring Project. Systems fed with electricity consume both active and reactive power. The reactive power consumption of electric motors and transformers working with magnetic field effect is particularly high. The efficient use of electricity is vital in order to reduce the use of fossil fuel in an effort to combat climate change.

Reactive energy, which is required by many electrical devices, is transmitted by power lines. Since reactive energy occupies a place like active energy in the power line, it limits the active energy carried by the line, thus reducing line capacity. One of the main causes of power outages worldwide is insufficient reactive power. Insufficient reactive power causes voltage collapse, leading to shutdown of power generating stations and various devices.

In order to eliminate these problems, a compensation system which balances reactive consumption and monitoring of reactive energy is required. The remote reactive energy monitoring solution of Enerjisa Enerji, which was first offered to its customers in 2020, offers businesses the opportunity to instantly monitor their energy consumption. In this way, businesses can detect inefficient devices and machines and reduce their energy costs with the necessary improvements. This solution also enables businesses to be informed by the notifications sent to them before they reach the reactive penalty limit, and to take the necessary precautions and prevent the reactive penalty.

### VENTURE CAPITAL FUND INVESTMENTS

Enerjisa Enerji evaluates venture capital fund investments to influence the entrepreneurial ecosystem as an investor, to have access to new technologies, new business models and products, as well as information on the venture investment processes.

In this context, Enerjisa Enerji invested in the Revo Capital Fund II. The size of the fund, whose investors include IFC, EBRD, EIF and the DEG, amounted to EUR 90 million. Enerjisa Enerji also aims to strengthen the technology enterprise ecosystem in Turkey by offering business development opportunities to start-ups through this investment.

### Remote energy monitoring solution

The remote reactive energy monitoring solution of Enerjisa Enerji for its customers, offers businesses the opportunity to instantly monitor their energy consumption.

# CUSTOMER SOLUTIONS



“Energisa Enerji aims to increase energy efficiency and reduce carbon emissions of its customers with innovative and sustainable product offers within the scope of “The Energy of My Work”.

Energisa Enerji attaches importance to meeting needs of its customers with sustainable and innovative solutions. In that vein, Energisa Müşteri Çözümleri A.S. was established in 2017 to conduct customer solutions activities.

In this context, since October 2020, Energisa Enerji has been offering end-to-end solutions in order to enhance energy efficiency and reduce carbon emissions of its corporate customers under the roof of “The Energy of My Work” (İsimin Enerjisi).

“Developing customer-oriented alternative energy efficiency solutions, Energisa Enerji offers energy efficiency applications in the fields of waste heat recovery, heating, ventilation and air conditioning (HVAC), pressurized systems, electric engines and lighting.

## The Energisa Customer Solutions Portfolio

Green Energy and Energy Efficiency Solutions	Distributed Generation Solutions	E-Mobility
<ul style="list-style-type: none"> <li>• Green Energy Solutions                             <ul style="list-style-type: none"> <li>- Renewable Energy Certificate</li> <li>- Carbon Reduction Certificate</li> </ul> </li> <li>• Energy Efficiency Solutions                             <ul style="list-style-type: none"> <li>- Lighting Conversion Projects</li> <li>- Process Efficiency Projects</li> </ul> </li> <li>• Cogeneration and Trigenation Solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable Energy Solutions- Solar Power Plants (SPP)</li> </ul>	<ul style="list-style-type: none"> <li>• Esarj</li> </ul>

### GREEN ENERGY AND ENERGY EFFICIENCY SOLUTIONS

#### Green Energy Solutions

Green energy refers to the energy generated from renewable energy resources, which can be certified by accredited organizations with international validity and, be reported transparently. Energisa Enerji’s customers may reduce or neutralize their greenhouse gas emissions resulting from electricity consumption with two types of certificates.

- **Renewable Energy Certificate (REC):** The Renewable Energy Certificate represents the property rights to the environmental, social and non-power properties of the renewable electricity energy, and is a market-based instrument which proves that the bearer of the certificate owns one (1) megawatt-hour (MWh) of electricity generated from a renewable energy resource, and delivered to a grid. In this context, Energisa Enerji sold 284,000 MWh of Renewable Energy Certificates in 2021.

- **Carbon Reduction Certificate:** The Carbon Reduction Certificate is a type of credit owned by a real or legal person (a business/plant which generates energy from renewable energy resources), that is standardized, which can be traded and can be expressed in metric tons of CO<sub>2</sub>. In this context, Energisa Enerji sold Carbon Reduction Certificates equivalent to 27,000 metric tons of CO<sub>2</sub> in 2021.



#### Energy Efficiency Solutions

Energisa Enerji develops customer-oriented alternative energy efficiency solutions. The Company offers energy efficiency applications with the energy performance contract (ESCO-Energy Service Company/EPC-Energy Performance Contract) model, particularly in the fields of waste heat recovery, heating, ventilation and air conditioning (HVAC), pressurized systems, electric engines and lighting.

## CUSTOMER SOLUTIONS

- **Lighting Conversion Projects:** Enerjisa Enerji aims to increase the energy efficiency of its customers through LED conversion projects. Within the scope of EPC model, the Company implemented the LED conversion of 19,700 fixtures with 15 projects as of the end of 2021. The projects carried out delivered a total of 5,400 MWh in energy savings, reducing CO<sub>2</sub> emissions by 2,900 tons.

In 2021, 11,000 fixtures were converted to LED in 8 projects with EPC model. These projects delivered 3,000 MWh in energy savings, reducing CO<sub>2</sub> emissions by 1,600 tons.

The Company expects to reduce annual electricity consumption by 490 MWh and cut CO<sub>2</sub> emissions by 263 tons through LED conversion projects for 3,120 fixtures through contracts signed in 2021, which will be implemented in 2022.

- **Process Efficiency Projects:** Enerjisa Enerji implemented the renewal project for pressurized air system of one of the largest manufacturers in the iron and steel industry with the EPC model in 2021. The project will save 280 MWh of electricity per year and prevent 151 tons of annual CO<sub>2</sub> emissions. The Company aims to increase the number of energy efficiency projects based on the EPC model for industrial processes in 2022 and beyond.

### Cogeneration and Trigeration Solutions

The efficiency offered by the Cogeneration (CHP-Combined heat and power) and Trigeration (CCHP-Combined cooling, heat and power) systems, which are installed as turnkey projects, significantly reduces total energy costs. Carbon emissions are reduced as a result of the reduction in primary energy consumption. Enerjisa Enerji offers turnkey services for both systems, and presents financial solutions which will ease the investment burden on customers.



In this context, these solutions are provided with the Cogeneration and Trigeration plants with a total installed capacity of 3.8 MWe at Sabancı University, Hilton Adana and Hilton Ankara locations. The efficiency achieved with these plants will prevent more than 30,000 tons of CO<sub>2</sub> emissions over the course of 10 years.

### DISTRIBUTED GENERATION SOLUTIONS

Achieving energy efficiency and the use of renewable energy resources supports the effort to combat climate crisis both in Turkey and around the world. As part of its efforts in that vein, Enerjisa Enerji is also working on the decentralized distributed energy model in parallel with the centralized energy model. Distributed generation refers to the generation of electricity through various technologies at or near the location where electricity is consumed and stored.

Distributed generation contributes to achieving supply security in electricity generation, transmission and distribution, reducing losses and costs, decreasing foreign dependency and curbing greenhouse gas emissions. It also supports the preference for renewable energy resources and regional development.

### Renewable Energy Solutions - Solar Power Plants

Enerjisa Enerji offers reliable solutions that considers specific requirements of its customers through innovative business and financial models in the field of solar power plants, where it deploys its financial and technical know-how.

“Enerjisa Enerji aims to undertake an innovative and pioneering role in the electric vehicle ecosystem and to play an active role in the transformation of the industry, as well as maintaining its leadership in the distribution and retail sales business lines in the electricity sector.

Enerjisa Enerji Solar Power Plant (SPP) solutions, which can be applied to all industrial, commercial and public organizations and institutions, aim to reduce investment burden of its customers.

Enerjisa Enerji's SPP activities consist of the design, turnkey delivery and installation and maintenance and repair services.



In this context, in addition to administrative processes such as the permit and connection procedures, the Company provides professional engineering support, maintenance and repair services, guarantee for the performance and the product during the contract period. It offers end-to-end integrated solutions including energy storage, electrical vehicle charging in accordance with requirements.

As of the end of 2021, the total installed capacity of the solar power plants reached 22.6 MWp, with 13.4 MWp of this capacity under the self-consumption model. Enerjisa Enerji enabled prevention of 9,850 tons of CO<sub>2</sub> emissions through the solar power projects. The Company aims to increase the total solar capacity to over 180 MWp by the end of 2025.

In 2021, a 4.2 MWp solar power plant was installed on the roof of the NEF Stadium at the Ali Sami Yen Sport Complex in cooperation with Enerjisa Enerji and the Galatasaray Sports Club. This SPP is the largest capacity plant to be installed on a football stadium. The project is expected to reduce CO<sub>2</sub> emissions by approximately 3,250 tons per year.

Moreover, in 2021 a 4.2 MWp SPP was installed on the roof of the facility of Brisa, a Sabancı Group company in Aksaray. This SPP is expected to reduce CO<sub>2</sub> emissions by 3,300 tons per year.

### E-MOBILITY: EŞARJ

Enerjisa Enerji encourages the widespread use of highly efficient electric vehicles in order to contribute to low-carbon ecosystem. To this end, the Company actively explores opportunities in innovative business areas such as electric vehicle charging stations, electricity storage systems, smart home technologies and systems which help consumers generate their own electricity.



In this context, Enerjisa Müşteri Çözümleri A.Ş. became the controlling shareholder of Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj) by acquiring 80% of the shares of Eşarj in 2018. In December 2021, Enerjisa Müşteri Çözümleri A.Ş. acquired Eşarj's 14% minority stake, increasing its total stake at Eşarj from 80% to 94%.

Through Eşarj, it is planned to provide charging solutions with a wide product range to all customers across the country by establishing a national charging station network and operating system. Eşarj aims to contribute to Turkey's infrastructure quality, accelerate the transition to ultra-fast charging stations and further step up its contribution to green transformation with solar and battery integrated systems.

# CUSTOMER SOLUTIONS

Eşarj has Turkey's first and fastest electric vehicle station network with 494 charging points, 170 of which are fast charging plugs, at 263 public points as of the end of 2021. In addition, on 1 July 2020, the electricity used for vehicle charging was certified with the International Renewable Energy Certificate (IREC) at all its public stations, increasing its contribution to reducing carbon emissions with its expanding network.

## E-mobility Market

The e-mobility market, which has revolutionized the automotive, fuel and infrastructure industries, continues to grow rapidly in Turkey as in the world. Prior to the United Nations Climate Summit held in Glasgow, Turkey declared its goal of creating a carbon-neutral ecosystem by 2053. Another commitment pledged by Turkey, along with more than 100 countries, cities and automobile manufacturers in Glasgow, is that all new automobile and van sales will consist of zero emission vehicles by 2040.

In line with this national goal, the Turkish e-mobility market is expected to progress from an early development stage to a developed market structure in the upcoming period. Based on registration data for the end of 2020, a total of 1,600 vehicles running on 100% electric power and rechargeable hybrid vehicles were sold in Turkey. In the first 6 months of 2021 only, this figure reached 1,900 vehicles. The electric vehicle park expanded to 6,500 vehicles by the end of 2021. In addition, the market is expected to maintain its growth, doubling or even tripling each year in the coming years. Accordingly, the Ministry of Industry and Technology expects between 1 and 2.5 million electric vehicles to be on the roads in 2030.

In Turkey, there are a plethora of domestic and foreign brands producing and selling passenger cars, buses, minibuses, trucks, tractors and boats running on 100% electric power. Considering the future projections set out by these brands, it is clear that the top priority and critical issues of this transformation are sound and rapid development of the charging station infrastructure.

## Objectives of Eşarj

- To provide charging solutions to all customers across the country by creating a national station network and operating system consisting of charging units,
- To contribute to infrastructure work from a technical, administrative and legislative perspective,
- To address the diverse charging unit needs with a wide product range,
- To install charging units at the points requested by the customers.



## Vision of Eşarj

- To provide technology-oriented e-mobility solutions in line with its mission of establishing a sustainable, innovative, environmentally friendly and electric future,
- To continuously develop and improve product and service quality in line with customer expectations,
- To provide product and solution diversity with a software- and technology- based approach,

## Electric vehicle park

The electric vehicle park in Turkey is estimated to be between 1 and 2.5 million in 2030.

**66** Eşarj aims to contribute to Turkey's infrastructure quality, accelerate the transition to ultra-fast charging stations and further step up its contribution to green transformation with solar and battery integrated systems.

- To protect the environment and ensure the widespread implementation of solutions that reduce carbon emissions,
- To support the country to reduce its economic and strategic dependence on imported energy.

## Revenue Areas of Eşarj

- Testing, training, commissioning and installation of residential and workplace charging stations,
- Providing after-sales maintenance, repair services and technical support at residential, workplace and public/commercial charging stations,
- Operation of charging stations at public points with a revenue partnership model,
- Providing services to various industry players by developing software solutions and platforms.

Some of the key developments which took place in 2021 are listed below:

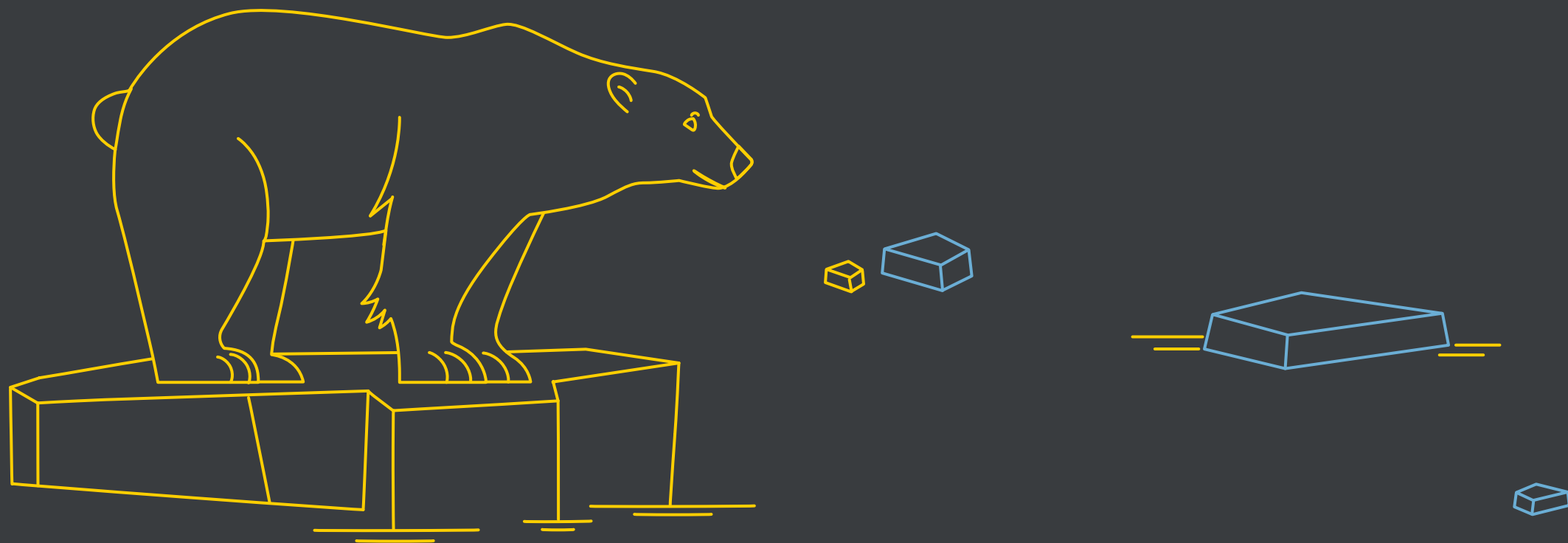
- With the Law Amending Certain Laws that was approved by the Grand National Assembly of Turkey in December 2021, regulations regarding electric vehicles and charging stations were included in the Electricity Market Law No. 6446. Within that scope, the obligations of the charging network operator license holders and EMRA are regulated and additionally, the charging service prices will be freely determined within the procedures and principles prepared by EMRA. It is expected that the secondary legislation studies on this subject will be completed in 2022.
- The Eşarj Mobility System Management software, which was developed entirely with internal resources and which provides the infrastructure to position Eşarj as a Mobility Service Provider and Charging Station Operator, was productized as the SaaS (Software as-a Service). It started to be offered to corporate customers operating in the automotive, fuel and energy fields.
- **OEM (Original Equipment Manufacturer) Collaborations:** Eşarj was chosen as an e-mobility business/solution partner by passenger car brands such as Hyundai and MG, which started to put electric and hybrid

vehicles on the market in 2021. In addition, cooperation with Mini Cooper, Groupe PSA, Volvo, Mercedes, Jaguar, Renault, Land Rover and BMW continues.

- **Eşarj and CarrefourSA Electric Vehicle Charging Station Collaboration:** Eşarj collaborated with CarrefourSA, a food and general goods retailer, to install a charging station in the parking lots of supermarkets. In addition to the three CarrefourSA supermarkets located in İstanbul in 2020, charging stations were installed in parking lots at three new locations in İstanbul, Antalya and Bodrum/Muğla in 2021. Eşarj aims to further enhance the cooperation in the coming period in response to increasing demand.
- **Brisa Collaboration:** A cooperation agreement was signed to install fast (DC) charging units at Brisa's Otopratik, which are points providing services such as vehicle servicing, with the aim of reducing customer waiting times by providing fast charging solutions with 22 charging points in 13 provinces throughout Turkey and combining them with Otopratik solutions. New locations are planned to be added in 2022.
- **Shell Collaboration:** With the cooperation agreement signed to provide charging solutions for electric vehicle users at Shell gas stations, Eşarj has become the solution partner of the globally operating Shell Recharge brand in Turkey. Within this scope, with the installations carried out in 2021, charging services is provided with 24 charging points in Ankara, İzmir, Sapanca and Muğla/Bodrum and this number is aimed to increase rapidly in the coming period in parallel with the market developments.
- **Aytemiz Collaboration:** In order to provide charging solutions for electric vehicle users at Aytemiz's fuel stations, an agreement was reached to install fast charging stations at six new points in addition to 23 charging points at eight existing locations. This number is planned to be increased further in the future.
- **Mercedes-Benz Collaboration:** Agreements were signed to install DC-50kW fast charging stations at 23 Mercedes-Benz dealers in 13 provinces in 2021.



**WE STRIVE FOR A SUSTAINABLE FUTURE**



**SUSTAINABILITY**

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# SUSTAINABILITY MANAGEMENT



“Enerjisa Enerji works to integrate sustainability into its processes and to increase its compliance with international environmental, social and governance norms, and continues to invest in raising social awareness on ESG issues.

Enerjisa Enerji believes that sustainably managed companies better address the customer needs, use resources more effectively, are more flexible to adopt to mega trends, and better manage risks and opportunities. In addition, the importance of disclosure of non-financial KPIs and targets is growing, reflecting stakeholder expectations.

Enerjisa Enerji sees sustainability as an important aspect of its equity story and a critical tool for effective strategic management. The Company integrates sustainability in its processes, works to increase its compliance with global environmental, social and governance norms and standards, and keeps investing to raise social awareness for ESG (Environmental, Social, Governance) issues.

“As a leading electricity distribution, retail sales, customer solutions and e-mobility company in Turkey, Enerjisa Enerji is aware of its responsibility for delivering prosperity to people and future.

As a pioneer in Corporate Governance and Risk Management, Occupational Health and Safety and Environmental Management areas in the energy sector, Enerjisa Enerji stays abreast of global sector and ESG trends, stakeholder expectations and new developments to further improve its ESG performance, and aims to lead the energy sector in this area, both in Turkey and the world.

## Sustainability Approach

### External environment and the trends affecting our business

We are preparing for the fundamental changes that will shape our industry. Decarbonization, urbanization and customer centricity, deregulation, decentralization and digitalization are the five sectoral trends that have the potential to disrupt our way of doing business. We are developing innovative, impactful and sustainable products and services not only to better face the risks of these trends, but also to lead the transformation while working for accessible and uninterrupted energy.

As a leading electricity distribution, retail sales, customer solutions and e-mobility company in Turkey, we are aware of our responsibility for delivering prosperity to people and future. Our purpose is shaping and connecting the new energy world. We provide public service to millions of people and operate as a role model.

### Our approach to sustainability

Sustainability is at the core of our business and integrated into whole organization. While contributing to the right to live and possibility of flourishing of all living beings today and in the future, we focus on the impact of our products and services, discover the potential of our industry for transition to a low-carbon, cleaner and greener energy sector and empower people equally.

With the ultimate aim of transforming into an impact-focused business, we have prioritized our environmental, social and governance impacts, set targets and designed our roadmap acknowledging all UN Sustainable Development Goals (SDGs).

We established a systematic sustainability governance structure, including thematic working groups, and disclosed wide variety of policies in our sustainability topics. We commit to act in accordance with those policies effectively towards our targets and transparently monitor, measure and disclose our performance and progress.

## Sustainability Impact Areas

**BUSINESS FOR IMPACT:** We contribute to our business growth through sustainable products and services with a responsible value chain and innovation.

**IMPACT FOR SOCIETY:** We empower people for an inclusive society and prosperity, encourage a talented and diverse workforce in a safe working environment and act responsibly for creating wider positive impact on community.

**IMPACT FOR PLANET:** We reduce our ecological impact through enabling a transition to a carbon-neutral business and zero-waste operations.

## Enablers and foundations of our performance

To enable our purpose and achieve our targets, we put people & culture and digital transformation at the center of our business. We are dedicated to continuously invest in them as they are essential resources and tools to create value in our impact areas.

We believe that strong corporate governance, compliance, integrated risk management and internal control mechanisms, and an effective stakeholder engagement are the backbones for sustaining our performance. We focus on communicating our impact and performance with our stakeholders.



# SUSTAINABILITY MANAGEMENT

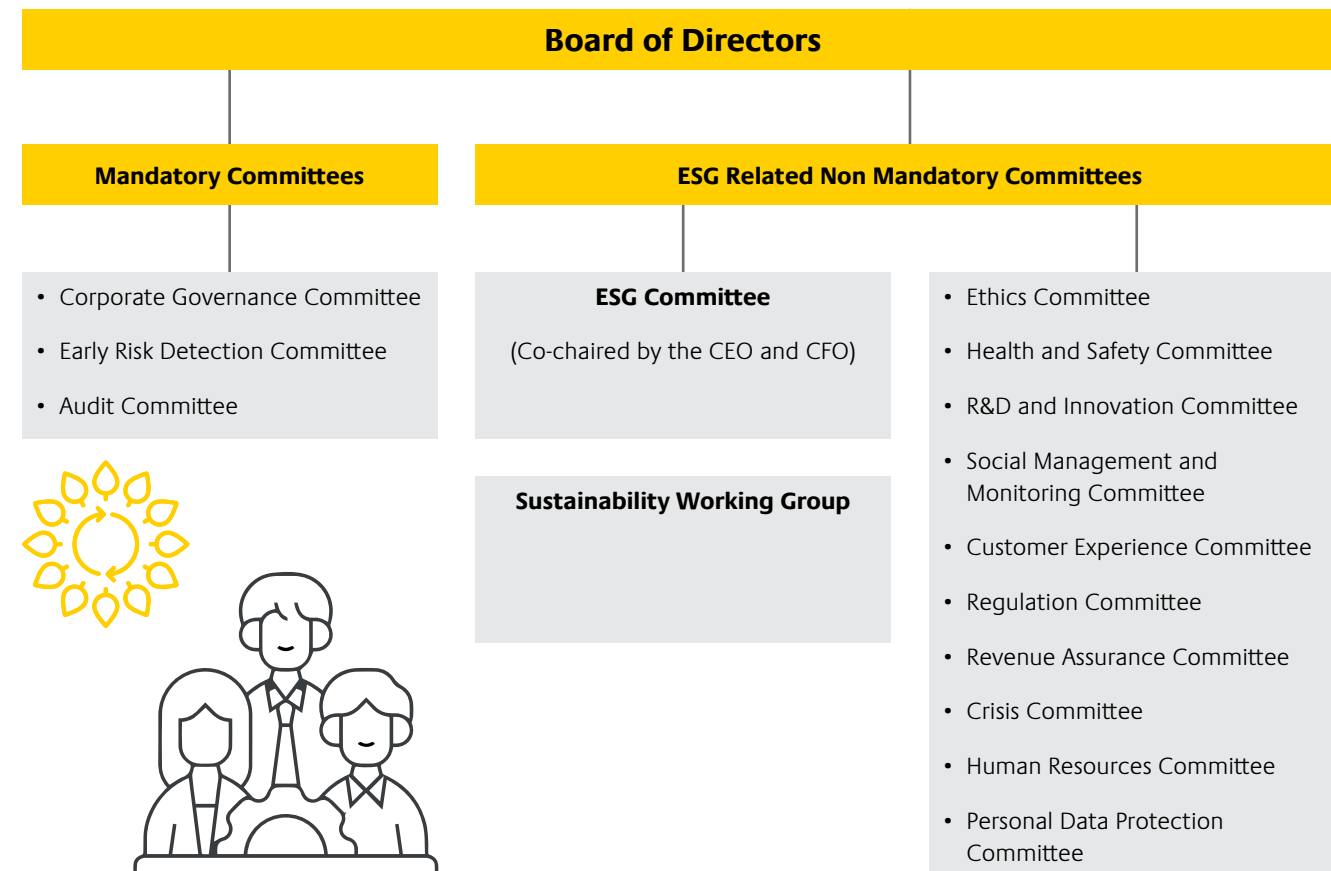
## Sustainability Governance Structure

Since 2019, Enerjisa Enerji has a governance structure that enables it to develop a strategic and holistic approach to economic, environmental and social factors for the purpose of creating long-term value. The Board of Directors has the ultimate responsibility for defining the sustainability strategy and on the sustainability performance. The Board of Directors is also responsible for identifying ESG material issues, risks and opportunities and establishing appropriate ESG policies.

In 2021, Sustainability and Corporate Capabilities function was created for having a strategic and integrated approach in corporate sustainability and creating maximum value for stakeholders.

The mandatory committees of Enerjisa Enerji work actively to monitor ESG issues and report to the Board of Directors. In addition to the mandatory committees, the Company effectively runs other non-mandatory committees with representatives from the relevant business units to cover ESG related critical matters.

The ESG committee which is co-chaired by the CEO and CFO, oversees ESG practices across the Company and reports about critical initiatives, developments and performance related to key performance indicators and commitments to the Board of Directors.



“Enerjisa Enerji has a governance structure that enables it to develop a strategic and holistic approach to economic, environmental and social factors for the purpose of creating long-term value.”

## ESG Performance

While carrying out its activities which it successfully integrates sustainability, Enerjisa Enerji attaches importance to have operate as a transparent, ethical and principled company with its corporate governance structure. Reporting ESG data within this framework, the Company received assurance for important ESG indicators for the first time in 2021.

Enerjisa Enerji continued to increase its ESG performance in the assessments carried out by indexes and assessment platforms in 2021.

### 2021 ESG Performance

<b>CDP Climate Change</b>	<b>Reporting Date:</b> 2021 <b>Rating Scoring Range:</b> D-, D, C-, C, B-, B, A-, A <b>Enerjisa Enerji Rating:</b> B
<b>CDP Water Security</b>	<b>Reporting Date:</b> 2021 <b>Rating Scoring Range:</b> D-, D, C-, C, B-, B, A-, A <b>Enerjisa Enerji Rating:</b> B
<b>FTSE Russell</b>	<b>Reporting Date:</b> December 2021 <b>Rating Scoring Range:</b> 0 - 5 <b>Enerjisa Enerji Rating:</b> 3.7 <b>Sector Ranking*:</b> 81 <sup>st</sup> percentile in Utilities Sector
<b>Corporate Governance Rating (SAHA)</b>	<b>Reporting Date:</b> December 2021 <b>Rating Scoring Range:</b> 0-100 <b>Enerjisa Enerji Rating:</b> 95.09
<b>Refinitiv</b>	<b>Reporting Date:</b> December 2021 <b>Enerjisa Enerji Rating:</b> Overall 86 / 100 (Environment: 80, Social: 88, Governance: 95), <b>Sector Ranking:</b> 3 / 252 out of electric utilities & IPPs Companies
<b>Sustainalytics**</b>	<b>Reporting Date:</b> December 2021 <b>Rating Scoring Range:</b> ESG Risk Rating Overall Score Range (Negligible/Low/Medium/High/ Severe) <b>Enerjisa Enerji Rating:</b> Low Risk <b>Enerjisa Risk Score:</b> 16.3

\* FTSE overall ESG rating is represented as a percentile where "1" indicates that a company is in the bottom 1% and "100" indicates a company is in the top 1%.  
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# PEOPLE AND CULTURE



Enerjisa Enerji’s “Adaptation to the Future of Work” activities address new working principles in 7 fundamental dimensions defined with a holistic perspective. Enerjisa Enerji aims to shape the future of work together with its employees through workshops, one-to-one interviews and surveys with broad participation from all levels.

Operating at hundreds of locations over a disperse area in 14 provinces with thousands of employees, Enerjisa Enerji offers an uninterrupted electricity supply to homes, industrial facilities and hospitals throughout Turkey to ensure the continuity of life.

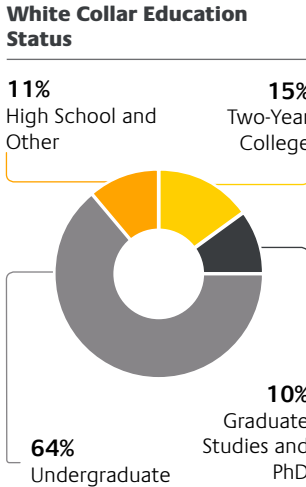
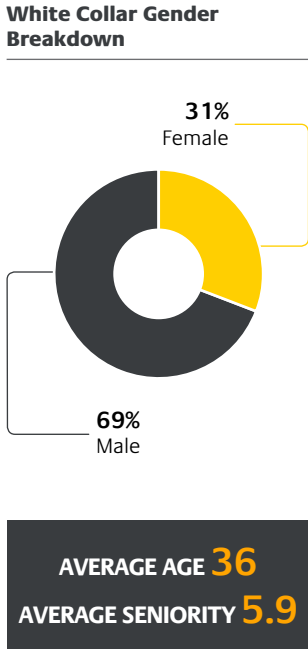
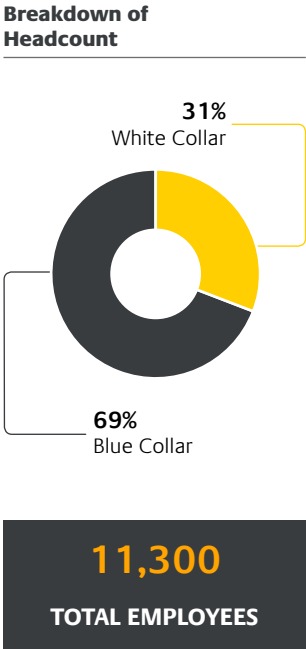
Having determined the health and safety of its employees as a top priority, the Company has managed its processes effectively with follow-up, support and uninterrupted communication mechanisms to ensure that the correct information can be shared equally with each employee in 2021 as the pandemic continued to affect our lives.

**66** Enerjisa Enerji is focused on the new generation and the best People and Culture practices, with its vision of being a preferred employer in its sector and ranking among the top 15 companies in all sectors.

Enerjisa Enerji focuses on new generation and the best People and Culture practices as part of its vision to become the employer of choice in the energy sector and to rank as one of the top 15 Companies across all sectors. In 2021, Enerjisa Enerji attracted the highest number of awards of any company in Turkey with 34 different awards in recognition of its new generation People and Culture practices in prestigious international award programs, and was the third most awarded company in the world at the International Stevie Best Employer Awards.

Enerjisa Enerji’s People and Culture practices are designed to:

- Create a purposeful working environment which cultivates a positive organizational climate, communication and culture,
- Develop leaders and sound management practices,
- Offer a wide range of opportunities to all potential and existing employees in equal attitude and without discrimination in all People and Culture processes,
- Offer training and development opportunities which provide differentiated growth and career advancement paths,
- Attract and retain talent by strengthening the corporate reputation,
- Ensure organizational excellence to maximize stakeholder loyalty and satisfaction.



# PEOPLE AND CULTURE

## The Working Culture at Enerjisa

### The “Adapting to the Future of Work” Approach

Enerjisa Enerji prepares for the future of the business from the present time by providing opportunities for its employees to reflect their potential in the best and most appropriate way in their jobs, aiming to attract the best talent to the organization in addition to developing the existing potential.

Through its “Adapting to the Future of Work” activities, which started in 2020, the Company aims to shape the future of the business together with its employees by considering the new working principles in 7 fundamental dimensions which are defined not only by remote working but also from a holistic perspective. These activities were supported by a number of workshops, one-to-one interviews and surveys with broad participation. Within the scope of Adapting to the Future of Work, 47 prioritized actions were implemented with “#Geleceğin Yolunda!” motto which includes particularly updating the scope and details of the working models and the support packages prepared according to different working models.

### Adapting to the Future of Work Model



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### Anti-Discrimination, Diversity and Inclusion

Enerjisa Enerji is committed to offering a diverse and inclusive working environment. Diversity enriches decision-making processes, while inclusion enhances employee loyalty by ensuring employees feel valued. Fair and equal conditions motivate employees, while at the same time increasing their participation and productivity.

In all People and Culture processes, Enerjisa Enerji adopts an approach based on equality. Enerjisa Enerji does not allow any discrimination against employees on the basis of language, religion, nationality, race, ethnic origin, age, gender, sexual orientation, marital status, health, disability status, political opinion, union memberships or similar reasons. In parallel with this, the ESG Committee ensures that employees report any actions which may be the subject of discrimination and abuse in accordance with the principles of confidentiality, and that the necessary steps are taken on such matters.

66 Publishing its Diversity and Inclusion Policy in 2021, Enerjisa Enerji attaches importance to ensuring gender equality at all levels, starting at the recruitment processes.

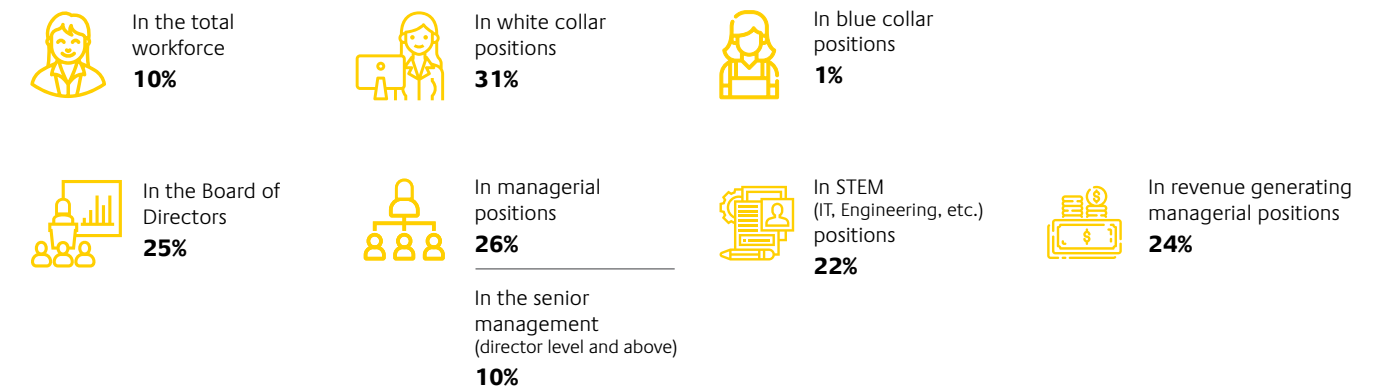
All of the Company's activities are undertaken in line with the applicable legal regulations and rules, as well as the Enerjisa Enerji Code of Conduct (Enetik 2.0). Enerjisa Enerji informs all employees of its working principles through the Code of Conduct and the Human Resources Policy. The Company published its Diversity and Inclusion Policy in 2021.

Enerjisa Enerji attaches importance to ensuring gender equality at all levels, starting at the recruitment processes.

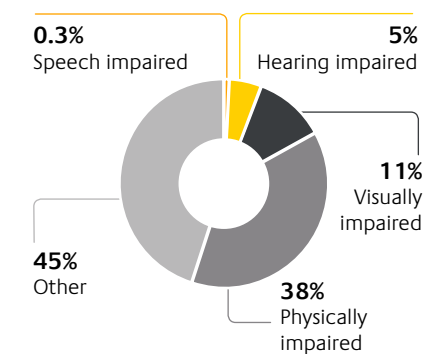
Enerjisa Enerji's approach to diversity is not limited to gender. The Company embraces diversity on the basis of age and generational differences, as this enables employees learn from each other.

- In 2021, 79% of newly hired employees were under the age of 30 and 21% of those joining Enerjisa Enerji were aged between 31-49 years.
- 26% of employees are under the age of 30, while 72% are between 30-49 years of age.
- 47% of employees have worked at Enerjisa Enerji for between 5 and 10 years.
- Enerjisa Enerji supports the participation of individuals with disabilities in social and economic life on equal terms. As of 2021, the Company employed a total of 325 employees with disabilities, exceeding the legal requirement.

### Women Employment Statistics



### Breakdown by Type of Disability



# PEOPLE AND CULTURE

## Freedom of Expression and Freedom of Association

Enerjisa Enerji respects its employees' freedom of expression and does not tolerate any conduct which obstructs the exercise of this freedom. Additionally, the Company supports the freedom of association under applicable laws and regulations.

The Collective Labor Agreement (CLA) signed between Enerjisa Enerji distribution companies and the TES-İŞ Union (Turkey Energy, Water and Gas Workers' Union) shall remain in effect for a period of three years (from March 1, 2021 to February 29, 2024). The pay and working conditions of 7,797 blue-collar employees are determined in accordance with the provisions of the CLA currently in place.

The TES-İŞ Union with its 69,459 members as of July 2021, was the seventh-largest trade union in Turkey and the biggest union in the energy business.

## Recruitment Process

As an equal opportunity provider, Enerjisa Enerji performs recruitment in order to place the most suitable candidate on the basis of corporate culture, Company goals, position-specific competencies, knowledge and experience. The recruitment process is carried in accordance with the Company's Human Rights Policy and the Diversity and Inclusion Policy.

Enerjisa Enerji has prioritized the principles of diversity and inclusion in all of its processes. Language, religion, nationality, race, ethnicity, age, gender, sexual orientation, marital status, health, disability, political opinion, union participation and other issues are all treated with equal respect in all People and Culture activities. Enerjisa Enerji conducts all of its operations in accordance with the applicable laws and the Enerjisa Code of Conduct.

In line with its target of the end-to-end digitalization of the recruitment process, the Company has been managing the recruitment and evaluation of candidates and candidate experience on digital platforms since 2020. The Company also transferred the orientation process to a digital platform in 2021. With this process, Enerjisa Enerji aims to provide a

positive experience for Enerjisa's new employees when they join the Company with a digital orientation process which gets underway before their first day at work and continues after they start working.

## Rewards and Benefits

At Enerjisa Enerji, rewards and benefits are determined based on the principles of fairness, transparency, competitiveness and rewarding the high performance. In all of its processes, the Company considers the pay market, the sector it operates in, Sabancı Holding practices and macroeconomic indicators.

Enerjisa Enerji aims to ensure a positive and competitive working environment by implementing a competitive and fair wage policy through regular market analysis studies by attracting necessary talent to the organization and by maintaining a high level of loyalty among current employees.

At Enerjisa Enerji, compensation related reports, surveys or statistics are received from third party compensation consultants. The grades of positions are determined based on external job evaluation methodology which is widely used by reputable corporations around the world. The Company conducts annual wage surveys in order to determine base pay policy. For all grades, grade-based reference pay data based on the market, peer group, sector, etc. is provided by external consultants. Salaries for blue collar wages are determined in accordance with the Collective Labor Agreement.

As part of "Sen Seç (You Choose)" program, Enerjisa has implemented the Flexible Working Hours, Flexible Dress Code and the Remote Working Model in all head office units since 2019. In accordance with this modern and flexible approach, the Flexible Benefits Project has been developed to meet the diverse needs and expectations of employees and was implemented in 2021.

The "Sen Seç: Flexible Benefit Portal" allows employees to determine new benefits such as gift cards or donations with the budget they create by customizing their existing benefits such as annual leave and health insurance in line with their preferences and needs. 55% of white-collar employees took part in the program in 2021.

**66** In 2021, the employee satisfaction score was 76% and the employee engagement score was 66%, which is above the energy sector and Turkey averages.

The Company expanded the Contributory Private Pension System in 2021 to all white-collar employees, which offers support to employees in maintaining their standard of living and bringing ease to their lives during retirement.

The **Sana Değer (You are Worth it) Online Appreciation Platform** offers the chance to recognize and show appreciation to an employee's contribution to the establishment, function and development of the Company's corporate culture and its way of carrying out business operations. The various apps developed using the "Sana Değer" platform offer the opportunity to show appreciation of individual efforts and development of employees, as well as their contribution to corporate development, to show support for them on special and important days, and for employees to appreciate one another.

Enerjisa determines and implements its wage policy by taking into account the business size. It does not discriminate by gender.

As of 2021 year-end, the comparison of male and female PIR rates for each level is as follows:

Level	Ratio*
Director and above management	1.00x
Mid-level management	1.05x
First level management	1.04x
Other levels	1.02x

\*Female/Male PIR Ratio: Comparison of average female and male PIR ratios for each level

PIR: Calculated by dividing the wages of the employees by the policy wage at the relevant level.

## Working at Enerjisa

Enerjisa Enerji takes employee feedback very seriously and provides its employees with a workplace in which they feel valued. In line with Enerjisa Enerji's value of "Inclusion", employees are encouraged to participate in the decision-making processes at every opportunity.

Employee participation in management includes attendance at periodic internal meetings, annual target-setting and performance evaluation meetings, live streaming and participation in decision-making mechanisms, committees and projects within the framework of roles and responsibilities. Employees may also share their requests, suggestions and feedback through various channels such as the intranet, mobile applications (İKON), suggestion systems (Fikir Kumbarası), feedback systems and surveys. The results obtained through these platforms are analyzed and action plans are prepared accordingly to ensure necessary changes are implemented.

In accordance with the Suggestion, Recognition and Appreciation systems, Enerjisa Enerji evaluates and awards the participating employees where appropriate. In particular, the participation of high potential employees in management decisions is supported. Developments within the Company are communicated to employees through various channels. Employees are briefed of the Company's overall situation through annual meetings with the management.



# PEOPLE AND CULTURE

## Employee Support Program

Enerjisa Enerji continued to offer personal counseling services to employees and their family members in psychological, medical, financial and legal matters within the scope of the “Employee Support Program” with the support of specialists in 2021. The purpose of this program is to provide proactive support to resolve employee problems and minimize related issues.

A total of 2,465 requests were recorded in 2021 through the Avita Employee Support Program. The Company will continue to support the physical and mental wellbeing of its employees with live wellbeing lectures and sessions, which it started to develop in 2021 and will roll out in 2022.

## Employee Engagement and Satisfaction

Employee engagement and satisfaction are measured every year at Enerjisa Enerji. In 2021, the employee satisfaction score was 76% and the employee engagement score was 66%, which is above the energy sector and Turkey averages.

Enerjisa Enerji carefully evaluates the feedback from employees. Based on feedback received, the Company seeks to improve working conditions, increase employee satisfaction and engagement and reduce the employee turnover rate. In addition to the external evaluations conducted every year, pulse check has been carried out in short surveys through the İKON application since 2020, allowing employee satisfaction to be measured instantaneously.

The employee turnover rate for women employees at Enerjisa Enerji was 0.8% in 2021, and 2.45% for male employees. These ratios are lower than the averages in the sector and in Turkey based on similar studies carried out by globally reputable corporations.

In addition to surveys, Enerjisa Enerji also uses various other mechanisms such as one-to-one interviews and focus groups to receive employee complaints, opinions

and suggestions. In addition, employee requests for administrative issues are collected through the help desk system, which all employees may access. Actions are planned by taking such feedback into account and the actions are implemented with a proactive approach. Incoming requests are directed to the relevant individual and the solution process is initiated. After the completion of the requested action, the individual responsible for the operation issues a notification that the action has been completed through this system, and this notification is delivered to the employee initiating the request. The number of requests received in 2021 was 6,695 and 92% of them were resolved.

## Work- Life Balance

Enerjisa Enerji cares about employees having a good work-life balance and flexible working conditions. As part of its efforts to adapt to the future of work, the Company has planned a number of projects, including holistic well-being training on physical and mental health, live broadcasts and support mechanisms, to be implemented in 2022.

Enerjisa Enerji also has practices such as meeting-free hours and meeting time restrictions aimed at maintaining employees' work and private life balance.

The Sen Sec working model, which covers flexible working hours, flexible dress code and remote work, was implemented in all head offices since 2019. Even before the extraordinary changes in working conditions due to the pandemic, employees working in the Company's head offices (11% of all employees) were able to benefit from flexible working hours and the ability to work remotely one day a week. Throughout 2021, health risks were closely monitored, working conditions were actively managed and the vast majority of the head office staff worked from home. Employees were constantly informed of developments related to flexible and remote working conditions by e-mail and through information sessions.

“Considering continuous development a key value, Enerjisa Enerji constantly learns from its past experiences in order improve and develops in the light of its future vision as pioneer of change.”

## Talent Management

With employees spanning four different generations, Enerjisa Enerji considers each one of its over 11,000 employees as a “talent”. With this perspective, the Company follows global People and Culture management trends and adopts new approaches in line with its priorities.

For Enerjisa Enerji, continuous development is a key value. The Company constantly learns from its past experiences in order improve and develops in the light of its future vision as pioneer of change.

The Company aims to recruit and develop qualified young people and experienced professionals by utilizing talent management practices which nurture a high performance culture, guided with a vision of adapting to the future of the business.

Believing that individual achievement lies at the heart of the success of the organization, Enerjisa Enerji applies various talent management systems to identify and measure the performance and competencies of each employee.

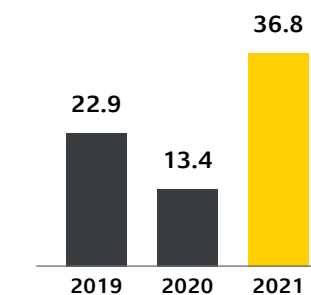
To ensure the sustainability of its organization, Enerjisa Enerji develops short and medium-term succession plans for all critical positions in line with the annual potential evaluation studies, and follows up on the career and development of its employees accordingly. In 2021, 93% of management and higher-level appointments were filled with internal candidates.

The Company supports its employees with various leadership, personal and professional development programs and tools. The number of training hours per person was 36.8 in 2021.

The details of training hours are provided in the Annex.



Training Hours per Person (hours)



## Sabancı Advanced Data Analytics Academy

Total Participants: 17  
Total Training Hours: 3,125

### X-TEAMS

Total Participants: 7

## SABANCI HOLDING PROGRAMS

## ENERJİSA PROGRAMS

### YODA

Mentoring and Reverse Mentoring Program  
Total Participants: 35

### EnAkademi

Total Participants: 3,054  
Total Training Hours: 61,267

### X-LAB

Total Participants: 56  
Total Training Hours: 2,337

### TP-X

Total Participants: 3  
Total Training Hours: 396

### In-Lead

Total Participants: 4  
Total Training Hours: 942

## INDIVIDUAL DEVELOPMENT AND FIRST-LINE LEADER PROGRAMS

### GATE

2021: The Journey of Psychological Integrity (online webinars interactive training and homework)

#### Participants

All specialists  
Total Participants: 664  
Total Training Hours: 1,193

### YOUNG ENERGY

Young Talent development program - 4 modules: self, organization, relationship & leadership, digital awareness

#### Participants

Young candidates: Dec 2019-Apr 2021  
Total Participants: 28  
Total Training Hours: 900

### JUMP

Competency-based 3 modules digital journey Online classroom group games, in-class leadership training

#### Participants

All Team & Process Leaders  
Total Participants: 362  
Total Training Hours: 5,902

## MANAGEMENT PROGRAMS

### X-POSURE

Total Participants: 2  
Total Training Hours: 422

### STEP

Holistic Well-being, Remote Team Leadership training programs

#### Participants

All managers  
Total Participants: 35  
Total Training Hours: 382

### STEP PERFORMANCE COACHING

In-class training

#### Participants

Group managers, managers  
Total Participants: 144  
Total Training Hours: 2,042

### STEP DIGITAL

2 modules digital leadership program with online classroom training offered with simultaneous translation Leadership seminars Digital Excellence Certification

#### Participants

All managers  
143 certificates (June 2020-May 2021)  
Total Participants: 45  
Total Training Hours: 294

### X-CELERATE

Total Participants: 4  
Total Training Hours: 60

### X-CELERATE NEXT

Total Participants: 1  
Total Training Hours: 15

## TOP MANAGEMENT AND DIRECTOR PROGRAMS

### LEAP DIGITAL

3 modules digital leadership program which includes in-class training, serious gaming and leadership seminars Digital Excellence Certification

#### Participants

Directors  
Oct 2019 - Feb 2021  
Total Participants: 29  
Total Training Hours: 58

# PEOPLE AND CULTURE

## Leadership Development Programs

With its programs designed to develop effective leaders, Enerjisa Enerji assists employees in leading the Company in the most efficient and effective manner.

### LEAP Digital (Leadership Acceleration Programs)

The LEAP Digital (a continuation of LEAP - the Leadership Acceleration Program) aims to enable director-level employees to better implement the opportunities provided by new technologies in their respective functions and to facilitate their leadership competencies as required by the digital age. Consisting of four modules, the third module of the LEAP Digital Program was completed in February 2021. The program was awarded the ESMT Digital Excellence Certificate by the European School of Management and Technology of the Berlin Institute of Technology, one of the best executive schools according to the Financial Times rating.

### Step Management & Step Performance Coaching

The STEP Management module, which was organized in collaboration with the Sabancı University Executive Development Unit (EDU), aims to strengthen the leadership traits of managers and group managers. Implemented in 2019 to ensure the continuity of the high-performance culture, the program continues to focus on the issues of holistic well-being and leadership.

Step Performance Coaching is a program developed by Enerjisa Enerji for managers by focusing on the high-performance culture, new generation performance management and continuous feedback approach. 153 managers participated in the in-class training held in 2021.

### Step Digital

Launched in 2020, the Step Digital Program was designed to better understand innovation and business practices brought about by digitalization, both on a global level and specific to the energy sector, to strengthen knowledge and competencies related to new generation technologies and to transfer information to new projects which will create value in all functions with the help of these technologies. The program took place with simultaneous translation in online virtual classes adapted to the conditions brought

about by the new normal during the pandemic together with ESMT Berlin, which is a business partner of Enerjisa Enerji also in Leap Digital. A total of 143 participants qualified to receive the ESMT Digital Excellence Certificate in the Step Digital Program.

### JUMP

The JUMP Program was designed with the integrated learning method and updated in 2021 in order to support the activities of Enerjisa team and process leaders in their current roles and to improve their managerial skills. In the Program, which included new leaders in 2021, 133 employees completed their online training and 362 employees completed their leadership training in virtual classrooms.

### Young Energy

Introduced in 2010, Young Energy Program aims to develop high-potential human resources at the beginning of their career and raise future leaders. The fifth generation of the program had 28 graduates in 2021. In addition to Creating a Climate of Trust in Leadership, Relationship Management, Presentation Skills and Storytelling, the program participants have also completed the INSEAD Design Thinking and Creativity for Business online certificate program.

The participants attended training on Understanding of New Technologies, which was prepared by the European School of Management and Technology of the Berlin Institute of Technology (ESMT), and worked on projects which will contribute to the digitalization process of Enerjisa Enerji. The mentoring processes which started in 2021 will be completed in the first half of 2022.

### ENTER

The ENTER Recruitment and Talent Development Program allows 4<sup>th</sup> year university electrical/electronic engineering students to gain a glimpse of the energy sector and the Enerjisa Enerji distribution processes. During this one-year program, the engineers of the future are assigned to different sections - investment track, customer track and grid track - on a rotating basis where they are able to experience and learn about the engineering processes involved in the energy distribution business. Mentored

“Enerjisa Enerji provides a range of essential training and development programs to help employees achieve their career goals and realize their potential.”

by talent coaches, participants are able to explore their individual areas of interest. A total of 143 participants qualified to receive the ESMT Digital Excellence Certificate in the Step Digital Program.

17 of the 27 engineers of the future who completed the ENTER program in 2021, started working in distribution companies. In the 5<sup>th</sup> term of the ENTER program, 29 new prospective engineers embarked on their development journey.

### Other

In 2021, 10 Enerjisa Enerji employees attended tailored leadership development programs organized by Sabancı Holding, including X-Celerate, the senior leadership development program; X-Posure, developed for mid-level managers preparing for future roles; and TP-X Leadership Development programs, designed for young talented individuals with high potential.

In 2021, 26 Enerjisa employees participated in the “New Professional Leader”, which was organized by the “Yenibirlikler Association” in collaboration with Boğaziçi University. The program consists of training, mentoring, coaching and industry meeting sessions.

### Personal Development Programs

#### YODA Mentoring - Reverse Mentoring

Introduced in 2018, the YODA Mentoring and YODA Reverse Mentoring programs offer a platform where different generations of employees at Enerjisa Enerji are able to learn from each other. The program offers the chance for new-generation employees to mentor Enerjisa Enerji’s senior management, in what is a first in the sector.

The YODA Reverse Mentoring Program was expanded to include directors in 2019 and the program applications of both directors as mentees and young Enerjisa employees who wanted to be mentors were received. Both mentors and mentees who completed their training in 2020 were matched and their mentoring processes were completed in 2021. The Company plans to expand the program to include different managerial levels in 2022 with the participation of 24 young mentors who have completed their training and are ready to become mentors.

### EnAkademi

In 2021, 3,054 employees received training on EnAkademi, the online training platform through which Enerjisa employees are provided with the training and individual development tools to help them reach their career goals. Each Enerjisa employee is required to complete information security, competition law and ethics training via EnAkademi. Participants received 61,267 hours of e-learning as part of this training program on EnAkademi.

### Gate: Self Awareness Journey

Gate is a program designed to support the development of employees at the specialist level who are at the beginning of their careers. The program content is updated according to changing requirements every year and was focused on the theme of “Psychological Integrity” in 2021. 664 employees participated in the two webinars held in this subject area, with interactive training on “Coping with Difficult Situations” and “Emotion Management and Resilience” provided through the online learning platform EnAkademi.

### Sen Seç (You Choose): Training Catalogue

Designed in 2020 with a focus on continuous development, the Sen Seç: Training Catalogue consists of training content prepared within the scope of employees’ individual interests, trending topics and their needs. In 2021, a total of 973 employees participated in at least 1 training by choosing from the training catalog.

### Professional Development Programs

#### Advanced Data Analytics Academy (IVAA)

16 employees participated in the Advanced Data Analytics Academy, which was established in collaboration with Sabancı Holding, Sabancı University and Sabancı EDU.

### Industry Leaders

Implemented within the framework of the cooperation between Sabancı Holding and the Sabancı University Executive Development Unit EDU, the program focused on the development of engineers and managers in technical roles in 2021. During the eight-month program, the participants received a combination of technical and competence development training and 4 participants who presented their projects graduated from the program.

# PEOPLE AND CULTURE

## Sales School

Launched in cooperation with Sabancı University in 2014, the Sales School project provides employees with training on a variety of behavioral and technical issues necessary for working in the sector, primarily from a Sales and Customer Orientation perspective. This training also aimed to increase service quality, operational excellence and customer satisfaction.

The content within the scope of the Sales School is revised every year according to the needs analysis conducted with employees and managers, the Company strategy and sector dynamics. This content is brought to participants through interactive video, live classroom training and online development collections. 310 people graduated from the program in 2021.

## KOZA Development Program

The KOZA Development Program was introduced with the aim of developing young talent in the sales function. The 1 ½ year program consists of three modules. After completing the three modules, participants move to the Project Module, where they share their development/ improvement suggestions related to business processes with the senior management.

## Corporate Sales Academy

The “Corporate Sales Academy” was established to support the development of Enerjisa Enerji corporate sales teams and help sales teams reach their highest potential in a dynamic business environment and enrich their strategic perspectives in line with the Company’s vision and goals. The one and a half year long program includes a range of content including technical training, competency training and inspiring meetings where key figures from the sector meet participants. A total of 65 participants took part in the program during 2021.

## Technology Development Academy

Designed to enable technology teams to follow the developing trends and develop them in required areas, the “Technology Development Academy” is renewed every semester within the scope of current needs and priorities, providing training to IT employees. The program aims to

maximize the potential of IT teams and create positive value in performance results in accordance with Enerjisa Enerji’s vision and strategy. A total of 239 participants took part in the program in 2021.

## We Learn from Each Other

The “We Learn from Each Other” platform fosters a culture of shared learning across the functions, while ensuring that employees share their knowledge and know-how with each other. Through this platform, 530 employees gained competence and in-depth knowledge of the dynamics of the sector, regardless of their department. They also learned about new approaches in the world of digitalization as well as a global view of the energy sector through the training, which has been prepared by internal trainers since 2019.

## Patika Development Program

The Patika Development Program was developed in collaboration with Sabancı University EDU, taking into account the competencies which employees at the foreman, supervisor and technician level often need in their business environment. Around 800 employees participated in the personal development program consisting of 4 different modules on the art of communication and expression, in-team coordination and a sense of belonging, planning and time management and emotion management in change.

## Other Programs

**Vocational Training Collaboration Protocol:** The Vocational Training Collaboration Protocol was signed with the Ministry of National Education at the end of 2017. This protocol aims to create a qualified workforce to meet the sector’s needs by supporting the development of vocational high school teachers and students, who comprise the labor pool of the electricity distribution sector.

Under the collaboration protocol, Enerjisa provided vocational high school students studying electronics with insight into the Enerjisa Enerji and electricity distribution sector including hands-on experience, in addition to supporting their theoretical education and providing information of the latest developments in the sector.

“Enerjisa Enerji implements a Performance Management System that is designed in line with the Company’s strategies and commitments and grounded in the Company’s open and continuous feedback culture supporting cooperation.”

In 2019, two in-service training sessions were offered for teachers to support them in learning and experiencing the newest practices in the sector. No events were organized within the framework of the protocol during 2021 due to the pandemic. However, the protocol has been extended until the end of 2022.

**Engineering Development School:** A total of 545 engineers working for electricity distribution companies participated in Enerjisa Enerji’s Engineer Development School-1 and Engineer Development School-2 programs online during 2021 through the EnAkademi platform.

**Technical Knowledge Contest:** The Technical Knowledge Contest was held each month throughout 2021, offering rewards and a competitive environment for field operators working in the highly technical electricity distribution sector. The Company’s blue-collar employees can join the Technical Knowledge Contest through İKON application. The competition attracted a total of 12,395 employees in 2021. Next year, the scope of the contest will be expanded to include all employees of the Company.

**Maintenance Training:** Enerjisa Enerji structured the First Level Scheduled Maintenance, Second Level Scheduled Maintenance and Third Level Scheduled Maintenance processes within the scope of the Scheduled Maintenance Procedures and Principles announced by EMRA in the Fourth Regulatory Period in 2021. In this structure, a training program on First-Level Scheduled Maintenance process was prepared, and a 2-day First-Level Scheduled Maintenance training program was provided to 650 employees during the year.

**VR Headset Project:** The “VR Headset” project marks a significant step forward for Enerjisa Enerji in the field of digitalization in training. A total of 12 business scenarios were prepared to ensure correct implementation of the approval processes of electrical facility projects, which play a very important role in the electricity distribution sector. Within the scope of the project, which was commissioned in December 2021, approval process training will be provided to employees involved in the approval processes through VR headsets in the coming year.

**New Training Centers:** In 2021, new training centers were established at Toroslar EDAS and Başkent EDAS to prepare the physical infrastructure for the technical development

programs and training, to increase the number of training programs in electricity distribution companies located over a dispersed geographical area and to increase the efficiency of training processes. A total of six new training centers were opened for use during the year, including four for Toroslar EDAS and two for Başkent EDAS.

**Vocational Training and Development:** In 2021, 1,675 employees completed the certification processes (EKAT, Licensing, Vocational Competence Certificate, etc.), which are legally mandatory and required within the scope of the electricity distribution activity carried out by Enerjisa Enerji.

**Other Training Opportunities:** In 2021, the Company continued to support the professional and personal development of Enerjisa employees with various training programs, including Master’s program courses, online foreign language courses and training courses on information security, competition law and ethics, among other fields. Enerjisa Enerji accepted applications from 16 employees to the Master’s support program. In that context, approximately 360 employees benefited from online foreign language courses and participants received a total of 1,762 hours of e-learning.

## Performance Management System

A strategic priority of Enerjisa Enerji is the high-performance culture based on continuous learning, agility, passion, determination and responsibility.

Enerjisa Enerji implements a Performance Management System which is compatible with Company strategies, commitments and goals. The system supports cooperation, is fed with open and continuous feedback, and prioritizes the development of employees.

Employees within the scope of the performance system undergo a transparent, agile, flexible and user-friendly process which can be performed over the internet or through the mobile application.

Other features of the system, which supports the high-performance culture, include;

- Access with a mobile application,
- Linking targets with the targets of other employees,
- Continuous target setting and revision functionality,



# PEOPLE AND CULTURE

- Clear and transparent targets,
- Having target-oriented dialogue areas between the manager and the employee,
- Providing instant and continuous structured feedback throughout the year,
- A milestone-setting function that helps employees track their targets with ease.

## Diversity and Inclusion Programs

Enerjisa Enerji attaches importance to hearing different voices from community life and the business world, and to include all individuals in its processes with an equitable approach. In line with this thinking, the Company focuses on the principle of “Diversity and Inclusion” in all processes and numerous activities are carried out to serve this approach. These activities are carried out under the umbrella of the diversity and inclusion platform “Sensiz Olmaz (Not without You)”.

The “Sensiz Olmaz” diversity and inclusion platform was launched in 2021 on March 8, to mark International Women’s Day, in recognition of the focus of the platform being “Gender Equality”. A number of events were held during the week to support Women’s Day in order to raise awareness about this issue.

Enerjisa Enerji does not stand silent to the increase in the acts of violence perpetrated against women. During the month of March, the Company aimed to raise customer awareness about support lines by sharing the contact numbers of the relevant ministries for those who have been subject to violence, while also including informative text on the subject on all electricity bills.

The details of the diversity and inclusion projects carried out within the Company were set out at the Gender Equality event held for Enerjisa Enerji employees. Gender equality and the efforts to tackle gender-based violence were discussed with representatives from the stakeholders in the “Equal Opportunities in Electricity Distribution” project, which included the European Bank for Reconstruction and Development (EBRD), Deloitte and Sabancı University.

Enerjisa Enerji collaborates with institutions and organizations which share the same goals. In this context, the Company participated in the “Inspiring Women Career Summit” organized by Youthall as a speaker, as well as the “International Women’s Day Event” organized by the EBRD and AmCham Turkey to mark Women’s Day. During the events, information was provided about the opportunities and potential for women working in the energy sector.

Enerjisa Enerji aims to increase the number of women employees working in the energy sector. In order to introduce women employees working in different processes of the Company as role models to students and potential candidates, a film featuring female employees was presented to external stakeholders on Enerjisa Enerji’s social media accounts, and to students at university events.

In line with its approach to diversity and inclusion, Enerjisa Enerji conducted “Söz Enerjinin Kadınlarında (The Women of Energy Have the Say)” interviews on the program, “The Occupation Has No Gender” hosted by the journalist, Elif Ergü Demiral. The program, in which Enerjisa Enerji senior management and employees presented the Company’s “Diversity and Inclusion” policy and activities, as well as their experiences in the energy sector as a woman, was aired on the Company’s social media accounts and YouTube.



Enerjisa Enerji actively participated in the following programs in order to support diversity and raise awareness:

**Gender Equality Program:** Enerjisa Enerji supports gender equality in the workplace as in all areas of life. In 2021, two representatives and one ambassador from Enerjisa Enerji participated in the Gender Equality Program, which helps companies contribute to the Sustainable Development

“6 Enerjisa Enerji, through the mobile Digital People and Culture Platform İKON, informs more than 11 thousand employees across different geographies about the developments in the company simultaneously.

Goal 5.5 as a United Nations Global Compact program. The program aims to help companies set ambitious and realistic corporate goals in areas such as increasing the number of women on boards of directors and increasing the number of women entrepreneurs in the supply chain, and to take action to achieve these goals.

### United Nations Women’s Empowerment Principles:

Enerjisa Enerji has been a signatory to the United Nations Women’s Empowerment Principles since 2019.

**Business against Domestic Violence Platform:** In 2020, Enerjisa Enerji joined the Business against Domestic Violence (BADV) project, which was carried out by the Corporate Governance Forum at Sabancı University. In this regard, representatives from the People and Culture teams completed the Gender Equality Training Program. Work is currently underway with representatives to implement the results of these training programs within the Company.

**Turkish Women’s International Network (TurkishWIN):** A total of 14 women managers benefited from the network’s training and mentoring opportunities offered in connection with membership of the Turkish Women’s International Network in 2021.

**Project for Equal Opportunities in the Electricity Distribution Sector:** Enerjisa Enerji has been implementing the Equal Opportunities in the Electricity Distribution Sector project in collaboration with the Gender Equality Program Coordination Office of EBRD with the consultancy of Deloitte. The project aims to review human resources practices, encouraging the employment of women in technical and managerial positions, to set clear and measurable goals for equal opportunity and to collaborate with institutions and organizations working in this area. The project, which got underway in November 2020, was officially completed at the end of 2021. Action plan studies for the project are ongoing. These studies will be carried out by the project team consisting of volunteers from different departments. The results of the study will be reported to a steering committee consisting of members of the executive management team.

Volunteer working groups consisting of company employees are working on project actions. In this context, gender equality training programs organized for the

participation of all Enerjisa Enerji employees have got underway. These training programs will continue in 2022, including executive development programs, general programs and orientation processes.

## Digital Solutions in People and Culture Processes

İKON, the Digital People and Culture Platform, was launched in 2018 with the purpose of ensuring that Enerjisa Enerji’s more than 11,000 employees across different regions can be informed of developments in the Company at the same time. Following the improvements made to İKON, employees may now access the personal information they need in their daily activities. The İKON application includes a number of features such as payroll viewing, remote work planning, annual leave date planning, training selection and evaluation.

The Company minimized the use of paper in the annual leave and training evaluation processes, with the development enabling employees to request annual leave and track the approval processes through İKON.

With the People and Culture Digital Assistant (chatbot), it has become possible for employees to find answers to their questions anywhere and anytime.

Working intensively in the field of data excellence and reporting, the Company has ensured that People and Culture reports are accessible to senior management through the dashboard for use in decision support mechanisms.

In 2021, the Company determined the current business requirements and possible digital needs of People and Culture processes with the “HR Connect” project. The Company plans to carry out studies for solutions throughout 2022 in line with these needs.

Enerjisa Enerji has been holding virtual meetings under the heading of “Bir Aradayız (We are Together)” on issues such as agility, self-awareness and gender equality since the beginning of 2021. A total of 1,037 people participated in these meetings, in which all employees were invited to attend.

# OCCUPATIONAL HEALTH AND SAFETY



Considering Occupational Health and Safety one of its top priorities, Enerjisa Enerji adopts a proactive approach when managing the risks that may be encountered by its employees and contractors.

Employees and contractors are exposed to significant health and safety risks during the course of electricity distribution activities and installation of alternative energy solutions. Enerjisa Enerji considers occupational health and safety (OHS) as a key priority. The Company takes a number of precautionary measures in managing potential risks that employees and contractors may encounter while performing their activities. Key Performance Indicators including OHS data are also periodically presented to the senior management.

In the distribution business unit, the Occupational Health, Safety and Environment Group Directorate reports to the Head of the Distribution Business Unit under the CEO. In the retail sales business unit, the Occupational Health, Safety and Environment Unit reports to the Head of the Sustainability and Corporate Capabilities Department under the CEO. The senior management handles issues related to

Enerjisa Enerji considers improving the OHS culture of its business partners and contractors as one of its responsibilities. In this context, the relevant units of the Company make one-to-one visits to contractors and request safety improvement plans where necessary.

Occupational Health and Safety and OHS performance is monitored through the monthly OHS-E Report. This report also includes critical accident target realizations, which are also included in the senior management's performance assessment.

The OHS policy, which sets out the senior management's commitment to occupational health and safety, was announced to the entire organization and stakeholders and made available for access. The OHS policy emphasizes the importance of preventing accidents and diseases with a preventive approach, compliance with legal obligations and continuous improvement.

## The Occupational Health and Safety Management System

The management of the OHS in accordance with international standards is of critical importance. The ISO 45001:2018 Occupational Health and Safety Management System covers all locations and facilities of the Enerjisa Enerji distribution and retail sales companies. In 2020, the certificate renewal process was conducted in accordance with the latest version of the standard. This audit proved that the Company's Occupational Health and Safety Management System achieved a transformation focused on preventive actions with a more efficient and integrated approach based on risk and opportunity as per the principle of continuous improvement. The annual interim audits conducted in 2021 proved that the activities had been carried out in accordance with the management system and that the commitments set out for continuous improvement had been fulfilled.

The Enerjisa Enerji retail sales companies also started to work towards the ISO 45001: 2018 Occupational Health and Safety Management System certification in 2020. Carrying out internal audits in three regions, the retail sales companies reviewed their compliance with the Occupational Health and Safety Management System and completed the certification process in 2021. The process was also carried out simultaneously for Eşarj and completed in 2021. As a result, all Enerjisa Enerji services had been included within the scope of ISO 45001 by the end of 2021.

As required by the OHS Management System, Enerjisa Enerji conducts risk assessments for potential new projects, non-routine operations, changes in existing operations and new work areas. It ensures compliance with the OHS standards before the start of new operations. The Fine-Kinney method is applied during the risk assessment process, with hazards determined according to their probability of occurrence, severity and frequency. The identified risks are classified, and precautionary measures are taken to mitigate any risk exceeding an acceptable level.

Enerjisa Enerji draws up emergency plans for each region and conducts annual emergency drills. Actions to be taken in order to eliminate non-compliances identified in the annual drills are determined and the realizations are followed up.

The Company sets monthly and annual targets to promote increased OHS awareness. With the aim of improving the OHS performance and identifying risk areas in a better way, collaboration and participation of the employees and stakeholders at all levels of the Company are ensured. Employees and contractors are expected to participate and provide feedback in risk assessment and incident investigations.

The Company provides employees with the opportunity to be involved in relevant decision-making processes regarding the OHS issues through the OHS committees, monthly meetings of which are attended by employee representatives. The views of employee and union representatives and field workers are taken into account in the selection of Personal Protective Equipment and the Company ensures their participation in the process of selecting materials.

Enerjisa Enerji invests in OHS training in order to spread the OHS culture, and organizes events for the OHS Week in every May in order to raise awareness among its employees, business partners and contractors in all of the regions it operates. The Company uses the Contractor Communication Portal to communicate with the contractors regarding work accidents and near misses.

# OCCUPATIONAL HEALTH AND SAFETY

## OHS Training

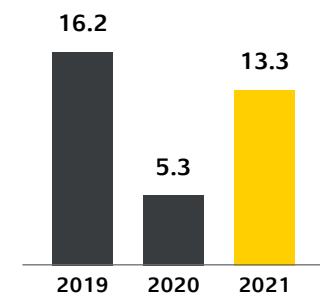
Enerjisa Enerji strives to create a common OHS culture by ensuring that all employees are familiar with the Company's approach to workplace safety. Regular training and improvement activities play a key role in reducing OHS risks for the employees and contractors and in ensuring a healthy workplace in terms of the OHS management. Training on safe working conditions, which is an integral part of the OHS management, strengthen both the OHS culture and the professional skills of employees.

## Employee Training

Due to the pandemic, Enerjisa Enerji continued to carry out trainings online in 2021. OHS trainings continued to be a priority during the pandemic, with OHS training accounting for 36% of total employee training during the year. A total of 11,300 Enerjisa Enerji employees were provided with 150,105 hours of OHS training during 2021.

As well as the basic OHS training, a total of 1,014 Enerjisa Enerji field workers were given technical training by the Technical Development Department. In addition, a three-day practical training program on Safe Working at Height was provided to 756 field workers and a training on Safe Working at Height refresher training was provided to 704 employees in accordance with their job descriptions.

Average OHS Training per Employee (hour)



With the aim of raising employee awareness on occupational health and safety and helping them take the issue on board, Enerjisa Enerji also provided training and worked in the following areas in 2021:

- Personal Occupational Health and Safety Consultancy Program for Managers:** Launched in 2020, the Personal Occupational Health and Safety Consultancy Program for Managers aims at raising awareness of managers in occupational health and safety issues. The Program, which promoted the culture of occupational health and safety in distribution companies, continued in 2021. With the completion of a total of six one-on-one meetings between the consultants and managers, the managers determined their OHS related targets and introduced innovative practices by ensuring that their teams participated in the field practices.
- Informative Messaging during OHS Week:** Enerjisa Enerji attaches importance to spreading the occupational health and safety culture among all business partners, especially employees. To this end, the Company carried out informative messaging during OHS week between May 4-10 to raise OHS awareness throughout the entire organization, with the aim of raising sensitivity towards occupational health and safety under pandemic conditions.

## Training for Contractors

Enerjisa Enerji follows the OHS training carried out by its contractors and does not allow untrained employees to work in the field. A total of 7,908 contracted employees were provided with basic OHS training by their own companies during 2021.

“Enerjisa Enerji considers improving the OHS culture of its business partners and contractors as one of its responsibilities. In this context, the relevant units of the Company make one-on-one visits to contractors and request safety improvement plans where necessary.”

## Field Audits

Enerjisa Enerji established instructions and procedures for the work performed to ensure that its employees conduct their activities safely. In this context, training was provided in accordance with the instructions and procedures, and any work that was not in compliance with these procedures was identified during the field inspections. In 2021, Enerjisa Enerji conducted around 39,000 field inspections on its employee force.

Enerjisa Enerji considers improving the OHS culture of its business partners and contractors as one of its responsibilities. In this context, the relevant units of the Company make one-on-one visits to contractors and request safety improvement plans where necessary. Approximately 19,100 OHS field inspections of contractors were conducted by Enerjisa Enerji in 2021.

## Projects to Improve OHS Performance

Prevention of occupational accidents is one of the most important requirements of a safe working environment. In this direction, Enerjisa Enerji focuses on the root causes of incidents by investigating fatal accidents and injuries. Innovative initiatives and practices that make use of technology are implemented throughout the Company to prevent accidents, particularly in high-risk processes.

In 2021, two Enerjisa Enerji employees lost their lives as a result of occupational accidents. Detailed accident investigations took place following these accidents, with the root causes of the accidents determined and actions were taken. The senior management closely followed the actions taken in order to prevent the reoccurrence of such accidents.

The following improvement measures were taken in 2021 with the aim of preventing possible accidents and improving the safety culture in the organization.

- ENSAFE Cockpit Screen:** A module was created on ENSAFE, an online OHS platform accessible to all employees. Through this module, managers can follow OHS performance indicators in their area of responsibility.

- Traffic Improvement Plan:** With the awareness that traffic is one of the high-risk areas in the electricity distribution sector, the Traffic Improvement Plan was prepared and started to be implemented. This plan involved the creation of a data pool to analyze traffic accidents, the provision of safe driving training considering the vehicle type of the drivers and the use of vehicle tracking software to reveal the driving profile.

- SIP (Safety Improvement Plan) Targets:** The SIP, which is announced as a target for the entire organization each year, was made specific to directorates in 2021. In addition to targets such as field inspections, employee meetings, contractor meetings, it was also made possible for the managers to include targets which they would set themselves within the scope of the SIP, in order to ensure the participation of managers in the improvement process.

- Video Verification System:** Implemented in high-risk work steps such as energization-deenergization, energy control, working at heights and grounding in the distribution companies for two years, the video verification system ensures that employees start their work after the approval of the officer watching the video. In order to ensure and improve the effectiveness of this system, videos are recorded on the online platform and the conformity of the process is monitored by engineers, ensuring continuous improvement. Any work which does not comply with the instructions and procedures is identified and employees are given feedback.

~39,000  
field audits

In 2021, Enerjisa Enerji conducted around 39,000 field inspections on its employee force.

# OCCUPATIONAL HEALTH AND SAFETY

## Coronavirus Measures

Enerjisa Enerji established the Coronavirus Crisis Committee to respond more effectively to Covid-19 and to take instant measures. The following measures were meticulously implemented and followed throughout the Company:

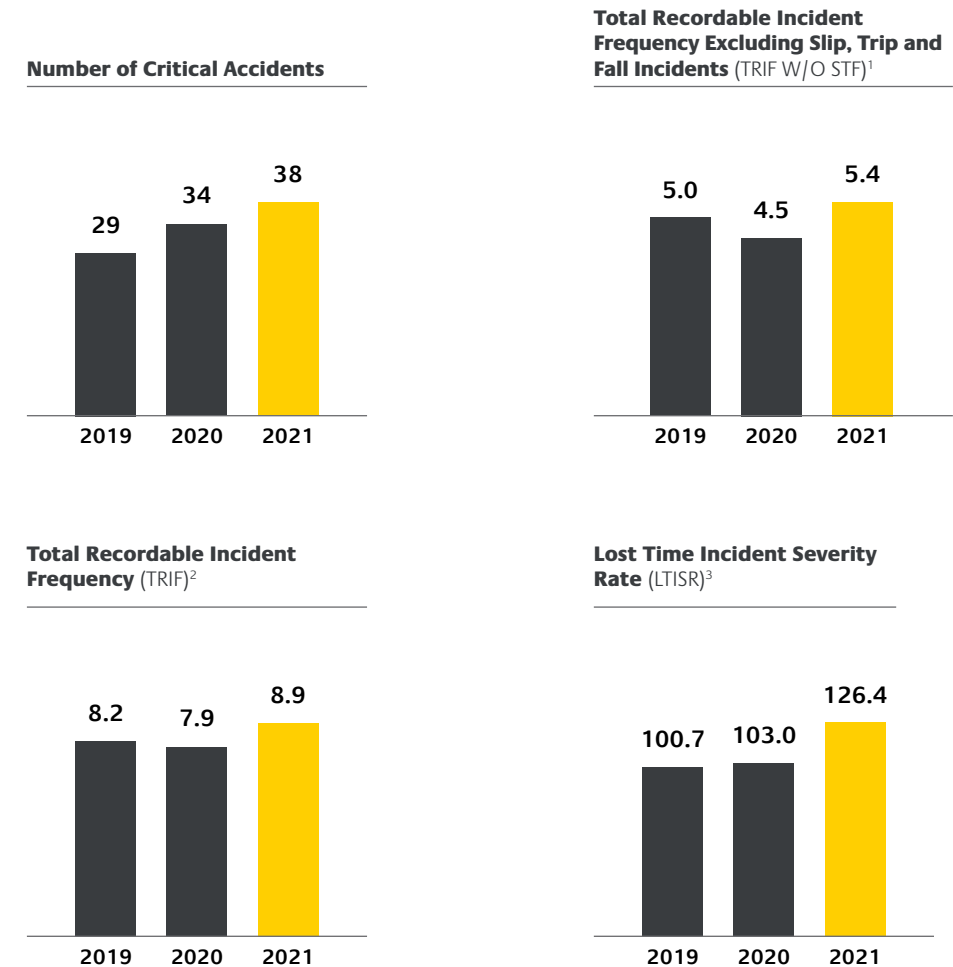
- Coronavirus Response Plans:** Plans were drawn up to determine the actions to be taken in case of suspected or confirmed active cases. In the event of a confirmed active case, the office and working environment is to be completely disinfected. In such a case, the employee in question will be required to remain isolated for a period determined by the workplace doctor within the scope of the notifications set out by the Ministry of Health. According to the coronavirus response plan, all employees suspected of having contracted Covid-19 are also required to remain in isolation for a period determined by the workplace doctor. The number of confirmed, suspected and recovered cases is reported daily to the Coronavirus Crisis Committee. In addition, a weekly report is presented to the Committee, which includes trends in the number of cases, the number of confirmed and recovered cases, the average age of those tested positive for Covid-19, their treatment status and people they have come into contact with.
- Risk Group Evaluation:** At the beginning of the process and in line with the circulars issued by the Ministry of Health and other relevant official institutions, evaluations were conducted regarding the situation of employees suffering from chronic diseases or disabilities as well pregnant women. These employees continued to work on a remote or rotational shift working models, or took administrative leave.
- Review of Working Conditions:** In line with the principles of remote working, planning was carried out to keep the number of personnel in the offices to a minimum.
- Cleaning and Disinfection Plans:** Existing cleaning plans were updated at all locations, and the frequency of cleaning tripled. Disinfection methods were reviewed in light of the circulars issued by the relevant official institutions.
- Training:** Workplace doctors carried out awareness raising activities on disease prevention and control at approximately 150 sales and distribution points.
- Physical Barriers:** Barriers were placed at all locations to reduce the risk of infection, especially at payment counters and other counters where customers are physically served.
- Entry-Exit Controls:** Temperature measurements, HES (Life Fits Home) code inquiry and coronavirus assessment of visitors were initiated at all operational facilities.
- Contact-free Technologies:** In all buildings and their extensions, common use areas such as entrances and faucets where hand contact is intense were refitted with sensors to reduce direct contact.
- Appointment System:** Measures were taken to reduce the customer density by ensuring that appointments were made through digital channels at all locations that physically serve to customers.
- The TSE Safe Service Certificate:** In line with the Infection Prevention and Control Guide prepared by the Turkish Standards Institute, the Company applied to certify the compliance of its workplaces with current standards.
- Supply of Masks:** Seven million masks and surface and hand sanitizers were provided for employees. Washable masks were provided to employees in a bid to minimize waste.
- Communication Activities:** Regular communication activities are carried out through short messages, e-mails, posters and IKON application in maintaining the awareness of employees and ensuring compliance with the pandemic measures.
- Vaccination Rates:** Since the start of the vaccine rollout, the vaccination dates of the Company employees and the vaccination rate of the organization have been monitored and reported to the senior management.

66 Enerjisa Enerji ensures the participation of the entire organization in OHS audits and contractor management by monitoring the Safety Improvement Plan at the directorate level.

## OHS Performance Indicators

Enerjisa Enerji monitors the OHS performance in line with the critical accident targets. The Company additionally ensures the participation of the entire organization in OHS audits and the contractor management by monitoring the SIP targets at the directorate level.

The Company's OHS performance is monitored based on the following metrics. All data includes the Enerjisa Enerji employees and contractors.



<sup>1</sup> Total Recordable Injury Frequency W/O Slip, Trip and Fall Accidents: (Accidents resulting in fatality, lost workdays, medical treatment; excluding flat slip, trip and fall accidents) x 1,000,000 / Total working hours

<sup>2</sup> Total Recordable Incident Frequency: (Accidents resulting in fatality, lost workdays, medical treatment) x 1,000,000 / Total working hours

<sup>3</sup> Lost Time Incident Severity Rate (LTISR): (Total number of lost workdays due to work accidents) x 1,000,000 / Total working hours

\* The numbers are consolidated for the Enerjisa employees and contractors.

# ENVIRONMENTAL SUSTAINABILITY



As part of its Environmental Management System, Enerjisa Enerji manages risks accurately, seizes the opportunities and improves its environmental performance continuously with a particular focus on mitigating the adverse environmental impacts of its operations.

The impacts of anthropogenic environmental problems, namely the climate change, environmental pollution, depletion of natural resources and biodiversity loss, are increasingly felt all around the world. The Covid-19 pandemic, which has been ongoing for 2 years, has further underlined the significance of healthy, safe and environmentally-friendly operations. The pandemic has clearly proven that natural resources are not unlimited, business continuity cannot be achieved in a world where climate and biodiversity are not protected, and the necessity to consider the conservation-utilization balance during development.

Within that context, the Grand National Assembly of Turkey ratified the Paris Agreement, which aims to regulate the climate change regime, in 2021. Besides, Turkey is expected to gain momentum in its national policies and practices to reduce GHG emissions in accordance with its Intended Nationally Determined Contribution.

Enerjisa Enerji is aware that the impacts of anthropogenic environmental problems such as the climate change, environmental pollution, depletion of natural resources and biodiversity loss. Therefore, the Company adopts an approach in all of its operations in accordance with the requirements of the legislation as well as the principle of voluntary participation.

Enerjisa Enerji is aware that irreversible impacts will emerge in the fields of environment and economy unless the limited resources are managed accurately, ecosystem and biodiversity are conserved, and necessary measures are taken to tackle climate change. Therefore, the Company adopts an environmentally-conscious, respectful, and a proactive approach in all of its operations in accordance with the requirements of the legislation as well as the principle of voluntary participation.

As part of its Environmental Management System, Enerjisa Enerji manages risks accurately, seizes the opportunities and improves its environmental performance continuously with a particular focus on mitigating the adverse environmental impacts of its operations. Accordingly, the Company assumes responsibilities beyond the requirements of the legislation in its relations with its contractors and suppliers, encourages its stakeholders to adopt environmental good practices, and closely monitors their environmental performance in line with the Company's environmental sustainability goals.

## Environmental Policy & Management System

Enerjisa Enerji Environmental Policy can be accessed on the Investor Relations website:

[https://www.enerjisainvestorrelations.com/Media/Default/pdf/Environmental\\_Policy.pdf](https://www.enerjisainvestorrelations.com/Media/Default/pdf/Environmental_Policy.pdf)

On the environmental issues, the Occupational Health, Safety and Environment Department, working under the distribution business unit of Enerjisa Enerji, reports to the Head of Distribution Business Unit, under the CEO; and the Occupational Health, Safety and Environment Unit, operating under the retail business unit of the Company, reports to the Head of Sustainability and Corporate Capabilities Department, under the CEO.

In 2021, Enerjisa Enerji set goals in pollution prevention, environmental impact management in line with the life cycle principle, circular waste management and resource efficiency (electricity, fuel, recovery of network assets) as part of ISO 14001:2015 Environmental Management

System and environmental sustainability compliance activities, and achieved improvements to attain these goals.

ISO 14001:2015 Environmental Management System is available at all locations of Enerjisa Enerji. In the annual interim audits conducted in 2021, it was observed that operations are carried out in line with the framework of the continuous improvement principle, as defined in the management system.

In 2021, Enerjisa Enerji sustained its collaborations with the NGOs and participated in the Working Group on Environment and Climate Change and the Sub-Working Group on Circular Economy of the Turkish Industry and Business Association (TÜSIAD) with a view to improve its environmental performance. Again, in 2021, the Company participated "Climate Change Action Plan" workshops of Ankara and Adana Metropolitan Municipalities as part of the collaborations with local stakeholders. Furthermore, as of 2021, the Company joined the Working Group on Environment of the Association of Distribution System Operators (ELDER), which was established to increase the cooperation and harmonization of the electricity distribution companies in environmental management.

In 2021, Enerjisa Enerji did not face any penalties from the Ministry of Environment, Urbanization and Climate Change or any other local authority as per the Environmental Law No. 2872.

## Climate Change & Energy Management

Being aware of the significant role that the Company plays in tackling climate change, Enerjisa Enerji aims to mitigate the direct and indirect impacts of energy emerging throughout its journey. Thus, the Company monitors its energy consumption regularly, makes efficiency-oriented investments and mitigates the environmental impacts of its operations.

In 2021, Enerjisa Enerji began establishing the ISO 50001 Energy Management System in order to monitor its activities in a systematic and measurable manner. The certification process is expected to be completed in 2022.

# ENVIRONMENTAL SUSTAINABILITY

## GHG Emissions

Enerjisa Enerji monitors its emissions under Scope 1-2-3. The Company constantly reviews and improves the reporting methodologies in order to meet transparency and consistency expectations of its stakeholders. Scope 1, 2 and 3 data of Enerjisa Enerji were audited for the first time

in 2020. Emission figures for 2021, which are still being calculated, will be announced in the 2021 Sustainability Report.

The Company conducts innovative activities and puts various practices into operation to manage the environmental impacts:

Scope	Practices to Reduce Emissions	Impacts of the Practices
<b>Scope 1</b>	<p>These emissions include direct GHG emissions associated with the resources owned or controlled by the Company such as fuel consumption, company vehicles and fugitive emissions.</p> <p><b>Fleet Vehicles/Fuel Consumption</b></p> <p>Enerjisa Enerji aims to include hybrid and electric vehicles into its administrative fleet, replacing diesel vehicles.</p> <p>With the completion of the driver tracking system for the fleet vehicles of the distribution business unit, the vehicle requirements in the fleet will be tracked; thus, the number of vehicles and, accordingly, fuel consumption will be reduced.</p>	<p><b>Fleet Vehicles/Fuel Consumption</b></p> <p>In 2021, 42 electric/hybrid vehicles were included in the fleet and the share of electric and hybrid vehicles in the administrative vehicles fleet increased from 8% in 2020 to 13% in 2021.</p>
<b>Scope 2</b>	<p>These emissions include indirect consumption associated with the purchased electricity, heat or steam.</p> <p><b>Enerjisa Enerji aims to reduce its indirect Scope 2 emissions by purchasing energy from the renewable resources for its energy consumption.</b></p> <p>The electricity consumption is closely monitored in order to boost efficiency through root-cause analysis and rehabilitation projects.</p>	<p>In 2021, electricity requirement of all Enerjisa Enerji facilities were met by green energy supply.</p> <p>In 2020, a pilot project was initiated in the distribution business line (98 buildings) to monitor electricity consumption in real time via the AMRS system.</p> <p>With the expansion of the project to other regions in 2021, the number of buildings, in which electricity consumption is monitored in real time via the AMRS system, reached 150.</p>

Scope	Practices to Reduce Emissions	Impacts of the Practices
<b>Scope 3</b>	<p>These emissions include indirect emissions associated with the resources not owned and cannot be directly controlled by the Company, such as, business travels and procured goods and services.</p> <p><b>Solutions for Customers (Indirect Impacts)</b></p> <ul style="list-style-type: none"> <li>Green Energy Solutions: With 2 types of certificates, GHG emissions from the electricity consumptions of the customers are reduced or neutralized.</li> <li>Lighting Conversion Solutions: In 2021, a LED conversion project consisting of 11,000 fixtures was initiated with the Energy Performance Contract (EPC).</li> <li>Process Efficiency Projects: In 2021, a project covering the renewal of the compressed air system with the EPC model was initiated with one of the largest manufacturers in the iron and steel industry.</li> <li>CHP and CCHP Solutions: A cogeneration and trigeneration facility with an installed capacity of 3.8 MWe was commissioned.</li> <li>Distributed Generation Solutions: In 2021, 13.4 MWp SPPs were put into operation and the total installed power reached 22.6 MWp.</li> </ul> <p><b>Enerjisa Digital Channels</b></p> <p>With digital and remote application channels developed for the retail companies, the need for customers to visit physical channels is expected to be reduced.</p> <p><b>Digital Application System in New Connections</b></p> <p>Annually, 45 operation centers under the three distribution companies of Enerjisa Enerji receive over 100,000 connection applications with the documents specified in the regulations. Thanks to the update made in August 2021, applications for new connections can be submitted online and 24/7 via ybp.eedas.com.tr.</p>	<p>With the bilateral agreements drawn for renewable energy resources, eligible customers were partially supplied with electricity from renewable energy resources.</p> <p><b>Benefits to Customers</b></p> <ul style="list-style-type: none"> <li>Green Energy Solutions: In 2021, 284,000 MWh renewable energy certificates and CO<sub>2</sub> emission reduction certificates equivalent to 27,000 metric tons were sold.</li> <li>Lighting Conversion Solutions: With the projects conducted in 2021, 3,000 MWh energy was conserved, while 1,600 tons of CO<sub>2</sub> emission was prevented.</li> <li>Process Efficiency Projects: With the project initiated in 2021, approximately 280 MWh electrical energy will be conserved, while 151 tons of CO<sub>2</sub> emission will be prevented per annum.</li> <li>CHP and CCHP Solutions: The efficiency resulting from these facilities is expected to prevent a total of more than 30,000 tons of CO<sub>2</sub> emissions in 10 years.</li> <li>Distributed Generation Solutions: With the total installed capacity, 9,850 tons of CO<sub>2</sub> emission was prevented.</li> </ul> <p><b>Enerjisa Digital Channels</b></p> <p>Thanks to the exclusive developments made for digital and remote channels in 2021, the number of applications submitted to the physical channels decreased by 7%.</p> <p><b>Digital Application System in New Connections</b></p> <p>Consumption of 8 million A4 papers per year will be avoided, which will prevent cutting of approximately 100 trees every year.</p> <p>Since the applications can be submitted without the need to visit the operation center, fossil fuel consumption, as well as the carbon footprint will decrease.</p>

# ENVIRONMENTAL SUSTAINABILITY

## Awareness raising activities on climate change

In 2021, Enerjisa Enerji conducted awareness-raising activities on climate change. A total of 100 people from the management and the related units attended the two information meetings held as part of these activities.

A prize competition on the environment was held throughout Enerjisa Enerji on June 5, World Environment Day, which is celebrated to raise worldwide awareness and to create action integrity for the protection of the environment. 1,500 Enerjisa employees participated in the contest and 25 employees were presented various awards with the drawing organized following the competition.

## Air Quality

Enerjisa Enerji does not have electricity generation activities; hence, the Company's direct impact area on air quality is limited. Moreover, the Company monitors and aims to reduce the emissions that affect air quality, and operates in compliance with the Regulation on Control of Industrial Air Pollution for emissions from its generators, machinery and vehicle fleet.

The operations of Enerjisa Enerji do not include any polluting gas emissions other than using fossil fuels for heating and transportation, excluding extraordinary conditions. The Company carries out various activities to improve the existing monitoring scope to monitor and report indirect GHG emissions, i.e., air pollutant gases.

## Climate Change and Energy Management Projects

- **Climate Project on the Use of SF6 Gas in the Electricity Sector:** Enerjisa Enerji has participated in the "Climate Project on the Use of SF6 Gas in the Electricity Sector" financed by European Union and conducted by Paper and Recycling Industrialists Association (AGED) and ELDER. The aim of the project is the develop a framework to monitor and recycle SF6 gas, a widely used GHG in electric sector, in compliance with the provisions of Regulation on Fluorinated Greenhouse Gases, thus, avoiding the impacts of climate change caused by SF6.

- **Smart Grids:** Enerjisa Enerji analyses grids built in compliance with renewable energy systems for the energy infrastructure and energy storage systems of future through pilot projects. Within the scope of these projects, electric public transport and charging infrastructure are managed in an integrated manner. These pilot projects aim to make significant improvements in energy efficiency and reduction of GHG emissions. Furthermore, with smart electricity meters and automatic meter reading studies, it is aimed to prevent energy losses caused by meter failures.
- **HASAT Project:** With the purpose of developing innovative practices and methodologies to increase energy efficiency in the electricity distribution industry and defining a road map for energy efficiency, the HASAT Project was initiated in collaboration with ELDER and with the participation of other Electricity Distribution Companies. The project aims to develop practices in order to define infrastructure and systemic improvements and to encourage consumers to use more efficient energy in line with the activities to increase energy efficiency.

While managing the environmental impacts of its activities, Enerjisa Enerji also offers its customers leading energy solutions in tackling climate change.

## Waste Management

Enerjisa Enerji operates in compliance with the relevant legislation, OHS and Environmental Policy as well as international standards on waste management. The Company has defined the methods in accordance with the waste hierarchy for prevention and reduction at the source, collection, transportation, storage, recycling and/or final disposal of domestic, industrial, hazardous and non-hazardous wastes arising from its activities.

Enerjisa Enerji improves its Waste Management System, which was designed in compliance with ISO 14001, in line with the relevant legislation, as well as the declared sustainability goals. The Company performs all material use and waste management processes with the purpose of

**66 Enerjisa Enerji performs all material use and waste management processes with the purpose of mitigating environmental impacts and bringing wastes into the circular economy with a life cycle approach.**

mitigating environmental impacts and bringing wastes into the circular economy with a life cycle approach.

At Enerjisa Enerji, the following methods are used for Waste Management:

**Hazardous Waste Management:** Hazardous wastes are stored in accordance with the legislation and disposed by the licensed recycling companies. Enerjisa Enerji built 8 Logistics Services Centers Hazardous Wastes Temporary Storage Areas in various cities in compliance with the legislation for wastes generated by its distribution operations. Hence, the Company separates the wastes at the source, stores them for recycling/recovery without losing their capacities, and delivers them to the authorized waste companies.

Enerjisa Enerji has Hazardous Waste Temporary Storage Permits for all of its sites, and annually renews the Dangerous Goods and Hazardous Waste Compulsory Liability Insurances that are legally required for all storage areas where hazardous wastes are temporarily stored. In 2021, 3,541.8 tons of hazardous wastes were generated at the Company facilities, and 3,541.7 tons of them were sent to recycling facilities.

**Non-Hazardous Waste Management:** Enerjisa Enerji completed the project to set up the Zero Waste System in compliance with the Zero Waste Regulation. The application and approval procedures for the certification process of the Zero Waste System are ongoing at the HQ buildings of Enerjisa Enerji, while the Toroslar HQ building was certified with the fundamental level zero waste in January 2021.

- **Grid Wastes:** Enerjisa Enerji attaches utmost significance to bringing operational wastes into the circular economy. The Company ensures the adequate collection of network wastes arising from distribution activities, re-use of these wastes when necessary and as much as possible, storage of these wastes in line with the legislation and disposal of them by licensed recycling companies in order to reduce resource utilization and to control environmental impacts with the life cycle approach.

Accordingly, Enerjisa Enerji passes its grid wastes through the Material Quality Control and Recycle Test Center processes to recycle them to the extent possible.

- **Domestic and Recyclable Wastes:** Domestic and recyclable wastes are delivered to the related municipalities and the authorized companies of the municipalities' licensed waste management facilities.
- **Biodegradable Wastes:** At AYEDAS HQ, biodegradable wastes are recycled into compost.
- **Vegetable Oils:** Waste vegetable oils arising from the catering services of the contractor activities are delivered to the licensed companies to be disposed as per the Waste Oil Control Regulation.
- **Hygienic Wastes:** As part of the measures taken due to the Covid-19 Pandemic, a waste collection and disposal system was established in compliance with the legislation regarding the wastes of masks, gloves and single-use hygiene materials.
- **Medical Wastes:** Medical wastes generated at the workplace healthcare units are managed in accordance with the Regulation on Medical Wastes and disposed properly by the licensed company.

In 2021, Enerjisa Enerji sent a total of 7,450.3 tons of non-hazardous waste generated at its facilities to recycling facilities.

# ENVIRONMENTAL SUSTAINABILITY

Other developments regarding the Waste Management at Enerjisa Enerji are as follows:

Practices	
<b>Reducing On-Site Consumption</b>	<ul style="list-style-type: none"> <li>In 2021, approximately 25% paper saving was achieved compared to the previous year, by printing and copying on both sides of papers; thus, approximately 216 trees were saved.</li> <li>In 2021, water dispensers with treatment systems were used at the Istanbul Anadolu Yakası, Toroslar and Başkent Distribution HQs, preventing the purchase of 62.5 tons plastic carboys. Glass bottles were distributed to the employees, thus, a total of more than 2 million plastic water bottle waste was avoided.</li> <li>Considering the life cycle (from the source to waste disposal), eliminating use of raw materials for PET plastic carboys prevented emissions and waste of water and energy resources.</li> <li>Activities were initiated to end the use of disposable plastics at the Company buildings. In-house awareness-raising activities continue in order to prevent disposable plastic, paper and other similar wastes.</li> </ul>
<b>Separation</b>	<ul style="list-style-type: none"> <li>Waste separation practices were adapted to the Zero Waste Management System at all locations. Therefore, plastic, paper, metal, glass, biodegradable and non-recyclable wastes are collected separately.</li> </ul>
<b>Recycling/ Disposal</b>	<ul style="list-style-type: none"> <li>Distribution transformers, cells and circuit breakers which are among the environmentally important materials, were recycled at the targeted level at the Company's Material Quality Control and Recycling Test Centers. Thus, a total of 618 distribution transformers, 355 cells and 270 circuit breakers were reused in all distribution companies in 2021. Hence, the environmental impacts were reduced at the production phases of these materials according to the principle of life cycle.</li> <li>Papers from certified industrial productions (Forest Certification) are used in all printers. Wastepaper is separated for recycling and delivered to the contracted local authorities to be recycled.</li> <li>The waste management plans are requested from the suppliers in accordance with their operations. Thus, the separated wastes are coordinated to be recycled or disposed in compliance with the legislation.</li> </ul>
<b>Circular Economy</b>	<ul style="list-style-type: none"> <li>The Company facilitated the inclusion of the wastes resulting from its operations in the circular economy as part of the scrap procurement contracts for 2021 in its distribution business unit. Enerjisa contractors under these contracts are required to have ISO 14001 certificates. In 2021, scrap sales tenders for the sale of useful grid inventories that will contribute to the circular economy and completed their lives were also revised according to the waste hierarchy that complies with the latest regulations in the Environmental Legislation and the principles of circular economy.</li> </ul>

**66 Enerjisa Enerji takes necessary measures to mitigate the environmental impacts of its investments as per the applicable national and international legislation and in accordance with the Biodiversity Conservation Action Plan, in sensitive, protection or development zones in terms of biodiversity and natural ecosystem.**

## Conservation of Biodiversity

Enerjisa Enerji attaches utmost significance to the conservation of biodiversity with a view to mitigate the possible adverse impacts of its operations on natural life. The Environmental Policy of the Company includes the conservation of natural life and avoiding damage to the vegetation as a principle. Enerjisa Enerji operates in 14 provinces in Turkey, which covers approximately 60% of the country's biogeography. Therefore, "Ecosystem Risk Assessment Reports" were prepared by the flora-fauna experts to assess the existing conditions. Enerjisa Enerji takes necessary measures to mitigate the environmental impacts of its investments as per the applicable national and international legislation and in accordance with the Biodiversity Conservation Action Plan, in sensitive, protection or development zones in terms of biodiversity and natural ecosystem.

In 2020, Enerjisa Enerji developed a "Biodiversity Conservation Action Plan" for three distribution regions as part of the financing activities carried out with the European Bank for Reconstruction and Development (EBRD). The action plan includes the "Ecosystem Risk Assessment" prepared in accordance with the Biodiversity Conservation and Sustainable Management of Living Natural Resources Guide of EBRD as well as the "Bird Protection Plan" prepared as a result of the ornithological surveys.

The Enerjisa Enerji Biodiversity Conservation Action Plan aims to comply with the legal requirements arising from national legislation as well as international obligations including the Convention for the Conservation of European Wildlife and Natural Habitats (BERN), the Rio Convention on Biological Diversity, the RAMSAR Convention (Convention on Protection of Wetlands) ratified by Turkey in 1994 and the EU Habitat and Bird Directives.

The specified actions taken as part of the Biodiversity Conservation Action Plan are as follows:

- Defining the ecosystem diversity and their characteristics in the distribution regions: Biological diversity inventory and conservation measures to be a basis for conservation activities of all areas to be protected within the legal

boundaries of electricity distribution regions shall be included in the action plan. In this context, the status of conservation and/or development sites, key bird and plant areas, sensitive areas, national parks, natural parks, RAMSAR sites and wetlands specified by the national and international legislation and conventions are defined in the distribution regions.

- Defining the vulnerability, rareness and protection status of the living species,
- Assessing the potential impacts of electricity distribution activities on the ecosystem and the related habitats, and
- Preparing an Action Plan to manage and monitor activities regarding mitigation of impacts.

Located on the two major and global bird migration routes, Turkey is considered a significant feeding and breeding area for birds. There are conservation areas within the distribution regions of Enerjisa Enerji; and the electricity grid operated by AYEDAŞ, Toroslar EDAŞ and Başkent EDAŞ intersects with the important flyways of birds.

The projects carried out by the Company as part of biodiversity conservation are as follows:

- Daphne Project:** Trees over the routes of energy transmission lines can cause electricity loss and fires in the event of contact with the lines. Vegetation is removed for a certain cross-section of the energy transmission lines as per the applicable regulations. If required, trees are cut or pruned. However, this process has a significant ecological and financial impact.

With the Daphne Project, Enerjisa Enerji aims to ensure line security and prevent possible fires by planting suitable tree species instead of underline cutting or pruning. Thus, not only the security of the distribution line, but also the sustainability of nature and protection of the environment are targeted. As a result of the project, outages and losses on the energy transmission lines due to trees will be decreased, electricity outage for long hours will be avoided, costs related to losses will be reduced and balance of nature, as well as ecological conditions will be conserved.



# ENVIRONMENTAL SUSTAINABILITY

As part of the project, Enerjisa Enerji focused on choosing the right tree type with high added value and economic return through literature review and research. Based on the results of these activities, the Company decided to plant bay trees (daphne) and planted 5,500 bay tree saplings in the designated area in Bartın. The project has several direct and indirect results, such as reducing the workload of the maintenance teams, malfunction repair costs, and energy losses, and preventing possible accidents, etc.

- **High Voltage Aerial Line Insulation Project:** Birds, particularly migratory birds, face the risk of electrocution as they often perch and nest on utility poles or enter between two conductors. These kinds of interactions often lead to bird fatalities. As part of the High Voltage Aerial Line Insulation Project, started by the end of 2017, several power lines were retrofitted with insulators.
- **Bird Deterrent:** In order to avoid bird fatalities, insulators were installed on the lines over the migration routes or lines considered to pose a risk. A line was designated in Adana for the installation of insulators and started to be monitored. The goal of the project is to conserve bird populations in the region as well as the biodiversity of avifauna.
- **Bird Deflector:** In order to minimize bird fatalities due to electric shocks, a pilot project has been initiated to install Bird Deflectors to the designated aerial lines.

**5,500**  
bay tree saplings

With the Daphne Project, Enerjisa Enerji aims to ensure line security and prevent possible fires by planting suitable tree species instead of underline cutting or pruning and planted 5,500 bay tree saplings in the designated area in Bartın for that purpose.

## Water Management

The decrease in the available water resources throughout the world poses a risk to all humanity. Moreover, the risk regarding water resources is expected to increase with the impact of anticipated population increases, projected economic growths and the climate change. Turkey, on the other hand, is not a water-rich country, and also is on the course of becoming “water-poor” with its growing population, developing economy and expanding cities<sup>4</sup>.

In general, Enerjisa Enerji uses the mains water supplied by the city network in all locations. Some distribution locations built prior to privatization have licensed groundwater wells. However, only one of these wells is used at one location, mostly for garden irrigation purposes and for fire extinguishing hydrants. The Company does not discharge any industrial wastewater.

The wastewater generated is not discharged to any natural receiving environment, but directly to the city sewerage system (except for the groundwater used for garden irrigation purposes). Wastewater is not contaminated with vegetable waste oils from cafeteria-kitchen and other industrial chemicals.

Enerjisa distribution companies published the Instructions for Chemical Leakage-Spill and Pollution Prevention Plan, determined the necessary rules and process controls to prevent any environmental pollution in municipal water, surface water and groundwater resources, while conducting their electricity distribution activities outside the boundaries of their own buildings, and informed all their employees about the issue.

Since the direct use of water in the operations of Enerjisa Enerji is only limited to domestic purposes, the direct impact of water-related risks on operations is low. On the other hand, water-related risks may affect the payment ability of the Company’s customers, who have high water consumptions in their operations; and the hydrological factors may also affect energy prices. These risks are followed by the relevant business units and necessary precautions are taken.

<sup>4</sup>WWF-Turkey, WATER RISKS OF TURKEY REPORT, 2014, ISBN: 978-605-86596-7-4

**66** The direct use of water in the operations of Enerjisa Enerji, which does not discharge any industrial wastewater, is limited to domestic purposes. Accordingly, the direct impact of water-related risks on operations is low.

## Water Consumption

Administrative Affairs Units in both distribution and retail business lines are responsible for monitoring and reducing water consumption. In 2021, the distribution business unit of Enerjisa Enerji had a total annual water consumption of 97,548 m<sup>3</sup> (94,105 m<sup>3</sup> of municipal water and 3,443 m<sup>3</sup> of groundwater) with a decrease of 1.1% compared to 2020. The decrease in water consumption was due to office employees switching to the home-office working model as well as improvements made to the water infrastructure at the Company facilities.

Activities to decrease water consumption:

- In 2021, Enerjisa Enerji continued its awareness-raising activities for water saving in its buildings, and organized awareness-raising campaigns for its employees.
- The Company uses faucet aerators to reduce water consumption.
- İstanbul and Toroslar HQ buildings are equipped with rainwater harvesting equipment that collects rainwater for garden irrigation, toilet flushing and cleaning activities at 9 locations. Thanks to these systems, approximately 32 tons of rainwater is collected and re-used in 2021. Enerjisa Enerji plans to expand the rainwater harvesting system in other locations as well.

Continuing its efforts to set targets to reduce potential water consumption, the Company expects to complete these activities in 2022.

**32** tons of rainwater

9 locations are equipped with rainwater harvesting equipment that collects rainwater for garden irrigation, toilet flushing and cleaning activities. Thanks to these systems, approximately 32 tons of rainwater is collected.



# STAKEHOLDER MANAGEMENT



Identifying all the stakeholders within its impact area and determining the short and medium-term effects, Enerjisa Enerji uses diverse methods to determine the expectations and feedbacks of its stakeholders.

Enerjisa Enerji attaches importance to the relations with all its stakeholders who are directly or indirectly affected by its activities. Working with a wide value chain, the Company communicates with the stakeholders in this ecosystem on the basis of trust and in an open and transparent manner. Within this framework, the Company identifies all stakeholders within the Company's impact area and the impacts of its activities on these stakeholders.

Enerjisa Enerji carries out its communication with its all stakeholders in its value chain on the basis of trust and in an open and transparent manner.

Enerjisa Enerji uses various methods to identify its stakeholders' expectations and receive their feedback.

- **Employees and Employee Organizations:** Aiming to foster a positive corporate climate, communication and culture which covers the entire organization, Enerjisa Enerji offers its employees a safe working environment which supports their development. Within this framework, the Company focuses on issues such as building the leadership skills of its employees, ensuring their development through various training programs and offering equal opportunities to all employees. Enerjisa Enerji carries out employee engagement surveys annually in order to measure employee engagement and ensure that the best working conditions are provided. Additionally, as stated in the Company's Human Rights Policy, the Company respects labor unions and the collective bargaining rights of its employees.
- **Customers:** Enerjisa Enerji deems the provision of electricity to all segments of society as an incontestable human right. The Company aims to provide the best service in energy supply by continuously improving its products and services. Enerjisa Enerji provides electricity to a population of around 22 million with its electricity distribution and sales activities with a customer-centric approach. The Company offers its customers special product and services utilizing state-of-the-art technology and compatible with the digitalizing world, in compliance with the ISO 10002 Customer Satisfaction Management System standard.
- **Contractors and Suppliers:** Enerjisa purchases goods and services from over 3,000 suppliers. Around 100 of these suppliers are first tier critical suppliers. The entire supplier network in the distribution business line is composed of local suppliers. Attaching the utmost importance to the quality and sustainability of the supply chain, Enerjisa Enerji supports the development of its suppliers and business partners.

- **Public Institutions and Regulatory Bodies:** Public institutions and regulatory bodies are the primary stakeholders which directly affect Enerjisa Enerji. Seeking to cement its leadership in the sector, the Company is aware of the necessity of a regulatory framework which promotes investments, efficiency and quality, in an effort to ensure a reliable and cost-effective grid infrastructure in Turkey. Enerjisa Enerji conducts its relations with the public institutions on the basis of ethics, honesty, equality and independence. The Company conducts its relations independent of any political view and in a manner as required by its corporate identity. The Company establishes regular communication with public institutions and regulatory bodies.
- **Local Administrations:** Enerjisa Enerji regularly visits governorships, district governorships, municipalities and mukhtars (elected village or neighborhood leaders) in its service regions within the scope of its "Local Administrations Communication Plan" prepared annually. The Company learns about the expectations of public institutions as a result of face-to-face interviews and finds the opportunity to improve its work processes with requests and feedback received.
- **Non-Governmental Organizations (NGOs):** Enerjisa Enerji is actively involved in non-governmental organizations and initiatives which works to advance the sector and spreads its vision of sustainability as the sector leader.



# STAKEHOLDER MANAGEMENT

The Chairman of the Board of Directors of Enerjisa Enerji is also the Energy Working Group Chairman of the Turkish Industry and Business Association (TÜSİAD). At the same time, he also serves as a board member of the Sabancı University Istanbul International Centre for Energy and Climate (IICEC), which conducts research on energy policies and which brings important global authorities on energy and climate together at Sabancı University. The Chairman of the Board of Directors at Enerjisa Enerji also serves as the chairman of the Association of Distribution System Operators (ELDER) and a member of SHURA Energy Transition Centre Advisory Council.

Enerjisa Enerji maintained its collaboration with NGOs in order to improve its environmental performance in 2021. The Company took part in the TÜSİAD Environment and Climate Change Working Group and the Circular Economy Sub Working Group. In addition, in 2021, the Company became a member of the Environment Working Group of ELDER, which was established to develop a sense of common purpose and harmony among electric distribution companies in environmental management. Enerjisa Enerji is also part of the Business Plastic Initiative, established in cooperation between TÜSİAD and the Business Council for Sustainable Development Turkey (SKD Turkey).



The CEO of Enerjisa Enerji has been serving as the Chairman of EUROGIA2020, a EUREKA cluster for low carbon energy technologies. EUROGIA2020 is an industry and market-oriented program which conducts comprehensive work in the entire energy value chain extending from renewable energy and efficiency to reduction of energy consumption and carbon footprint from fossil fuels. The CEO of Enerjisa Enerji is also a member of the board of ELDER.

### Member Organizations

Enerjisa Enerji determines its stakeholders in accordance with the AA1000 Stakeholder Engagement Standard. The Company utilizes a number of communication methods in order to receive stakeholder feedback and better understand stakeholder expectations. Enerjisa Enerji constantly communicates with internal and external stakeholders through a range of different channels, which are listed in the Annex.

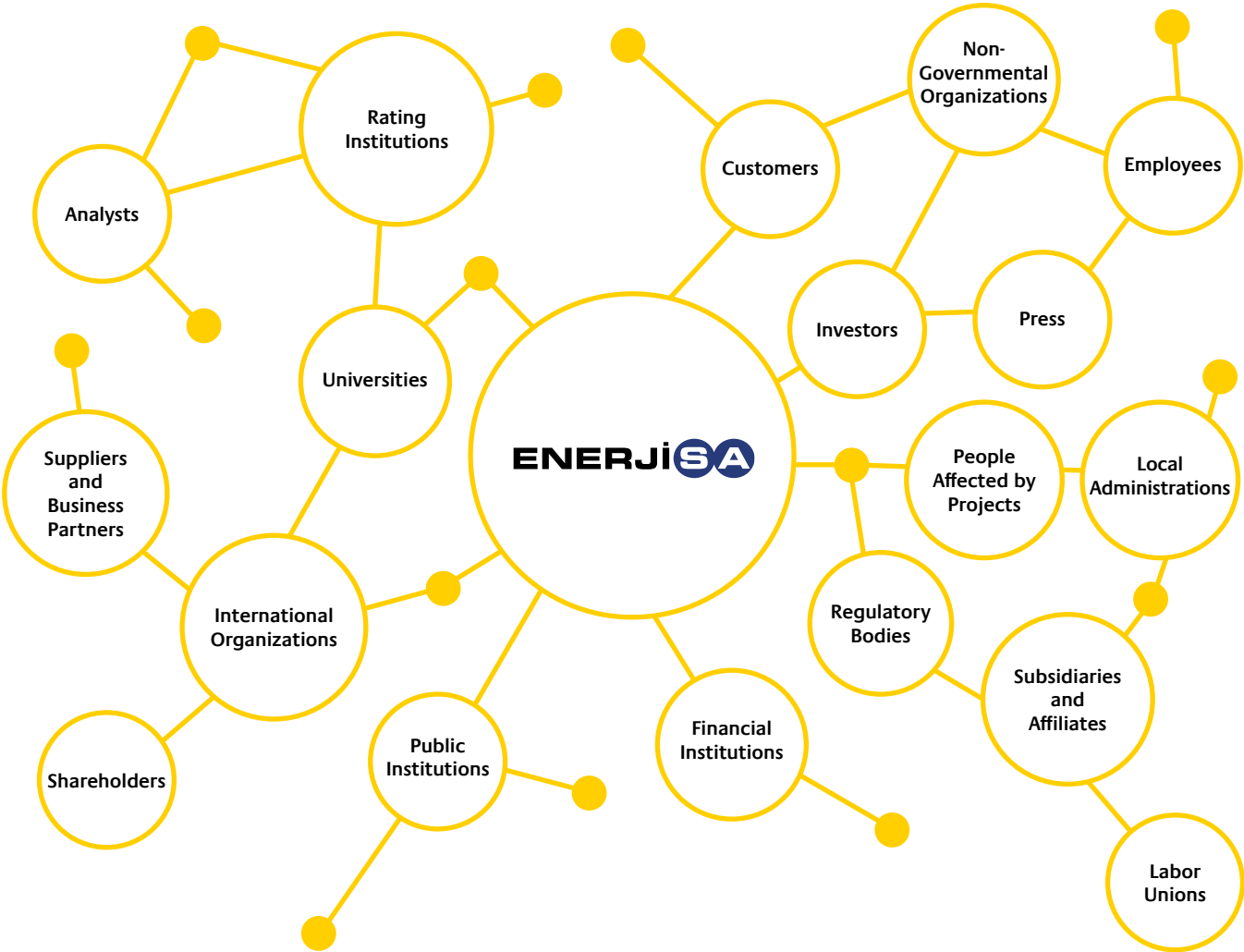
Full list of organizations that Enerjisa Enerji is a member can be found in Annex.

### Corporate Stakeholder Engagement Plan

Within the scope of the loan agreement signed with the European Bank for Reconstruction and Development (EBRD) in 2019, and in accordance with the requirements of EBRD Requirement 10 (EBRD PR10): "Information Disclosure and Stakeholder Engagement", a "Corporate Stakeholder Engagement Plan" was prepared. The report is updated every year. The Corporate Stakeholder Engagement Plan provides a framework which sets out the requirements for stakeholder engagement, public consultation, stakeholder determination and grievance mechanisms which are planned by Enerjisa Enerji at the corporate level, and their application processes. The Corporate Stakeholder Engagement Plan, which was updated in 2021, can be accessed on the Investor Relations website.

<https://www.enerjisainvestorrelations.com/en/sustainability/corporate-stakeholder-engagement>

### Enerjisa Enerji Stakeholders



# SUPPLY CHAIN MANAGEMENT



“With the importance attached to the sustainability of the supply chain, Enerjisa Enerji has continued to support its suppliers and business partners during the pandemic.

Enerjisa Enerji sustains its grid investments in its three distribution regions in order to provide uninterrupted and high-quality electricity service to its customers. The Company carries out several infrastructure projects of various sizes as part of these investments, which requires a versatile supply chain management.

“Enerjisa Enerji expects its suppliers to meet fundamental standards required for a successful Environmental, Social and Governance performance including respect for human rights.

Enerjisa Enerji works with over 3,000 suppliers for various services including infrastructure installation, distribution grid construction, repair and maintenance, building construction and renovation, as well as procurement of other goods and services. Around 100 of these suppliers are critical Tier-1 suppliers\*. The entire supplier network of the distribution business line of the Company is composed of **local suppliers**.

As a company aware of its responsibilities, Enerjisa Enerji is committed to overseeing ethical principles, respecting human rights, protecting the environment and providing proper working conditions while carrying out its activities. The Company considers **“Enerjisa Code of Conduct”** and **“People Guidelines”** in its supply chain management processes.

Enerjisa Enerji acts meticulously and diligently in the selection of suppliers, distributors, authorized dealers, service providers and consultants to work with. The Company takes all required measures and follows up the outcomes in order to ensure that its business partners comply with the legislation, the Code of Conduct, the principles regarding the business ethics and anti-corruption, the rules of occupational health and safety, as well as respecting human rights.

Enerjisa Enerji secures confidentiality requirements in all of the company’s business relations through contract in line with the Code of Conduct. The Company also ensures that the real and legal persons to work with are not included in the national and international sanction list; or are not

in connection with any terrorist organizations or terrorist actions, as well as tax fraud or money laundering during the selection stage.

Enerjisa Enerji expects its suppliers to meet fundamental standards required for a successful Environmental, Social and Governance (ESG) performance including respect for human rights. Thus, the Company requires its suppliers to sign the **“Enerjisa Supplier Business Rules”** and the **“Enerjisa Supplier Compliance Declaration”**, and to comply with the **“Enerjisa OHS and Environmental Policies”**.

Moreover, Enerjisa Enerji pays its consultants only for their proper and legitimate services.

Enerjisa Enerji requires the business partners and the companies, from/to which Enerjisa Enerji purchases/sells goods and services, to comply with the **“Anti-Bribery and Corruption Policy”**, the prevailing policies of the Company regarding business partner selection, procurement procedures and instructions and other relevant legal regulations.

Furthermore, the Company adopts a **“Third Party Relations Policy”**, which defines the fundamental principles regarding the parties to work with and the working conditions as part of all business processes of Enerjisa Enerji A.S. and its subsidiaries. The Company terminates its contracts with the individuals and organizations that do not comply with these policies.

**3,000** suppliers

Enerjisa Enerji works with over 3,000 suppliers for infrastructure installation, distribution grid construction, repair and maintenance, building construction and renovation, as well as procurement of other goods and services.

\*The first level critical suppliers consist of suppliers who have contracts over one million TL and suppliers whose contract amount is lower but are critical for the supply chain.

# SUPPLY CHAIN MANAGEMENT

## Initiatives to Support the Ecosystem

Attaching significance to the sustainability of its supply chain, Enerjisa Enerji continues to support its suppliers and business partners in various ways. The main support mechanisms of the Company are as follows:

**Training:** Enerjisa Enerji provides training to its suppliers that have critical importance in its activities regarding changes in legislation and technical issues related to procurement. Furthermore, the Company holds Q&A sessions with the suppliers before calls for tenders in order to minimize the uncertainties that the companies may experience due to any changes in the regulation (EMRA Procurement Regulation) or the Company policies during the procurement process.

**Supplier Financing:** Access to the financing and reducing the costs related to the financing are critical issues for many suppliers, particularly in fluctuating macroeconomic conditions, and may pose a risk to the financial sustainability of the suppliers. Enerjisa Enerji provides support to the financing processes of its suppliers through the Supplier Financing System in line with the significance the Company attaches to all its stakeholders and in order to eliminate the vulnerabilities in the supply chain. Moreover, the Company also contributes to the cash flow management of its suppliers with its advance payment systems.

**Sustainability of the Supply Chain:** In 2021, the disruption of the supply chain in the global markets due to the pandemic caused problems in the supply of components of some materials and commodities. Enerjisa Enerji contacted the sub-suppliers of the suppliers experiencing supply shortages to monitor the entire supply chain. The Company tried to adapt to the dynamic situation in the market by shortening the contract periods,

and implemented price adjustments to reflect the price changes in the commodity in the contracts of some suppliers that experienced problems in commodity supply.

Enerjisa Enerji reviewed the contracts of the contractors, worked on various price difference formulas which would be the most suitable for electricity distribution companies and included them to the new contracts to be drawn in order to minimize any possible problems that may be encountered in 2022.

Furthermore, the Company included the acquisition payment method in the contracts of its contractors with the purpose of guaranteeing the supply of the materials in the contracts as well as supporting the contractors financially.

**ESG-oriented Initiatives:** Enerjisa Enerji takes initiatives to assist its suppliers exhibit better ESG performances. Hence, the Company adopts the circular economy principles, acts in collaboration with its diligently-selected suppliers to ensure minimizing their environmental impacts, and monitors their compliance with the Company's Code of Conduct.

## Enerjisa Supplier Business Rules

Enerjisa Enerji requires its suppliers to sign the "Enerjisa Supplier Business Rules" and the "Enerjisa Supplier Compliance Declaration", and to comply with the "Enerjisa OHS and Environmental Policies".

“Attaching significance to the sustainability of its supply chain, Enerjisa Enerji continues to support its suppliers and business partners in various ways.”

### Supplier Business Rules

Our suppliers are expected to comply with all applicable law, the rules written in contracts, specifications and other similar documents regulating their business relationship with Enerjisa Enerji and the international regulations.

#### Anti-Bribery & Anti-Corruption

We are against all types of corruption. We do not take or give bribes under any circumstances to influence any official transaction or decision or to assist the Company in taking or maintaining business; we do not act in any way that could cause corruption. In this regard, we act in accordance with all applicable law and Enerjisa Enerji **Anti-Bribery and Anti-Corruption Policy**. We know that violation of Enerjisa Enerji Anti-Bribery and Anti-Corruption Policy, taking and giving bribes is illegal and will lead to very serious sanctions, including imprisonment, and we act accordingly. We expect our suppliers to act in accordance with these rules.

#### Environment, Health & Safety

Ensuring a secure, healthy and safe environment for our employees and all our stakeholders and protecting environment are of our key priorities. We act in accordance with Health and Safety legislation, Enerjisa Enerji **"Health and Safety Policy"**, ISO 14001 Environmental Management System Standard, and the relevant legal regulations on the environment. We expect from our suppliers to give priority to the protection of health, safety and protection of the environment and to create a work environment in line with this basic principle.

We expect from our suppliers to take measures to protect the environment, to establish and maintain an appropriate environmental management system; to encourage the development and dissemination of environmentally friendly technologies to reduce environmental impacts and dangers and to protect the environment more in their daily operations.

#### Labor and Human Rights

We are against forced labor, gender discrimination, illegal child labor, child abuse, and any other abusive or exploitative behavior related to workers.

We expect our suppliers to protect human rights, to stand against forced labor, to prevent discrimination and harassment, to comply with legal working hours for employees, not to employ illegal child labor, and to treat their employees and partners with dignity and respect.

## CORPORATE SOCIAL RESPONSIBILITY



Enerjisa Enerji continued to carry out activities focused on education, energy saving, the environment and society as part of its corporate social responsibility projects in 2021.

### I am Protecting the Energy of the World

Energy efficiency is among the most important issues in the field of energy in Turkey. Enerjisa Enerji attaches importance to raising awareness of energy saving and spreading this awareness among the public, especially primary school pupils. In line with the "I am Protecting the Energy of the World" project, which was implemented within the framework of the protocol signed with the Ministry of National Education, the Company has been carrying out activities aimed at raising awareness of energy efficiency among children since 2010. Since the beginning of the project, more than 300,000 pupils from 650 schools in 14 provinces have received education of energy saving, with 420 Enerjisa Enerji employees having voluntarily participated in the project. The training programs organized within the scope of the project were suspended in 2021 due to the pandemic.

Enerjisa Enerji attaches importance to raising awareness of energy saving and spreading this awareness among the public, especially primary school pupils.



A short story competition where children would be writing essays by imagining that they can save the world under the theme of "the efficient use of energy resources for the protection of natural energy resources" was held to mark the 11<sup>th</sup> anniversary of the internationally award-winning project. With the digital communication campaign held, the project was viewed 1.5 million times. The picture book, which consists of visual versions of 10 stories to be selected by the selection committee, will be given to children as a gift in 2022.

Additionally, within the scope of the project, children's plays, where children can reinforce their knowledge, continued to be held in 2021 within the constraints presented by the pandemic. In this context, plays were held in Ankara during the November school break. A total of 600 children were reached through free of charge activities and were informed of energy saving.

Together with the children's theatre, a fairy tale coloring book entitled "May the Stars Not be Offended" was combined with a finger puppet set, and rearranged as a home theatre project. It was delivered to more than 10,000 children in the 14 provinces (Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale, Zonguldak, İstanbul Anadolu Yakası, Adana, Osmaniye, Gaziantep, Mersin, Kilis and Hatay) where the Company operates.

### Sentrum

Enerjisa Enerji aims to transform the selected destination (Ayvalık-Küçükköy) into a Sustainable Energy Based Tourism Practice Center with the Sentrum (Sustainable Energy Based Tourism Practice Center) project. The project was initiated in cooperation with the UNDP (the United Nations Development Programme) and the Sabancı University in 2021.

The Sentrum project will contribute to 10 of the United Nations Sustainable Development Goals and aims the following:

- Raising awareness of energy efficiency by developing a Sustainable Green Destination Model,
- Supporting social, environmental and economic transformation in the field of sustainable tourism,
- Contributing to society-based socio-economic development by raising awareness of energy efficiency and the use of renewable energy resources,
- The creation of a scalable and reproducible Sustainable Green Destination Model in Küçükköy-Ayvalık.



# CORPORATE SOCIAL RESPONSIBILITY

The pilot study of the project will consist of a total of four phases. In the first phase, an inventory of touristic assets will be prepared, energy efficiency analysis will be conducted in the region, women in the region will be included in the project under a perspective of promoting gender equality and innovative financing models will be determined for energy efficient practices. By providing energy savings, studies into the use of renewable energy resources and tourism enterprises in the region will be carried out during the design phase of the model.

In parallel with the findings of these studies, environmentally friendly transportation systems will be encouraged and necessary improvements will be completed. At the same time, a sustainable production and consumption strategy for the tourism destination will be determined, a green procurement and supply chain management strategy will be created and the tourism ecosystem in the region will be reconstructed with a sustainable perspective.

In addition, a "Sentrum Coordination Office" will be established which will be open to local people, businesses and tourists, offering all stakeholders an awareness of energy efficiency and the use of renewable energy resources.

This process, which is expected to mark the beginning of a great transformation with its environmental, social and economic potential, will also be supported by Enerjisa Enerji's "Energy of My Business (İşimin Enerjisi)" brand on areas such as energy efficiency, savings, reduction of carbon emissions as well as encouraging the use of renewable energy resources, which lie at the heart of sustainability.

The Sustainable Energy Based Tourism Practice Center model, which will be developed in key tourism destinations, will both contribute to the country's economy and create a society more sensitive to environmental issues by educating local people.

## ENBİZ

Enerjisa Enerji carries out the "ENBİZ" project with a focus on "Diversity and Inclusion". The ENBİZ project was launched in 2016 to support the integration of disabled individuals into the workforce. Within the scope of the project, training programs on personal development and awareness are provided each year to disabled external participants.



Enerjisa Enerji launched the "Equal Access" project in order to enable its customers to receive the best service free of obstacles. In addition to behavioral training, the project aims to remove speech and hearing obstacles with sign language training offered to 45 employees from all Customer Service Centers. In addition, efforts are underway to provide equal accessibility at all service centers.

## Employee Volunteering

Enerjisa Enerji supports its employees' voluntary participation in social responsibility projects as well as their efforts to contribute to social welfare in every aspect. Voluntary participation not only enhances the motivation and loyalty of employees, but also strengthens their sense of belonging within the Company.

In 2021, the Company's volunteering activities were limited due to Covid-19. Enerjisa Enerji employees participated in the Republic Mobilization of Sabancı (Sabancı Cumhuriyet Seferberliği), which was initiated under the leadership of the Sabancı Holding and took place from 29 October to 10 November. Within the scope of the mobilization, 266 Company employees took part

“Enerjisa Enerji supports its employees' voluntary participation in social responsibility projects as well as their efforts to contribute to social welfare in every aspect.”

in activities such as painting schools, planting saplings, preparing parcels for children with leukemia, cleaning the environment and distributing food to animals for a total of 800 hours.

Enerjisa Enerji sponsors a program developed by Kodluyoruz (an association which works on coding). The aim of the program is to train young programmers to create social benefit and create equal opportunities for young people to study in all cities of Turkey.

Candidate programmers can participate in the program upon passing certain stages. In the first bootcamp held in 2021, 35 participants received 72 hours of Java and SQL training. In the second bootcamp, 34 participants received 70 hours of Data Science and Analytics training per person. Enerjisa Enerji Human Resources and IT employees supported the process by participating in the webinars as speakers in order to meet and assist the participants.



Enerjisa Enerji employees also participate as volunteer mentors in YarınBizim (Tomorrow is Ours), a social responsibility project implemented by the Sabancı Group to support the personal and academic development of 12<sup>th</sup> grade students of whom at least one of their mother, father, older sister or brother is a healthcare worker. Enerjisa Enerji employees shared their knowledge and experience within the scope of the project, introducing their companies and professions and thus contributing to the students' development with a wide range of other content by conducting online interviews with students for a year after having received their mentoring training.

## Donations and Sponsorships

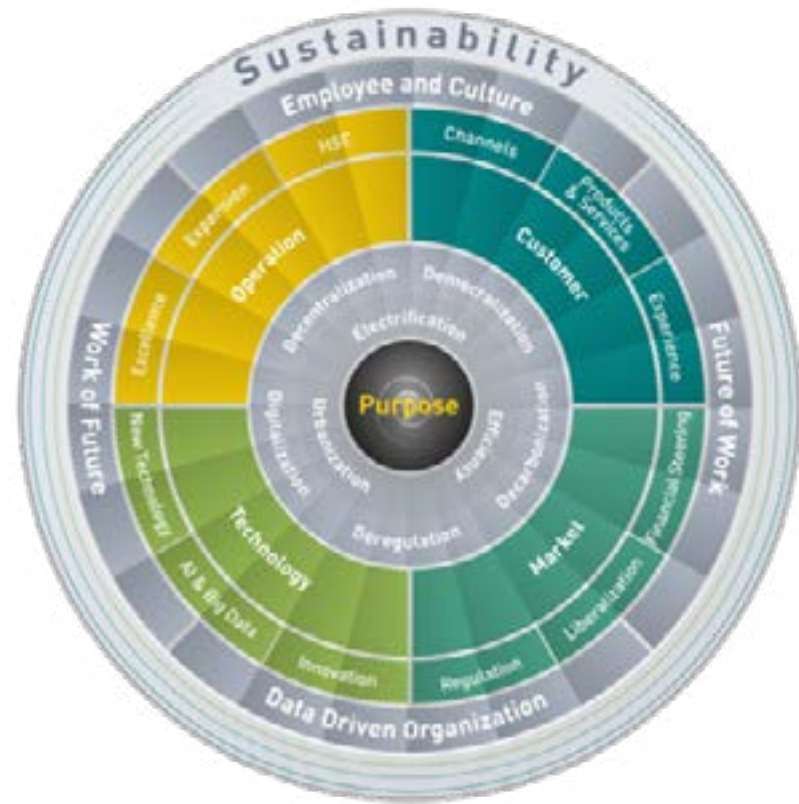
**Donations:** Enerjisa Enerji provided a total of TL 38.6 million in donations in 2021. Every year, the Company donates to the Sabancı Foundation, which contributes to society with social and cultural projects leveraging the industrial and economic strength of the Sabancı Group. In 2021, the Company donated TL 27 million to the Sabancı Foundation and the Sabancı University, which is mostly used in educational and cultural projects in Turkey. In addition, Enerjisa Enerji, which continues to support local NGOs focused on social, educational and environmental issues, offered supplies to those whose houses had been damaged in the forest fires in Adana and Osmaniye.

**Sponsorships:** Enerjisa Enerji sponsors a number of projects which unite stakeholders in Turkey and around the world and create value in various areas such as digitalization, innovation and energy efficiency. In 2021, the Company provided TL 1.2 million of support within this scope. Moreover, in order to increase brand recognition and strengthen relations in the energy sector, the Company sponsored the Turkey Energy and Natural Resources Summit, the 11<sup>th</sup> Turkey Energy Summit & ISTRADE Energy Supply and Trade SISO Summit, the event to mark the opening of the EMRA Service Building, the Fast Company Climate and Sustainability Summit, the World Energy Congress, the South-eastern Energy Forum and the Eurasia Cogeneration Conference.

TL 38.6 million  
in donations

Contributing to society in social and cultural aspects every year, Enerjisa Enerji has donated TL 38.6 million in 2021.

# DIGITALIZATION



Whilst with digitalization data-driven energy and demand management can be achieved, energy is used in the most efficient manner.

Shaped to meet the future requirements of the energy sector, digitalization, decarbonization, distributed generation, urbanization, customer centricity and deregulation mega trends are considered holistically at the core of the digitalization efforts of Enerjisa Enerji.

Expansion, modernization and digitalization of electricity grids are of critical importance to gather all available resources of flexibility, increase efficiency and support the swift low-carbon transition of electricity supply. While data-based energy and demand management becomes possible with digitalization, digitalization also enables energy to be used in the most efficient manner. The opportunities created by developments, such as the Internet of Things (IoT), smart technologies, etc., are transforming the energy sector.

**66** In 2021, Enerjisa Enerji developed a digital transformation governance plan and implemented the plan with the participation of more than 100 employees and all business units throughout the year.

## Digital Transformation Model - E-TERNAL

Enerjisa Enerji uses the power of technology in supplying energy to its customers and adds value to the world, humanity and its operations.

In 2020, the Company developed E-TERNAL, the digital transformation model, to holistically strengthen sustainability with digitalization. Whilst "Ternal" symbolizes the dedication of Enerjisa Enerji to improve the planet, people and processes; "E" symbolizes electron, energy and Enerjisa.

Enerjisa Enerji carried out a comprehensive benchmarking analysis and conducted various activities with its internal and external stakeholders in order to integrate the digital initiatives. As a result of these activities, the Company received a patent for the model designed as a first in the energy sector.

Enerjisa Enerji began monitoring its performance in the digital transformation process under the below-mentioned headings:

- Defining roadmaps of the digital initiatives with a long-term perspective in coordination with all stakeholders,
- Carrying out the digital initiatives in line with the planned timeline and budgets, and measuring the gains achieved with the digital initiatives.

Transparent and participatory management of digital transformation was ensured within the Company through the digital platforms and dashboards developed.

Enerjisa Enerji defined the past and current projects along with more than 500 new digital projects for the upcoming 5 years, reconstructed the major value creation areas within 14 digital programs and matched these programs with the names of inspiring scientists in the history. Measurements and follow-ups are carried out through processes and programs.

## Developments in 2021

In 2021, Enerjisa Enerji developed a digital transformation governance plan and implemented the plan with the participation of more than 100 employees and all business units throughout the year. Furthermore, the company has carried out several new digital projects with a particular focus on customers, operations, technology and the market. Some of the significant projects are as follows:

- **Employee Focus:** Enerjisa Enerji initiated the HR Connect project in order to strengthen the technological infrastructure in human and culture processes through an integrated structure with a particular focus on employees and carried out the planning and design activities of the new infrastructure. Mobile applications were developed for the employees and HR-Chatbot was put into operation in order to strengthen instant contact with the employees, to ensure the dissemination of company information, and to carry out basic transactions such as leaves and payrolls.
- **Standing by the Customer:** As part of the Standing by the Customer program, Enerjisa Enerji strengthened its digital infrastructures in ID verification, digital signature methods and PDPL compliance, in line with the regulations and legislation. The Company has expanded its digital channels with improvements such as inclusion of a WhatsApp channel, online services center transformation, chatbot applications and process improvements for call center employees in order to establish a stronger communication with its customers.

Moreover, self-service solutions such as Jet Kiosk and Jet Subscription were also put into operation to enable customers to carry out their own transactions. Automation and RPA (Robotic Process Automation) projects were carried out in order to increase the efficiency of customer transactions with a high volume and reduce errors.



# DIGITALIZATION

- **Enriched Sales:** With the goal to enrich the retail processes, Enerjisa Enerji contributed to both operational efficiency and customer satisfaction by digitizing the field retail process and enabling the processes to be carried out instantly from the tablets through the KURMOB (Corporate Mobile) and D2D (Door to Door) projects. To be able to monitor the sales processes and improve the data-based decision-making, process and segment based dashboards were designed and put into operation.

The contracts were transferred to the digital platforms, analytical studies were conducted on customer segmentation, and the requirements were accurately defined, hence accurate solutions were provided in order to enhance the commercialization and customer delivery processes.

- **Supply Continuity:** Enerjisa Enerji improved the Outage Management System in order to ensure supply continuity in the field and to minimize the power outages, and established the digital infrastructure to improve the lighting processes and resolve the issues related to the notifications more swiftly. The Company continued the EDVARS project, which has the goal to regularly report the data sets requested by the sector regulators, in order to demonstrate that the legislation and requirements revised with the 4<sup>th</sup> regulatory period are fulfilled, and successfully completed the audits carried out by the regulators.
- **Maintenance:** Enerjisa Enerji launched the 4<sup>th</sup> Regulatory Period Maintenance Project in order to accurately plan and carry out the maintenance processes that are planned to exceed TL 2 billion in the 4<sup>th</sup> 5-year regulatory period and initiated the Asset Health Check Project, in which analytical models are used to manage the maintenance processes of energy assets, such as transformers in the field.

- **Asset Management:** Enerjisa Enerji launched a number of developments based on GIS (Geographical Information System) with the goal to ensure optimum management of field assets. The Company implemented analytical solutions to enhance data integrity and accuracy, and improved the METWEB Project Management Plan to facilitate the management of investment requests and construction works.
- **Safety First:** Having OHS as a top priority, Enerjisa Enerji launched the OHS Cockpit and SIP (Safety Improvement Plan) Monitoring Projects in order to digitally monitor the inspections carried out on the field and to follow up the OHS improvement plans online. In order to ensure OHS management throughout the entire work ecosystem, the Company continued to develop the Contractor Communication Portal, which also guides the contractors.
- **Data-Oriented Operation:** Enerjisa Enerji initiated several analytical projects in order to strengthen its data-oriented operation competence, and carried out numerous data optimization and infrastructure studies to enhance data quality. The PROSA Project, which enables estimation of malfunctions in the on-site meter operations based on analytical models and facilitates guiding the field teams, was put into practice. The Company developed dashboards to be used as data visualization and decision support systems, and focused on e-signature solutions in technological infrastructure transformation.
- **Energy Market:** Positive results were obtained with the ASP (Average Selling Price) Calculation and Day Ahead Electricity Demand Forecast Projects, where hourly consumption in the market is estimated via analytical models to improve performance in the energy market, and the Price Forecast Projects that present the direction of electricity prices in the market.

“Enerjisa Enerji has developed several initiatives, including e-Archive, Online Banking Integration, Invoice Process Automation, Income Assurance Analytics and Report Automations, in order to increase the efficiency of financial operations

- **Digital Finance:** Enerjisa Enerji launched the Helios and ABC projects in order to make the costs of office and field activities transparent and analyze with a particular focus on digital finance. On the other hand, the Company developed several initiatives, including e-Archive, Online Banking Integration, Invoice Process Automation, Income Assurance Analytics and Report Automations, in order to increase the efficiency of financial operations.
- **M2C Journey:** Enerjisa Enerji carried out projects to improve the receivable management through digital systems and to follow up the payments of execution and receivable litigation files in order to improve operations with a focus on collections. The Company undertook projects to enable the digital management of security deposits and invoicing automation.

Besides all these developments, Enerjisa Enerji was included in benchmarking analysis carried out by independent consultancy companies to embody the value created by E-TERNAL and to ensure its development. According to the digital maturity measurements and assessments, the Company is positioned as follows;

- A Digital Leader in maturity measurements of BCG,
- A Digital Champion among the distribution companies of E.ON



## Digital Leader

Enerjisa Enerji ranked as Digital Leader in maturity measurements of BCG.

# INFORMATION SECURITY MANAGEMENT



Enerjisa Enerji considers all the information that it collects and processes through all kinds of methods and that belongs to itself and its stakeholders as critical assets and takes utmost care and importance for its protection. The Company implements the measures and actions set by its information security policies and procedures.

The amount of data Enerjisa Enerji is processing, transmitting and storing is growing exponentially with digitalization. As part of its responsibility to provide a public service, the Company takes every precaution necessary to ensure the confidentiality and security of customer information at the highest level within the framework of applicable legislation. Within that scope, the Company implements the measures and actions set by its corporate policies and procedures.

“Due to the importance of data and data security within Enerjisa Enerji, trainings are carried out in order to increase awareness of information security.”

## Information Security Management Policy

Enerjisa Enerji considers all the information that it collects and processes through all kinds of methods and that belongs to itself and its stakeholders as critical assets and takes utmost care and importance for its protection.

Accordingly, with reference to the ISO/IEC 27001 Information Security Management System standard, the Corporate Information Security Management System is effectively implemented within Enerjisa Enerji.

The main purpose of corporate information security is to ensure the confidentiality, integrity and availability of any information collected and processed by Enerjisa Enerji. Due to the nature of Enerjisa Enerji's corporate activities, main goal of corporate information security is to prevent material and intangible losses that may occur and affect Enerjisa and its stakeholders, to early identify these losses if they occur and to minimize their possible effects by designing, operating, monitoring processes and taking precautions by continuously improving them.

Regardless of their positions or duties, all Enerjisa Enerji employees and related third parties comply with Enerjisa Enerji's practices, policies and procedures regarding information security. Violation of corporate information security policies and procedures may result in disciplinary action and criminal sanctions within the scope of the relevant legislation.

The manager of each unit is primarily responsible for taking all necessary measures in their areas of responsibility and controlling business activities in order to ensure compliance with corporate information security policies and procedures.

Enerjisa Enerji commits that it will meet the applicable requirements regarding information security institutionally, will ensure compliance with all kinds of legislations, laws, communiqués and similar regulations that Enerjisa Enerji is obliged to comply with, and will continuously improve its Information Security Management System.

## Information Security Management Approach

### Scope

Enerjisa Enerji information security management approach is set on Enerjisa Enerji information security policy. The scope of Enerjisa Enerji Information Security Management Approach includes Enerjisa Enerji A.Ş., its electricity distribution companies (İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Baskent Elektrik Dağıtım A.Ş., Toroslar Elektrik Dağıtım A.Ş.), incumbent retail companies (Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Baskent Elektrik Perakende Satış A.Ş., Enerjisa Toroslar Elektrik Perakende Satış A.Ş.) and Enerjisa Müşteri Çözümleri A.Ş. (all referred as “Enerjisa Enerji”).

### Data Security

Information security requirements of Enerjisa Enerji are evaluated and the relevant actions are undertaken by the Cyber Security Group Management under the Enerjisa Enerji Information Technologies and Digital Business Management Department in order to meet the business needs and comply with laws and legal regulations. Enerjisa Enerji management provides the necessary support and make the necessary assignments to fulfil information security requirements.

Enerjisa Enerji takes the necessary measures to ensure the confidentiality and security of customer information at the highest level within the framework of the relevant legislation, and in this direction, implements the measures and actions determined by the Company policies.

Since data is one of the biggest values, at Enerjisa Enerji, the confidentiality, integrity and availability of data are of great importance. Necessary controls are carried out to ensure data security at every point where data is transmitted and stored. Enerjisa Enerji ensures that data can only be accessed by those required for business purposes on a need to know basis.

# INFORMATION SECURITY MANAGEMENT

Within Enerjisa Enerji, the information security management system is implemented with a defined risk management approach and implemented with information security policies, procedures, instructions and other documentation that include rules based on best practices. Relevant documentation is shared within Document Management System of the company and are made available to all Enerjisa Enerji employees. The purpose of information security documentation is to manage information security risks and to ensure that data is adequately protected. All Enerjisa Enerji employees are responsible for the implementation of these policies, in the operation of business processes and the use of the information assets they are responsible for.

## Protection of Personal Data (KVKK)

Enerjisa Enerji, as the Data Controller, processes personal data obtained from different channels (head office, region offices, customers, dealers, website, call center, etc.) verbally, in writing or through electronic media for the operation of its activities and continuity of its services.

The personal data processed by the business units for the purpose of carrying out the necessary studies are securely stored in the electronic systems and physical environments used by Enerjisa Enerji.

Enerjisa Enerji attaches importance to the security of personal data. Accordingly, it prepares and updates policies and procedures for the protection of personal data, and takes necessary and suitable technical and administrative security measures of which are compliant with relevant legislation to protect personal data against unauthorized access, damage, loss or disclosure.

Any personal data requested for product and service sales/ application through the Enerjisa Enerji website or existing in the Enerjisa Enerji system is never shared with third parties without the consent of the customer except the data transfers that do not require consent due to Article 5 of the Law on Personal Data Protection ("KVKK"). Assessments in means of Article 5 of KVKK are fulfilled by Regulation Legal Team.

Third parties are prevented from accessing the information entered by Enerjisa Enerji customers through the website. In order to protect the confidentiality of personal information of customers, Enerjisa Enerji's system and access infrastructure has been kept at the most reliable level and necessary measures have been taken.

Personal data whose purpose of use has expired and the legal storage period has expired, are deleted, destroyed or anonymized by Enerjisa Enerji in accordance with Act 7 of the KVKK.

Enerjisa Enerji may work with third party companies when it deems necessary to provide certain services. It is ensured that the relevant organizations act in accordance with the security standards and the terms of Enerjisa Enerji. Enerjisa Enerji makes sure that data processors with whom it works attach importance to information security and act with the awareness of mutual responsibility, and it also guarantees this contractually. In line with the definition in the legislation, data processors only process personal data in accordance with the instructions of Enerjisa Enerji, within the framework of the contract concluded with Enerjisa Enerji and in accordance with the legislation.

The copyrights of the information and materials on the Enerjisa Enerji website belong to Enerjisa Enerji. All copyrights, registered trademarks, patents, intellectual and other property rights regarding the information and materials on the Enerjisa Enerji website, other than those belonging to third parties, are reserved by Enerjisa Enerji.

The rights of persons whose personal data are processed are regulated within the scope of Article 11 of the KVKK. Pursuant to the relevant article, data owners have the following rights over Enerjisa Enerji:

- Learn whether or not data are being processed,
- Request relevant information if personal data related to him/her have been processed,

**66** Enerjisa Enerji considers all the information that it collects and processes through all kinds of methods and that belongs to itself and its stakeholders as critical assets and takes utmost care and importance for its protection.

- Obtain information as to the purposes of the processing of personal data and whether or not such data have been processed accordingly,
- Know the third persons within or outside the country to whom personal data are transferred,
- Ask for the rectification of any incomplete or inaccurate personal data process,
- Ask for the erasure or destruction of the personal data within the framework of the conditions referred to in Article 7.
- Request the notification to third parties to whom the personal data have been transferred of operations carried out within the meaning of sub-paragraphs (e) and (f),
- Object to any conclusion to the detriment of himself/ herself, which results from analysis of the processed data exclusively by means of automated systems,
- Request compensation for the damages incurred as a result of an unlawful personal data processing.

Enerjisa Enerji reserves the right to change and update the terms and conditions in this legal notice without the need for a prior notice.

## Incident Response

Enerjisa Enerji has a Cyber Incident Response Team within the Cyber Security Group Directorate. All kinds of software, hardware and human-induced situations that disrupt the normal working order of Enerjisa Enerji business processes and negatively affect some or all of the information or industrial control systems are defined as information security incidents. Situations such as malware, phishing attacks, unauthorized access, cyber-attacks, data extraction are examined within the scope of information security incident management process. The application, system and access components of Enerjisa Enerji are continuously monitored using monitoring and detection tools that

are deemed to be successful in the information security industry. It is ensured that incidents encountered within the scope of monitoring are evaluated, relevant actions are taken action and closed properly.

Technological developments and vulnerabilities in the world are followed by the Cyber Security Group Management through cyber intelligence services. Penetration tests are performed by independent teams once a year, and the safety of the applications and services of Enerjisa Enerji is ensured by implementing the secure development life cycle. In addition, vulnerability scans, source code analysis and maturity assessments are performed. The deficiencies that are identified after these studies are examined, monitored and the relevant actions are undertaken by the personnel of the Cyber Security Group Management.

In case of an information security incident or a vulnerability that may cause an incident, Enerjisa Enerji employees or related outsourced employees/external consultants are informed about the channels to make their notifications through. Reminders are also made at regular intervals. The process document for the actions to be taken after notifications is periodically reviewed and implemented. In addition, Information Security Undertaking document signed with the suppliers includes an article stating that that the suppliers should contact Enerjisa Enerji in case of an information security incident.

## Information Security Awareness

As data and data security are of great importance within Enerjisa Enerji, trainings are conducted in order to increase information security awareness. The completion rate of the trainings is monitored by the senior management in order to raise awareness within Enerjisa Enerji and to exhibit an integrated approach within the organization.

# INFORMATION SECURITY MANAGEMENT

During the year, samples of phishing attacks are made regular intervals by the Cyber Security Group Management, the results are evaluated and reported to the senior management. A Cyber Security Newsletter is prepared and sent to all employees every two weeks and cyber security news from around the world are shared. Again, e-learning trainings about information security are shared with all employees every two weeks. It is ensured that each personnel sign the information security commitment and it is stated that information security issues are the responsibility of all personnel. Cyber security developments in the world are shared by the Cyber Security Group Management via announcement mails. Within the scope of awareness, clean table - clean screen policies are implemented, and policies are reminded with posters in the physical locations.

## Licenses and Certificates

The licenses and certificates of Enerjisa Enerji A.Ş and its distribution and retail companies related to information security and systems are as below:

- Enerjisa Enerji A.Ş and its distribution and retail companies hold the ISO 27001 Information Security Management System Standard license.
- Enerjisa distribution and retail companies hold the ISO 20000 Information Technology Service Management Standard license.
- Enerjisa Enerji A.Ş retail companies hold the ISO 22301 Business Continuity Management System certificate.

In addition, compliance with the Electricity Licensing Regulation, EKS Information Security Regulation, Electricity Distribution and Sales Call Center Service Quality Standards, EKS Security Analysis and Testing Procedures and Principles, which are subject to the Energy Market Regulatory Authority, and compliance with Information and Communication Security Guide of Presidency of the Republic of Turkey, Digital Transformation Office is controlled periodically by Cyber Security Group Management.

## Information Security at Third Parties

In case of working with third party companies in order to ensure the continuity and quality of the services provided by Enerjisa Enerji, confidentiality clauses are included in the contracts. In case of need for data sharing due to business requirements, only the necessary data is shared. Approval processes for the safe transfer of data are also put into use and ensure that only required data for the job is transferred. In order to protect such data in systems, security measures in accordance with international standards are taken in systems and applications. Critical suppliers are evaluated within the scope of information security according to the criteria determined in line with the annual plan. Actions to close the deficiencies seen in the results of the evaluations are followed by the Cyber Security Group Management.

## Trainings

In 2021, PDPL training was assigned through EnAkademi and 3,299 employees completed 3,299 hours of online training. Additionally, PDPL Information and Idea Exchange sessions were held in the form of online classroom training and 199 employees received a total of 439.5 hours of training.

Information Security Interactive Training and exam was assigned through EnAkademi and 1,285 employees completed 1,928 hours of online training in 2021. Information Security sessions were also organized for new hires in the form of online classroom training and 87 employees received a total of 87 hours of training.

A total of 953 hours of awareness training was provided to 4,886 employees over 10 Information Security Awareness short video trainings in 2021 and January 2022.



“Enerjisa Enerji takes the necessary measures to ensure the confidentiality and security of customer information at the highest level within the framework of the relevant legislation, and in this direction, implements the measures and actions determined by the Company policies.”

# SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

The Sustainability Principles Compliance Report, which shows the compliance with the Sustainability Principles Compliance Framework prepared in line with the amendment dated 02.10.2020 made by the Capital Markets Board in the Corporate Governance Communiqué, was accepted by the decision of Enerjisa Enerji A.Ş Board of Directors.

Enerjisa Enerji has achieved high compliance as a result of the studies conducted in this area. In addition, Enerjisa Enerji plans to continue its efforts to improve its compliance with these principles in 2022, taking into account the interests of all stakeholders, especially shareholders.

Enerjisa Enerji's compliance with Sustainability Principles in 2021 is summarized in the table below:

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
<b>A. General</b>				
<b>A1. Strategy, Policy and Goals</b>	The Board of Directors identifies ESG priority issues, risks and opportunities and develops ESG policies accordingly. In terms of the effective implementation of these policies, Company internal guidelines, business procedures etc. can be prepared. The Board of Directors approves resolutions on these policies and announces to public.	Partial Compliance	There is an ESG Committee conducted under the co-chairmanship of the CEO and CFO and includes the executives of the relevant business units. The committee meets regularly and evaluates ESG priority issues, risks and opportunities. Within this framework, it determines the Company's short, medium and long term strategies and action plans, makes the necessary revisions in its current policies, and creates new policies and procedures. Policies are published on the website. Additionally, ESG issues are discussed in the Corporate Governance Committee and Early Detection of Risk Committee set under the Board of Directors and the Board of Directors is informed. Enerjisa Enerji targets to expand the scope of the policies approved by the Board of Directors.	<a href="https://www.enerjisainvestorrelations.com/policies">https://www.enerjisainvestorrelations.com/policies</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/committees">https://www.enerjisainvestorrelations.com/committees</a>
<b>A1. Strategy, Policy and Goals</b>	Determines the Company Strategy appropriate to the ESG policies, risks and opportunities. Determines the short and long-term goals in line with the partnership strategy and ESG policies, and announces to public.	Partial Compliance	Enerjisa Enerji undertakes sustainability perspective in all its core business areas and adapts its corporate strategy to this. In addition, whilst positioning itself in the energy world of the future, it makes short and long-term plans to lead in the ESG area. While short-term targets are announced, the studies to publicly announce the long term numerical targets are ongoing.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/committees">https://www.enerjisainvestorrelations.com/committees</a>
<b>A2. Implementation/Monitoring</b>	Determines the committees/units responsible for the implementation of ESG policies and makes them public. The responsible committee/unit reports the activities carried out within the scope of the policies to the Board of Directors at least once a year and in any case within the maximum periods that is determined for the public disclosure of the annual reports in the relevant regulations of the Capital Markets Board. Prepares action plans in line with the short- and long-term goals determined and makes them public.	Partial Compliance	There is an ESG Committee under the co-chairmanship of the CEO and CFO, including the managers of the relevant business units. The committee meets regularly and evaluates ESG priority issues, risks and opportunities. Within this framework, it determines the Company's short, medium and long term strategies and action plans, determines the necessary revisions in its current policies and enables the creation of new policies and procedures. Policies are published on the website. Additionally, ESG issues are discussed in the Corporate Governance Committee and Early Detection of Risk Committee set under the Board of Directors and the Board of Directors is informed on the critical items. Studies continue to increase the number of relevant policies. While short-term targets are announced, the studies to publicly announce the long term numerical targets are ongoing.	<a href="https://www.enerjisainvestorrelations.com/policies">https://www.enerjisainvestorrelations.com/policies</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/committees">https://www.enerjisainvestorrelations.com/committees</a>
<b>A2. Implementation/Monitoring</b>	Identifies ESG Key Performance Indicators (KPIs) and discloses them comparatively on an annual basis. In the presence of verifiable data, provides KPIs with local and international sector benchmarks.	Partial Compliance	ESG performance indicators covering the last three years retrospectively, are explained in Sustainability and/or Annual Reports. International sector comparisons are made; however, this issue is not specifically addressed in the reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
<b>A2. Implementation/Monitoring</b>	Discloses the innovation activities taken to improve the sustainability performance for business processes or products and services.	Full Compliance	Enerjisa Enerji explains the innovation activities taken to improve sustainability performance for business processes or products and services in its Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>A3. Reporting</b>	Reports its sustainability performance, goals and actions at least once a year and makes this information public. It reports the information on sustainability activities within the scope of the annual report.	Partial Compliance	Enerjisa Enerji discloses its sustainability performance and actions to the public once a year in its Sustainability Report. The Sustainability section in the Annual Report also includes sustainability activities. While short-term targets are announced, the studies to publicly announce the long term numerical targets are ongoing.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/committees">https://www.enerjisainvestorrelations.com/committees</a>
<b>A3. Reporting</b>	It is essential to share information that is important for stakeholders in understanding the position, performance and development of the Company, in a direct and concise manner. Can explain detailed information and data on the corporate website separately, and prepare separate reports that directly meet the needs of different stakeholders.	Full Compliance	Enerjisa Enerji shares presentations and reports in a precise manner to meet the needs of stakeholders and provide direct access to important information through the Investor Relations website.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/earnings-presentations">https://www.enerjisainvestorrelations.com/en/reports-presentations/earnings-presentations</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/company-presentations">https://www.enerjisainvestorrelations.com/en/reports-presentations/company-presentations</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/regulation-update">https://www.enerjisainvestorrelations.com/en/reports-presentations/regulation-update</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>A3. Reporting</b>	Takes utmost care in terms of transparency and reliability. Objectively explains all developments regarding the priority issues in disclosures and reports within the framework of a balanced approach.	Full Compliance	Enerjisa Enerji objectively presents all developments regarding the priority issues in disclosures and reports them within the framework of a balanced approach.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>A3. Reporting</b>	Identifies the activities that are related to the UN's Sustainable Development Goals for 2030.	Full Compliance	Enerjisa Enerji links its activities with the UN Sustainable Development Goals for 2030 in its Sustainability Report.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/sustainability-reports-menu</a>
<b>A3. Reporting</b>	Issues a statement concerning lawsuits filed and/or ruled against itself on environmental, social and corporate governance issues.	Full Compliance	Necessary disclosures on this issue are made in the Annual Report.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a>
<b>A4. Verification</b>	If verified by independent third parties (independent sustainability assurance providers), discloses its sustainability performance measurements to the public and targets to increase the scope of verification processes.	Full Compliance	Sustainability performance measurements are disclosed to the public in the Annual and / or Sustainability Report. In 2020, a verification study has been made by independent third party and disclosed in the 2020 Sustainability Report.	<a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a>

# SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
<b>B. Environment</b>				
<b>Principles on Environment</b>	Explains its policies and practices, action plans, environmental management systems (known as the ISO 14001 standard) and programs in the field of environmental management.	Full Compliance	Enerjisa Enerji discloses its policies and practices, action plans, environmental management systems (ISO 14001 standard) and programs in the field of environmental management on its website and/or Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/policies">https://www.enerjisainvestorrelations.com/policies</a>
<b>Principles on Environment</b>	Complies with environmental laws and other relevant regulations and discloses them.	Full Compliance	Enerjisa Enerji determines, documents and periodically monitors the compliance obligations arising from the Environmental Law and all related regulations at the ISO 14001 planning phase.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a>
<b>Principles on Environment</b>	Explains limits like boundaries, reporting periods, reporting dates, data collection processes, and the reporting criteria of the environmental report to be included in the report and prepared within the scope of the Sustainability Principles.	Full Compliance	These issues are addressed in the Annual and / or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>Principles on Environment</b>	Identifies the most senior officer, the relevant committees and their duties in the Company on the issue of environment and climate change.	Partial Compliance	Enerjisa Enerji discloses its ESG Committee members and Sustainability and Corporate Competencies Officer on its website.	<a href="https://www.enerjisainvestorrelations.com/committees">https://www.enerjisainvestorrelations.com/committees</a> <a href="https://www.enerjisa.com.tr/en/about-enerjisa/company-profile/management/enerjisa-enerji-as-senior-management">https://www.enerjisa.com.tr/en/about-enerjisa/company-profile/management/enerjisa-enerji-as-senior-management</a>
<b>Principles on Environment</b>	Discloses its incentives for managing environmental issues, including the delivery of goals.	Partial Compliance	Enerjisa Enerji discloses its incentives for climate change issues with CDP report. The studies to publicly announce the long term numerical targets are ongoing. With the completion of these studies, the incentives offered / to be offered to the management will also be shared with the public.	<a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/committees">https://www.enerjisainvestorrelations.com/committees</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/CDP-Reports">https://www.enerjisainvestorrelations.com/en/sustainability/CDP-Reports</a>
<b>Principles on Environment</b>	Discloses how environmental problems are integrated into business goals and strategies.	Full Compliance	Enerjisa Enerji aims to develop a strategic and holistic approach related to economic, environmental and social factors and create long-term value by focusing on sustainability. Work in this area is explained with detail in the Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>Principles on Environment</b>	Discloses the sustainability performance for business processes or products and services, and the activities required to improve this performance.	Full Compliance	Enerjisa Enerji's performance and improvement activities on this issue are included in the Annual and/or Sustainability Report.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a>

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
<b>Principles on Environment</b>	Discloses how it manages environmental issues throughout the Company value chain, and how it integrates suppliers and customers into its strategies, even outside of its direct operations.	Full Compliance	Enerjisa Enerji expects its suppliers to comply with highest ESG standards and to have processes in place to achieve this. In this context, it asks its suppliers to sign the Enerjisa Supplier Code of Conduct and Compliance Statement and to comply with both the Enerjisa Enerji Anti-Bribery and Anti-Corruption Policy and the OHS and Environmental Policies. In addition, Enerjisa Enerji offers end-to-end solutions to its customers to increase energy efficiency and reduce carbon emissions under the umbrella of 'The Energy of My Business'.	<a href="https://www.enerjisainvestorrelations.com/policies">https://www.enerjisainvestorrelations.com/policies</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/CDP-Reports">https://www.enerjisainvestorrelations.com/en/sustainability/CDP-Reports</a>
<b>Principles on Environment</b>	Discloses whether it engages in policy-making processes on environmental issues (sectoral, regional, national and international); its membership in the environmental associations, related organizations and non-governmental organizations; the collaborations it has made; the duties it has undertaken; and the activities it supports.	Full Compliance	Collaborations with associations, collaborations involving Board members and senior management are announced.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>Principles on Environment</b>	Reports comparable information on environmental impacts periodically in the light of environmental indicators (Greenhouse gas emissions [Scope-1 {Direct}, Scope-2 {Energy indirect}, Scope-3 {Other indirect}], air quality, energy management, water and wastewater management, waste management, and biodiversity impacts).	Full Compliance	Enerjisa Enerji includes these indicators in its Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>Principles on Environment</b>	Explains in detail the standard, protocol, methodology, and base year details used to collect and calculate its data.	Full Compliance	References, such as the calculation of greenhouse gas emissions according to the GHG Protocol with reference to the IPCC AR5 report, are included in the Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>Principles on Environment</b>	Reports the development of environmental indicators (increase or decrease) for the reporting year in comparison to previous years.	Full Compliance	Enerjisa Enerji includes these indicators in its Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>Principles on Environment</b>	Sets short and long-term goals to reduce its environmental impact and discloses these goals. These goals should be Science Based in accordance with recommendations from the United Nations Conference of the Parties on Climate Change. In case of progress made in the reporting year towards previously established goals, provides information on the subject.	Partial Compliance	Enerjisa Enerji is aware of its role in combating climate change and aims to reduce the direct and indirect impact of energy throughout its entire journey. It offers end-to-end solutions to increase energy efficiency and reduce carbon emissions under the "The Energy of My Business" framework. The Company has announced its short-term targets for reducing environmental impacts in the 2020 Sustainability Report and will include its progress in the 2021 Sustainability Report.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>

# SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
Principles on Environment	Discloses its strategy and actions to combat the climate crisis.	Partial Compliance	Enerjisa Enerji is aware of its role in combating climate change and aims to reduce the direct and indirect impact of energy throughout its entire journey. It offers end-to-end solutions to increase energy efficiency and reduce carbon emissions under the "The Energy of My Business" framework. Studies continue to determine the targets in the fight against climate change and to explain its actions in greater detail.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/CDP-Reports">https://www.enerjisainvestorrelations.com/en/sustainability/CDP-Reports</a>
Principles on Environment	Discloses the program or procedures it has undertaken to prevent or minimize the potential negative impact of its products and/or services. Discloses also the actions undertaken to reduce greenhouse gas emissions of third parties.	Full Compliance	Enerjisa Enerji offers its customers carbon reduction and renewable energy certificates in its product portfolio. In addition, it offers end-to-end solutions to increase energy efficiency and reduce carbon emissions under the "The Energy of My Business" framework.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/policies">https://www.enerjisainvestorrelations.com/policies</a>
Principles on Environment	Discloses the actions taken to reduce its environmental impact, the total number of projects and initiatives carried out and the environmental benefits/gains and cost savings these activities provide.	Partial Compliance	Enerjisa Enerji takes many actions to reduce its environmental impacts. In order to reduce environmental impacts in its activities, it conducts optimization studies on issues such as resource use and energy consumption, offers its customers products that reduce environmental impacts and develops projects within this scope. In addition, with R&D and Innovation units, to reduce environmental impacts; develops products, processes and services. Details of all these are provided in the Annual and / or Sustainability Reports. In addition, in 2020 Sustainability Report, Sustainability-Focused R&D and Innovation Investment amount is disclosed. Benefit-cost analysis is performed in projects, and work is ongoing to report financial gains and effects.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
Principles on Environment	Reports its total energy consumption data (excluding raw materials) and discloses the energy consumption as Scope-1 and Scope-2.	Full Compliance	Enerjisa Enerji discloses its energy consumption data as Scope-1 and Scope-2 in its Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
Principles on Environment	Provides information on the electricity, heat, steam and cooling generated and consumed during the reporting year.	Full Compliance	Enerjisa Enerji discloses its electricity consumption data in its Annual and/or Sustainability Report. Electricity production, heat, steam and cooling are not within the scope of Enerjisa Enerji's operations.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
Principles on Environment	Carries studies to increase the use of renewable energy and transition to zero or low-carbon electricity, and discloses these studies.	Full Compliance	Enerjisa Enerji gives importance to providing its customers with sustainable and innovative solutions. In this context, end-to-end solutions aimed at increasing the energy efficiency of corporate customers and reducing their carbon emissions were restructured under "The Energy of My Business" road in October 2020. This portfolio includes many environmentally friendly and sustainable energy solutions, ranging from solar power plants installation services, energy efficiency applications, cogeneration/trigeneration applications and electric vehicle charging station management to green energy certifications. Enerjisa Enerji also works to reduce carbon emissions and increase energy efficiency in its own consumption. In addition, 100% of the electricity consumption in all Enerjisa facilities was met from green energy supply. Data related to these issues is disclosed in the Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
Principles on Environment	Reports its renewable energy production and consumption data.	Full Compliance	Information on renewable energy supply is disclosed in the Annual and/or Sustainability Reports. Enerjisa Enerji is not involved directly in production activities.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
Principles on Environment	Carries out energy efficiency projects and reports the energy consumption and emission reduction rates delivered via these studies.	Partial Compliance	Enerjisa Enerji gives importance to providing its customers with sustainable and innovative solutions. In this context, end-to-end solutions aimed at increasing the energy efficiency of corporate customers and reducing their carbon emissions were restructured under "The Energy of My Business" road in October 2020. This portfolio includes many environmentally friendly and sustainable energy solutions, ranging from solar power plant installation services, energy efficiency applications, cogeneration/trigeneration applications, and electric vehicle charging station management to green energy certifications. Enerjisa Enerji also works to reduce carbon emissions and increase energy efficiency in its own consumption. Data related to these issues is disclosed in the Annual and/or Sustainability Reports. In addition, it continues work to increase the scope of its disclosures.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
Principles on Environment	Reports the amount of water used, recycled and discharged from underground or above-ground; sources and procedures for water withdrawal (total water withdrawal by source, water resources affected by water withdrawal, percentage and total volume of recycled and reused water etc).	Full Compliance	Enerjisa Enerji does have water discharge and industrial water consumption. Municipal water and underground water consumption data and discharge data is included in the Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>

# SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
<b>Principles on Environment</b>	Discloses which operations or activities are included in various carbon pricing systems (European Union Emission Trading Scheme, cap & trade or carbon tax). Discloses data on the carbon credit accumulated or purchased during the reporting period. Discloses the carbon pricing details, if applicable, within the company.	Partial Compliance	Enerjisa Enerji developed carbon reduction and renewable energy certificates as a product in 2019 and offers them to its customers as a solution. Important steps are taken in the purchase and sale of green energy and PPAs are signed for direct use of renewable energy sources. Recent information on these issues is shared in Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a>
<b>Principles on Environment</b>	Discloses all mandatory and voluntary platforms upon which it presents its environmental information.	Full Compliance	Enerjisa Enerji makes its CDP disclosure in publicly accessible format.	<a href="https://www.enerjisainvestorrelations.com/en/sustainability/CDP-Reports">https://www.enerjisainvestorrelations.com/en/sustainability/CDP-Reports</a> <a href="https://www.cdp.net/en">https://www.cdp.net/en</a>
<b>C. Social</b>				
<b>C1. Human Rights and Employee Rights</b>	Develops a Corporate Human Rights and Employee Rights Policy with commitment for complete compliance to the Universal Declaration of Human Rights; the ILO Conventions Turkey is a party to; and the legal framework and legislation regulating human rights and working life in Turkey. Discloses the relevant policy and the roles and responsibilities for its implementation to the public.	Full Compliance	Enerjisa Enerji's Human Rights and Human Resources Policies address these issues.	<a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy</a> <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy</a>
<b>C1. Human Rights and Employee Rights</b>	Provides equal opportunity in recruitment processes. Addressing also the supply and value chain impact, incorporates fair workforce, the improvement of labor standards, female employment and inclusion issues (such as discrimination based on sex, gender, religious belief, language, race, ethnic origin, age, disability, refugee status, and so on) in its policies.	Full Compliance	Enerjisa Enerji explains its approach to equal opportunities and discrimination in its Human Rights, Human Resources and Diversity and Inclusion Policies.	<a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy</a> <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy</a> <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy</a>
<b>C1. Human Rights and Employee Rights</b>	Discloses the measures taken along the value chain for the protection of groups vulnerable to particular economic, environmental, social factors (low-income groups, women etc) or minority rights/equal of opportunity.	Full Compliance	Enerjisa Enerji explains its approach to equal opportunities and discrimination in its Human Rights Policy and the measures taken in Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>C1. Human Rights and Employee Rights</b>	Reports developments on corrective practices regarding discrimination, inequality, human rights violations, forced labor. Discloses the procedures against the use of child labor.	Full Compliance	Enerjisa Enerji includes its procedures on these issues in its Human Rights Policy.	<a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy</a>

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
<b>C1. Human Rights and Employee Rights</b>	Describes policies regarding investment in employees (training, development policies), compensation, fringe benefits, the right to unionize, work/life balance solutions and talent management. Determines the dispute resolution processes by creating mechanisms for employee complaints and disputes. Regularly explains the activities carried out to ensure employee satisfaction.	Full Compliance	Enerjisa Enerji publishes its policies and practices concerning employee rights and skill development on the company's website, and in Annual and Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy</a> <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/Compensation-Policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/Compensation-Policy</a> <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-resources-policy</a> <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/human-rights-policy</a> <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/code-of-ethics">https://www.enerjisainvestorrelations.com/en/corporate-governance/code-of-ethics</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>C1. Human Rights and Employee Rights</b>	Develops occupational health and safety policies and makes them public. Discloses the precautions and accident statistics taken to prevent work accidents and protect health.	Full Compliance	Proactively managing OHS risks is a priority for Enerjisa Enerji at the senior management level. Details concerning the Occupational Health and Safety policy are available on the website. The measures taken and accident statistics are included in the Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/health-and-safety-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/health-and-safety-policy</a>
<b>C1. Human Rights and Employee Rights</b>	Develops personal data protection and data security policies and makes them public.	Full Compliance	Enerjisa Enerji discloses its Data Security Policy and Information Security Management Approach on its website.	<a href="https://www.enerjisainvestorrelations.com/policies">https://www.enerjisainvestorrelations.com/policies</a> <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/information-security-management-approach">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/information-security-management-approach</a>
<b>C1. Human Rights and Employee Rights</b>	Develops an ethics policy (encompassing work, work ethics, orientation period, advertising and marketing ethics, open disclosure and so on) and makes it public.	Full Compliance	Enerjisa Enerji has a Code of Conduct, which has been shared with all stakeholders both internally and on the website.	<a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/code-of-ethics">https://www.enerjisainvestorrelations.com/en/corporate-governance/code-of-ethics</a>
<b>C1. Human Rights and Employee Rights</b>	Explains its work within the scope of social investment, social responsibility, financial inclusion and access to financing.	Full Compliance	Enerjisa Enerji provides information on this subject in its Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>C1. Human Rights and Employee Rights</b>	Organizes informative meetings and training programs for employees on ESG policies and practices.	Full Compliance	Enerjisa Enerji provides training on Occupational Health and Safety and Environment, Ethics, Risk Management, Customer Satisfaction within the scope of ESG. Details are provided in the Annual and/or Sustainability Reports.	<a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisainvestorrelations.com/en/reports-presentations/sustainability-reports-menu">https://www.enerjisainvestorrelations.com/en/reports-presentations/sustainability-reports-menu</a>



# SUSTAINABILITY PRINCIPLES COMPLIANCE REPORT

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
<b>C2. Stakeholders International Standards and Initiatives</b>	Conducts its activities in the field of sustainability by taking into account the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, community and non-governmental organizations etc.).	Full Compliance	Stakeholders' views were considered within the scope of the materiality analysis. The Corporate Stakeholder Participation Plan can be accessed on the website. Details concerning stakeholder communication are included in the Annual Report and/or Sustainability Reports.	<a href="https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisinvestorrelations.com/en/sustainability/corporate-stakeholder-engagement">https://www.enerjisinvestorrelations.com/en/sustainability/corporate-stakeholder-engagement</a>
<b>C2. Stakeholders International Standards and Initiatives</b>	Develops a customer satisfaction policy regarding the management and resolution of customer complaints and makes the policy public.	Full Compliance	Customer Satisfaction is a primary focus of Enerjisa Enerji's corporate strategy. Additionally, the Customer Satisfaction Policy is published on the website.	<a href="https://www.enerjisa.com.tr/en/about-enerjisa/company-profile/policies">https://www.enerjisa.com.tr/en/about-enerjisa/company-profile/policies</a>
<b>C2. Stakeholders International Standards and Initiatives</b>	Communicates with stakeholders continuously and transparently. Also discloses information on with which stakeholders the company engages; the purpose, specifics and frequency of the communications; and the developments in sustainability activities.	Full Compliance	Stakeholders' views were considered within the scope of the materiality analysis. The Corporate Stakeholder Participation Plan can be accessed on the website. Details on stakeholder communication are included in the Annual Report and/or Sustainability Reports.	<a href="https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisinvestorrelations.com/en/sustainability/corporate-stakeholder-engagement">https://www.enerjisinvestorrelations.com/en/sustainability/corporate-stakeholder-engagement</a>
<b>C2. Stakeholders International Standards and Initiatives</b>	It discloses the international reporting standards it has adopted (the Carbon Disclosure Project [CDP], the Global Reporting Initiative [GRI], the International Integrated Reporting Council [IIRC], the Sustainability Accounting Standards Board [SASB], the Climate-Related Financial Disclosures Task Force [TCFD], and so on) to the public.	Full Compliance	Enerjisa Enerji details its reporting standards (GRI, CDP) in its Sustainability Report.	<a href="https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>C2. Stakeholders International Standards and Initiatives</b>	Discloses to the public the international organization or principles (the Equator Principles, the United Nations Environment Program Finance Initiative [UNEP-FI], the United Nations Global Principles [UNGCI], the United Nations Principles for Responsible Investment [UNPRI] etc.) of which it is a signatory or member and the international principles (such as the International Capital Markets Association [ICMA] Green/Sustainable Bond Principles) it has adopted.	Full Compliance	Enerjisa Enerji is a signatory of the UN Global Compact, the UN Women's Empowerment Principles (WEPs) and IPG Business Plastics Initiative. This information is included in the Sustainability and/or Annual Reports.	<a href="https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu</a>
<b>C2. Stakeholders International Standards and Initiatives</b>	Makes concrete efforts to be included in the Borsa Istanbul Sustainability Index and international sustainability indices (the Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, and so on).	Full Compliance	Enerjisa Enerji is included in the Borsa Istanbul Sustainability Index since 2019, and continues to follow the standards and requirements of international indices to ensure compliance.	<a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu</a>

Policy Name and Code	Policy Description	Compliance Status	Description	Link(s)
<b>D. Corporate Governance Principles</b>				
<b>D. Corporate Governance Principles</b>	Makes maximum effort to comply with all Corporate Governance Principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Communiqué on Corporate Governance (II-17.1).	Full Compliance	Enerjisa Enerji is rated by the Independent Rating Institution within the scope of Corporate Governance and has been included in the Borsa Istanbul Corporate Governance Index since 2019.	<a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/corporate-governance-compliance-report/corporate-governance-credit-rating-report">https://www.enerjisinvestorrelations.com/en/corporate-governance/corporate-governance-compliance-report/corporate-governance-credit-rating-report</a>
<b>D. Corporate Governance Principles</b>	Carefully considers the sustainability issue, the environmental impact of its activities and the principles in this regard when determining its corporate governance strategy.	Full Compliance	Enerjisa Enerji has integrated environmental impact analysis into its corporate management strategy. This approach is discussed in the Annual and Sustainability Reports.	<a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
<b>D. Corporate Governance Principles</b>	Takes the necessary measures to comply with the principles concerning stakeholders as stated in the Corporate Governance Principles and to strengthen the communication with the stakeholders. Considers the opinions of its stakeholders when determining measures and strategies in the field of sustainability.	Full Compliance	Stakeholders' views were considered within the scope of the materiality analysis. The Corporate Stakeholder Participation Plan, prepared under the EBRD loan agreement can be accessed on the website.	<a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu</a> <a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/corporate-stakeholder-engagement">https://www.enerjisinvestorrelations.com/en/reports-presentations/corporate-stakeholder-engagement</a>
<b>D. Corporate Governance Principles</b>	Works to raise awareness on the issue of sustainability and its importance through social responsibility projects, awareness activities and training.	Full Compliance	Enerjisa Enerji discloses this information in its Annual, Sustainability Reports and website.	<a href="https://www.enerjisa.com.tr/en/about-enerjisa/social-responsibility">https://www.enerjisa.com.tr/en/about-enerjisa/social-responsibility</a> <a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu</a>
<b>D. Corporate Governance Principles</b>	Endeavors to become a member of international standards and initiatives on sustainability and to contribute to studies.	Full Compliance	Enerjisa Enerji discloses this information in its Annual, Sustainability Reports and website.	<a href="https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu</a> <a href="https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu">https://www.enerjisinvestorrelations.com/en/reports-presentations/annual-reports-menu</a>
<b>D. Corporate Governance Principles</b>	Discloses policies and programs that aim to combat bribery and corruption, and the principle of tax honesty.	Full Compliance	Enerjisa Enerji discloses the policies and programs on anti-bribery and anti-corruption and tax honesty.	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/anti-bribery-anti-corruption-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/anti-bribery-anti-corruption-policy</a> <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/code-of-ethics">https://www.enerjisinvestorrelations.com/en/corporate-governance/code-of-ethics</a>

# AWARDS



## IDC Turkey CIO Awards

- **İKON application**  
Future of Work - Golden award in the category of Employee Experience
- **Transferring the Data Storage Service to Private Cloud project**  
Bronze award in the category of IT Cost Efficiency
- **RPA Transformation project**  
Bronze award in the category of Future of Work & Human Machine Collaboration



## Capital Magazine

- **The Most Admired Companies of the Business World Research**  
“The Most Admired Company” in the Energy Sector for 12<sup>th</sup> time in a row



## Brand Finance

- **The Most Valuable Brands in Turkey**  
Sector Leader (overall rank: 30)



## E.ON International Digital Maturity Assessment

- Digital Champion



## 4<sup>th</sup> Energy and Natural Resources Summit,

- **“I Protect My Energy”**  
“Social Benefit” Award



## Stevie Awards for Great Employers

- Turkish Company with the Highest Number of Awards - 17 Awards
- **Young Energy - Young Talent Development Program**  
Best Talent Management Program (Gold)  
Best Innovative Talent Management Program (Gold)
  - **KOZA**  
Learning Program with Best Outcomes - (Gold)  
Best Sales Training (Gold)
  - **Mobile Training Centre - Support Project for Professional Training**  
Success in Workforce Development and Learning (Gold)  
Best Training Program (Gold)
  - **Enter Recruitment and Talent Development Program**  
Best Innovative Talent Acquisition Program (Gold)  
Best Young Talent Acquisition Strategy (Silver)
  - **Enerjisa Digital Recruitment Process**  
Success in Recruitment (Gold)  
Best Talent Acquisition Process (Gold)
  - **Project X Data Based Organizational Model and Workforce Planning Project**  
Best Human Resources Reporting (Gold)  
Use of Data Analytics in Human Resources (Silver)
  - **GATE Specialist Development Program**  
Best Competency and Skills Development (Silver)  
Best Co Educational Learning (Bronze)
  - **Leap Digital & Step Digital- Digital Excellence Executive Development Program**  
Best Senior Executive Development Program (Bronze)
  - **Welcome to Enerjisa Platform-Digital Orientation Process**  
Best Employee Onboarding Process (Bronze)
  - **You Choose Flexible Benefits**  
Best Fringe Benefits Program Design and Management (Bronze)



## Brandon Hall 2021 Human Capital Management Excellence Awards

- 4 Golden, 6 Silver and 7 Bronze; a total of 17 awards
- **Young Energy, Young Talent Development Program**  
Best Innovative Talent Management (Gold)  
Talent Management Strategy (Best Advance) - (Silver)  
Best Innovative Learning & Development Program (Bronze)
  - **Leap Digital & Step Digital- Digital Excellence Executive Development Program**  
Best Team Development - (Silver)  
Competency and Skills Development (Best Advance) (Bronze)  
Executive Development (Best Advance) (Bronze)
  - **Enter Recruitment and Talent Development Program**  
Extended Enterprise Learning Program (Gold)  
Succession and Career Management (Silver)  
Best Innovative and Original Talent Acquisition Program (Silver)
  - **Enerjisa Digital Recruitment Process**  
Talent Acquisition Process (Best Advance) (Silver)  
Technology Application in Talent Management (Best Advance) (Bronze)
  - **Project X Data Based Organizational Model and Workforce Planning Project**  
HR Data Analytics (Best Advance) (Gold)  
Workforce Planning and Management (Best Advance) (Gold)  
Best HR Strategy and Measurement Approach (Silver)
  - **KOZA**  
Best Innovative and Original Sales Training Program (Bronze)  
Best Team Development Program for Retail Teams (Bronze)  
Best Training and Performance Program for Retail Teams (Bronze)



## 2021 World Finance Awards

- “Best Corporate Governance in Turkey”



## Mercomm ARC Awards

- **2020 Annual Report**  
Golden award- Non Traditional Annual Reports



## International Stevie Awards

- **2020 Annual Report**  
Bronze Stevie - “Best Annual Report - Publicly-Held Corporations” category



## LACP Vision Awards

- **2020 Annual Report**  
Gold - “Special Regional Success”  
Silver - “Honor on a Country Basis”



## Business Life

- **Murat Pinar**  
“50 Most Effective CEOs in Turkey” list



## Baykuş Awards

- **Customer Satisfaction**  
Silver Memnun Baykuş (Satisfied Owl) award



## Finance Monthly

- **Dr. Michael Moser**  
“The Most Successful CFO in Turkey”



## 12<sup>th</sup> Golden Collar Awards

- **“Yakıtım Güneş” (My Fuel is Solar) Project**  
(TEMSA+ENERJİSA joint project)  
Golden Award in the category of Sustainability



## IDC CIO Awards

- **E-ternal Project**  
Golden award in the category of Initiative of the Future



**WE IMPROVE OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE**

**CORPORATE GOVERNANCE**

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# CORPORATE GOVERNANCE COMPLIANCE REPORT

Enerjisa Enerji has adopted the principle of complying with the 4 main principles of corporate governance based on Transparency, Fairness, Responsibility and Accountability. Enerjisa Enerji shapes its management approach by putting these principles in the center and improves its corporate governance practices every year by taking the best practices in the world as a guide. Enerjisa Enerji is included in the BIST Corporate Governance Index since 2019.

The Corporate Governance Compliance Report and Corporate Governance Information Form for 2021, prepared in accordance with the Capital Markets Board's Decision No. 2/49 dated 10.01.2019 and approved by the Board of Directors, are presented below.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.		X				Physical attendance was limited due to Covid-19, but the auditors, Chairman of the Board, CEO and the relevant managers physically attended.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				All donations and grants are presented to the General Assembly and made in accordance with the Donation and Grants Policy. The total amount of the donations was disclosed. However, details of the recipients were not disclosed due to the low amount of donations.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.				X		There is no article in the articles of association that regulates the participation of stakeholders in the General Assembly. The 2020 Ordinary General Assembly Meeting was held open to the shareholders but closed to the press and public. Internal Directive on the Working Principles and Procedures of the Company, which the Board of Directors decided to submit to the approval of the shareholders at the 2021 Ordinary General Assembly Meeting regulates the attendance of press to the General Assembly Meetings. Accordingly, if it is deemed appropriate by the Chairman or Vice Chairman of the Board of Directors or a Member of the Board of Directors appointed by the Chairman, press can attend the General Assembly Meetings. In addition, the General Assembly Meeting minutes are made available to all stakeholders via the Public Disclosure Platform and the Company's corporate website.
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There are no companies in which Enerjisa has cross-ownerships.
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					

# CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are determined in accordance with the relevant legislation, and there is no specific provision for the extension of minority rights in the Articles of Association. At the same time, attention is paid to the use of minority rights within the scope of TCC and CMB regulations.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	This was not stated as Enerjisa distributed dividend.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					

# CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					

# CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				A directors and officers liability insurance with a limit of 30 million USD has been provided for the individual liability of the managers and members of the Board of Directors regarding their faults during their duties. The amount of the insurance covers 25% of the Company's capital as of 31.12.2021. Although it was lower than 25% during the year due to the volatility in the exchange rate, satisfies the anticipated moderate risk level.

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1-Each board member attended the majority of the board meetings in person.		X				Due to the Covid-19, meetings with physical participation were kept at minimum. On the other hand, Board of Directors participated to the meetings online.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/ written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					

# CORPORATE GOVERNANCE COMPLIANCE REPORT

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				Board Member's assignments in different companies are limited on the basis of not creating conflict of interest during their term of office. An additional restriction is not deemed necessary as the business and sectoral experience of BoD Members makes a vital contribution to the BoD. Members of the Board of Directors do not have an assignment outside the company that will create a conflict of interest. Additionally, CVs of the BoD Members are provided in the annual report to the information of the shareholders.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.			X			Due to Enerjisa shareholder structure, the requirement for committee chairs to be selected among independent Board members in accordance with the Corporate Governance Principles, the number of committees to be formed and the knowledge and experience requirements for members, Board Members take part in more than one committee. Members taking in part in more than one committee also ensure inter-committee communication and cooperation. Taking into account the professions, knowledge and experience of the members of the board of directors, competent persons related to the subject are appointed to the committees. Current structure does not prevent the committees from carrying out their duties effectively. In addition, it is ensured that the committees comply with the legal authority and responsibilities.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No external consultancy service is used for Board Committees.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					

	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.					X	In disclosure of the remuneration and benefits provided to the Members of the Board of Directors and senior executives, a balance is targeted between the benefits of these persons that must be protected in terms of the Personal Data Protection Law and the transparency requirement of the shareholders and stakeholders in accordance with the Corporate Governance Communiqué. Remuneration Policy was prepared and presented to the shareholders and stakeholders as a separate item during the 2019 Ordinary General Assembly meeting. In addition, remuneration for the Members of the Board of Directors is submitted to the approval of the shareholders at the General Assembly meeting every year. Consolidated payments made to senior executives and Board of Directors are publicly disclosed in financial statement footnotes. Disclosure of remuneration in person, which is considered commercial secret for competitiveness, will be determined in line with the general practices in the country.



# CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organized by the company during the year	In 2021, due to pandemic the meetings were held online. Enerjisa participated to 9 online conferences and in total had 64 meetings with existing and potential investors.
<b>1.2. Right to Obtain and Examine Information</b>	
The number of special audit request(s)	0
The number of special audit requests that were accepted at the General Shareholders' Meeting	0
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/en/Bildirim/915655">https://www.kap.org.tr/en/Bildirim/915655</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	All documents were presented in English simultaneously except the list of attendees. Since the list of attendees was taken from the system in Turkish, it was presented in Turkish.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	Such transactions do not exist
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	No transactions in the scope of Article 9
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	<a href="https://www.kap.org.tr/en/Bildirim/1004427">https://www.kap.org.tr/en/Bildirim/1004427</a>
The name of the section on the corporate website that demonstrates the donation policy of the company	<a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/donation-grants-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/donation-grants-policy</a>
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/en/Bildirim/921884">https://www.kap.org.tr/en/Bildirim/921884</a>
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	N/A
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	<a href="https://www.kap.org.tr/en/Bildirim/921884">https://www.kap.org.tr/en/Bildirim/921884</a>

<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	N/A
The percentage of ownership of the largest shareholder	40%
<b>1.5. Minority Rights</b>	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	N/A
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy	Under the Corporate Governance - Policies section of the Investor Relations website. ( <a href="https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/dividend-policy">https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/dividend-policy</a> )
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	Not proposed
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	Not proposed

## General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
30/03/2021	0	86%	0.11%	86%	Corporate Governance section of the IR web site.	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/genel-kurul/Enerjisa_2020_Meeting_Minutes_of_Ordinary_General_Assembly.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/genel-kurul/Enerjisa_2020_Meeting_Minutes_of_Ordinary_General_Assembly.pdf</a>	N/A	0	<a href="https://www.kap.org.tr/en/Bildirim/915655">https://www.kap.org.tr/en/Bildirim/915655</a> , <a href="https://www.kap.org.tr/en/Bildirim/921884">https://www.kap.org.tr/en/Bildirim/921884</a>

# CORPORATE GOVERNANCE INFORMATION FORM

## 2. DISCLOSURE AND TRANSPARENCY

### 2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Under the tabs on the Investor Relations website.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	<a href="https://www.enerjisinvestorrelations.com/en/corporate/shareholder-structure">https://www.enerjisinvestorrelations.com/en/corporate/shareholder-structure</a>
List of languages for which the website is available	Turkish and English

### 2.2. Annual Report

#### The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	2021 Annual Report, Corporate Governance- Duties of the Members of the Board of Directors and Executives Conducted Out of the Company 2021 Annual Report, Corporate Governance- Declarations on Independence of Board Members
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	2021 Annual Report: Corporate Governance- Legal Developments
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	2021 Annual Report: Corporate Governance- Legal Developments
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	2021 Annual Report: Corporate Governance- Legal Developments
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	2021 Annual Report: Corporate Governance- Legal Developments
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	2021 Annual Report: Corporate Governance- Legal Developments
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There is no such cross-ownership
h) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	2021 Annual Report: Corporate Governance- Legal Developments 2021 Annual Report: Sustainability- Corporate Social Responsibility Approach

## 3. STAKEHOLDERS

### 3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/Compensation-Policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/Compensation-Policy</a>
The number of definitive convictions the company was subject to in relation to breach of employee rights	21
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Head of Internal Audit
The contact detail of the company alert mechanism	<a href="https://www.enerjisa.com.tr/en/about-enerjisa/company-profile/working-principlesethical-statement">https://www.enerjisa.com.tr/en/about-enerjisa/company-profile/working-principlesethical-statement</a>

### 3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy</a>
Corporate bodies where employees are actually represented	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy</a>

### 3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy</a>
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	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter">https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter</a>
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The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy</a>
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	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy</a>
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Whether the company provides an employee stock ownership program	There isn't an employee stock ownership program
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The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy</a> <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/Anti-retaliation-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/Anti-retaliation-policy</a> <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy</a>
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The number of definitive convictions the company is subject to in relation to health and safety measures	11
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### 3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/code-of-ethics">https://www.enerjisinvestorrelations.com/en/corporate-governance/code-of-ethics</a>
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The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	<a href="https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu">https://www.enerjisinvestorrelations.com/en/sustainability/sustainability-reports-menu</a>
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Any measures combating any kind of corruption including embezzlement and bribery	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/anti-bribery-anti-corruption-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/anti-bribery-anti-corruption-policy</a>
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# CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS - I	
<b>4.2. Activity of the Board of Directors</b>	
Date of the last board evaluation conducted	15.12.2021
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	N/A
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	20 process audit reports and 80 ethics investigations
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	2021 Annual Report: Corporate Governance- Legal Developments 2021 Annual Report: Corporate Governance- Internal Control
Name of the Chairman	Kıvanç Zaimler
Name of the CEO	Murat Pınar
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not combined
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	PDP disclosure is not available. There is a directors and officers liability insurance with a limit of 30 million USD for the individual liability of the executives and members of the Board of Directors for their improper performance during their duties. The amount of the insurance covers 25% of the Company's capital as of 31.12.2021. Although the coverage had been lower than 25% intermittently during the year dependent on the volatility in the exchange rate, it satisfied the anticipated moderate risk level.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	<a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/diversity-and-inclusion-policy</a>
The number and ratio of female directors within the Board of Directors	2 - 25%

Board Members							
Name-Surname	Whether Executive Director or Not	Independent Board Member or not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether the Director has at Least 5 Years' Experience on Audit, Accounting and/or Finance or not
KIVANÇ ZAIMLER	Non-Executive	Dependent Member	01.07.2018		Not Considered	No	No
JOHAN MAGNUS MOERNSTAM	Non-Executive	Dependent Member	01.08.2020		Not Considered	No	Yes
EVA-MARIA VERENA VOLPERT	Non-Executive	Dependent Member	29.03.2018		Not Considered	No	Yes
THORSTEN LOTT	Non-Executive	Dependent Member	01.01.2022		Not Considered	No	Yes
CENK ALPER	Non-Executive	Dependent Member	12.05.2021		Not Considered	No	No
HAKAN TİMUR	Non-Executive	Dependent Member	28.08.2019		Not Considered	No	No
MEHMET SAMİ	Non-Executive	Independent Member	29.03.2018	<a href="https://www.kap.org.tr/en/Bildirim/915655">https://www.kap.org.tr/en/Bildirim/915655</a>	Considered	No	Yes
FATMA DİLEK YARDIM	Non-Executive	Independent Member	29.03.2018	<a href="https://www.kap.org.tr/en/Bildirim/915655">https://www.kap.org.tr/en/Bildirim/915655</a>	Considered	No	Yes

# CORPORATE GOVERNANCE INFORMATION FORM

4. BOARD OF DIRECTORS-II	
<b>4.4. Meeting Procedures of the Board of Directors</b>	
Number of physical board meetings in the reporting period (meetings in person)	2 online meetings, 3 hybrid meetings (online/physical) and 1 report circulation
Director average attendance rate at board meetings	94%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	7
The name of the section on the corporate website that demonstrates information about the board charter	Article 10 - Articles of Association ( <a href="https://www.enerjisinvestorrelations.com/en/corporate/articles-of-association">https://www.enerjisinvestorrelations.com/en/corporate/articles-of-association</a> )
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	N/A
<b>4.5. Board Committees</b>	
Page numbers or section names of the annual report where information about the board committees are presented	2021 Annual Report: Corporate Governance,-Legal Developments
Link(s) to the PDP announcement(s) with the board committee charters	Under Committee Charter tab in Investor Relations website <a href="https://www.kap.org.tr/en/Bildirim/1004425">https://www.kap.org.tr/en/Bildirim/1004425</a> <a href="https://www.kap.org.tr/en/Bildirim/934675">https://www.kap.org.tr/en/Bildirim/934675</a>

Composition of Board Committees-I			
Names Of The Board Committees	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	Fatma Dilek Yardım	Yes	Board member
	Mehmet Sami	No	Board member
Committee of Early Detection of Risk	Fatma Dilek Yardım	Yes	Board member
	Mehmet Sami	No	Board member
	Hakan Timur	No	Board member
	Johan Magnus Moernstam	No	Board member
Corporate Governance Committee	Mehmet Sami	Yes	Board member
	Michael Moser	No	Not board member
	Thorsten Lott	No	Board member
	Hakan Timur	No	Board member
	Sabriye Gözde Çullas	No	Not board member

4. BOARD OF DIRECTORS-III	
<b>4.5. Board Committees-II</b>	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report: Corporate Governance- Legal Developments Website: <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/audit-committee-charter">https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/audit-committee-charter</a>
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report: Corporate Governance- Legal Developments Website: <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter">https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter</a>
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report: Corporate Governance- Legal Developments Website: <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter">https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter</a>
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report: Corporate Governance- Legal Developments Website: <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/early-risk-detection-committee-charter">https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/early-risk-detection-committee-charter</a>
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	2021 Annual Report: Corporate Governance- Legal Developments Website: <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter">https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter</a>
<b>4.6. Financial Rights</b>	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	2021 Annual Report: Corporate Governance- Legal Developments
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Under Corporate Governance - Policies section of the Investor Relations website ( <a href="https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/remuneration-policy">https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/remuneration-policy</a> )
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	2021 Annual Report: Corporate Governance- Legal Developments

Composition of Board Committees-II					
Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors In The Committee	The Number of Meetings Held In Person	The Number of Reports on Its Activities Submitted to the Board
Audit Committee		100%	100%	4	5
Committee of Early Detection of Risk		100%	50%	6	8
Corporate Governance Committee		80%	20%	4	4

# LEGAL DEVELOPMENTS

## General Information

**a) Accounting period that the report relates to:**  
01.01.2021 - 31.12.2021

**b) Trade-name of the Company:** ENERJISA ENERJİ ANONİM ŞİRKETİ

**Trade registration number:** 800865

**Head office contact details and website address:**  
Barbaros Mah. Begonya Sok. Nida Kule Ataşehir Batı Sitesi  
No: 1 / 1 Ataşehir-İSTANBUL

**Tel:** (90 216) 579 05 00

**Fax:** (90 216) 579 05 30

**e-mail:** enerjisa-info@enerjisa.com

**Web:** www.enerjisa.com.tr

## c) Nature of operations

The Company was established on December 21<sup>st</sup>, 2011 and provided services in the areas of generation, trade, sales, distribution and retail of electricity as the parent company until August 25, 2017. In 2017, “distribution and sales activities” and “electricity generation and trade activities” was split under “Enerjisa Enerji A.S.” and “Enerjisa Üretim Santralleri A.S.” respectively.

As a result of these transactions, the Company's main activities under the new structure are customer-focused electricity distribution and retail service. 20% of Enerjisa Enerji shares was offered to the public and Enerjisa was listed on Borsa İstanbul on February 8<sup>th</sup>, 2018.

As of December 31<sup>st</sup>, 2021, Enerjisa Enerji is the leading electricity company with 11.7 million distribution connection points and approximately 10.3 million customers.

Electricity distribution is carried out by Başkent Elektrik Dağıtım A.S. (Baskent EDAS), İstanbul Anadolu Yakası Elektrik Dağıtım A.S. (AYEDAS) and Toroslar Elektrik Dağıtım A.S. (Toroslar EDAS). Retail sales of electricity is carried out by Enerjisa Başkent Elektrik Perakende Satış A.S. (Baskent EPSAS), Enerjisa İstanbul Anadolu Yakası Elektrik Perakende

Satış A.S. (AYESAS) and Enerjisa Toroslar Elektrik Perakende Satış A.S. (Toroslar EPSAS). Enerjisa Müşteri Çözümleri A.S. was established on December 29<sup>th</sup>, 2017 to operate in customer solutions and distributed generation.

## d) The organization, capital and shareholding structures of the Company and related changes in the fiscal period

### Members of the Board of Directors:

The members of the Company's Board of Directors and independent board members are as follows:

- Kıvanç ZAIMLER - Chairman
- Johan Magnus MOERNSTAM - Vice Chairman
- Cenk ALPER - Member
- Hakan TİMUR - Member
- Thorsten LOTT - Member
- Dr. Eva-Maria Verena VOLPERT - Member
- Fatma Dilek YARDIM - Independent Board Member
- Mehmet SAMİ - Independent Board Member

At the 2020 Ordinary General Assembly meeting held on March 30<sup>th</sup>, 2021; it was decided to appoint Kıvanç Zaimler, Eric René C. Depluet, Hakan Timur, Eva-Maria Verena Volpert, Barış Oran, Johan Magnus Moernstam as Board of Directors' members, Fatma Dilek Yardım and Mehmet Sami as Independent Board of Directors' members to the Board of Directors for 3 years until the Annual General Assembly meeting of 2023 to be held in 2024.

To be effective as of May 12<sup>th</sup>, 2021, it was resolved that; Mr. Cenk ALPER, to be appointed as member of Board of Directors in lieu of Mr. Barış ORAN, who had resigned from the Board of Directors, to be approved at the next General Assembly, as per the Article 363 of the Turkish Commercial Code.

Dr. Eric René C. Depluet, Vice-Chairman of the Board of Directors and member of the Early Risk Detection Committee, retired on 31 December 2021. To be effective as of 1 January 2022, it was decided that Thorsten Lott to be appointed as member of Board of Directors to be approved at the next General Assembly, as per the Article 363 of the Turkish Commercial Code.

Member of Board of Director	Duty	Date of Appointment	End of Duty
Kıvanç Zaimler	Chairman	30.03.2021	30.03.2024
Johan Magnus Möernstam	Vice Chairman	30.03.2021	30.03.2024
Cenk Alper	Member	12.05.2021	30.03.2024
Thorsten Lott	Member	01.01.2022	30.03.2024
Hakan Timur	Member	30.03.2021	30.03.2024
Eva-Maria Verena Volpert	Member	30.03.2021	30.03.2024
Fatma Dilek Yardım	Independent Member	30.03.2021	30.03.2024
Mehmet Sami	Independent Member	30.03.2021	30.03.2024

## Shareholding Structure of the Company

As of 31 December 2021, the shareholding structure of the Company is as follows

Shareholder Name	Share / Voting Right			
	31.12.2020		31.12.2021	
	(TL)	(%)	(TL)	(%)
Hacı Ömer Sabancı Holding A.S.	472,427,587.56	40.0	472,427,587.56	40.0
DD Turkey Holdings S.A.R.L.	472,427,587.56	40.0	472,427,587.56	40.0
Other (Public)	236,213,792.00	20.0	236,213,792.00	20.0
<b>TOTAL</b>	<b>1,181,068,967.12</b>	<b>100.0</b>	<b>1,181,068,967.12</b>	<b>100.0</b>

Sabancı Holding, via the legal entity Hacı Ömer Sabancı Holding A.S. and E.ON, via the legal entity DD Turkey Holdings S.A.R.L., remain the largest minority shareholders with joint control of the Company.

## Changes that occurred in the Company capital during the period:

There was no change.

## e) Remarks on privileged shares and voting rights of such shares, if any:

Privileged shares do not exist.

## f) Information on the management body, senior officers and number of employees:

As of 31 December 2021 the organization of senior management is as below:

- Murat Pinar, CEO
- Dr. Michael Moser, CFO

The Group has 11,300 employees as of 31.12.2021.

# LEGAL DEVELOPMENTS

## g) Rights and benefits granted to employees:

The rights and benefits provided by the Company to the personnel are specified in the Human Resources Policy published on the website.

<https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/human-resources-policy>

## h) Information on the transactions executed by the members of the management body with the company on their own behalf or on behalf of others within the framework of the permission granted by the general assembly of the company as well as their activities under the scope of prohibition of competition, if any:

The Chairman and the members of the Board of Directors cannot directly or indirectly execute any transaction with the Company on their behalf or on behalf of others, without the prior permission of the General Assembly. During the period of 01.01.2021 – 31.12.2021, the members of the Board of Directors neither executed any transaction with the Company, nor been involved in any attempts that can compete with the Company in its fields of operation.

## i) If there is a distribution of duties among the members of the board of directors, the duties and authorities of the members of the board of directors:

Not Applicable

## Financial Rights Granted to the Members of the Management Body and the Senior Executives

Key management includes Chairman and members of the Board of Directors, General Manager, Heads of Units and Directors. The compensation paid or payable to key management is shown below in thousands of Turkish Lira:

	1 January 2021- 31 December 2021	1 January 2020- 31 December 2020
Short-term employee benefits	44,544	32,565
Long-term employee benefits	1,459	441
	<b>46,003</b>	<b>33,006</b>

## Research and Development Activities

During the period of 01.01.2021 - 31.12.2021, TL 9,382,221.56 was spent on the projects supported by EU Framework Programs, TÜBİTAK and EMRA R&D funds.

## Company's Operations and Related Major Developments

### a) Information on the main developments during the related fiscal period:

#### Ratings:

The international credit rating agency Fitch Ratings upgraded the national long-term ratings of Enerjisa Enerji A.S. and its subsidiary, Baskent Elektrik Dağıtım A.S., from "AA(tur)" to "AA+(tur)" on 18.02.2021. The outlooks on both ratings are stable.

JCR Avrasya Derecelendirme A.S., has assigned ratings of Enerjisa Enerji A.S. as "AAA(Trk)/(Stable Outlook)" on the Long Term National Rating and as "A-1+(Trk)/(Stable Outlook)" on the Short Term National Rating on 06.07.2021. The Long Term International Foreign and Local Currency Ratings are both "BBB+/(Stable Outlook)".

#### Dividend Payment:

The Company held its Ordinary General Assembly for 2020 on March 30<sup>th</sup>, 2021. The minutes of the meeting were announced to the public on the website and at the Public Disclosure Platform (PDP). According to the decision taken at the meeting:

Pursuant to the review of the Consolidated Financial Statements for the year 2020, prepared in accordance with the Turkish Financial Reporting Standards, it was resolved to propose to the General Assembly to distribute the profit as follows:

- TL 1,052,352,418.14 from Consolidated Net Distributable Profit including the donations incurred between 01.01.2020 - 31.12.2020, and
- TL 81,473,790.30 from the retained earnings,

- Payment of Gross TL 1,133,826,208.44 dividend in cash (gross 96%, net 81.60%) to the shareholders who are representing the TL 1,181,068,967.12 capital,
- Distribution of the cash dividend beginning from April 9<sup>th</sup>, 2021

Dividends derived from the Group's distributable earnings at 2020 have been distributed within April, 2021.

#### Operational Developments:

The fully owned subsidiary Enerjisa Müşteri Çözümleri A.S. was granted a 30-year natural gas wholesale license by EMRA with the License No: DTS/7505-5/42772-486 and dated 09.10.2020.

Enerjisa Müşteri Çözümleri A.S. was granted a 20-year supply license by EMRA with the License No: ETS/10067-2/04811 and dated 04.03.2021 for trading of electricity energy and/ or capacity.

Enerjisa Müşteri Çözümleri A.S., raised its share in Eşarj Elektrikli Araçlar Şarj Sistemleri Anonim Şirketi from 80% to 94%.

An application, regarding the Energy Performance Contract between Enerjisa Müşteri Çözümleri A.S. and Galatasaray Spor Kulübü Derneği on design, construction and maintenance work of rooftop solar power plant, was filed on April 2<sup>nd</sup>, 2021 to the Turkish Competition Authority in scope of the article 8 of the Act No. 4054 on the Protection of Competition, which regulates the negative clearance process where the authority was expected to confirm that the contract is not contrary to articles 4, 6 and 7. Following detailed evaluation the Turkish Competition Board granted negative clearance to the above mentioned contract in its meeting dated October 21<sup>st</sup>, 2021 and numbered 21-51/706-350.

## Regulation Developments:

Legislative changes specific to the electricity sector are summarized below:

### February

**Amendments on the Regulation on Electricity Market Consumer Services Regulation:** The Amending Regulation on Electricity Market Consumer Services Regulation ("Regulation"), published in the Official Gazette dated 20.02.2021 and numbered 31401. Significant changes were made in many issues and are summarized below:

- Consumption in places where electricity is not consumed for six months and more consecutively throughout the year and, consumption for agricultural irrigation are considered seasonal use.
- The provision stating that the eligible consumer, who uses his right to choose his supplier by making a bilateral agreement, will lose his right if the total electricity consumption of the previous calendar year remains below the eligible consumer limit set for the current calendar year, has been abolished.
- It was decided that the electricity cuts can be made only on Monday, Tuesday, Wednesday, Thursday between 8 am and 3 pm due to the unpaid electricity debt. Electricity cuts cannot be made on national and religious holidays, public holidays, on the previous days of these holidays and on Fridays.
- The data related to the cutting process shall be stored with the time stamp provided by the TÜBİTAK Public Certification Center after the cutting process.
- In cases of illegal usages with interfering into distribution system without retail sales agreement or bilateral agreement and connection of electricity which were cut out in accordance with the regulation without force majeure condition, with the exception of billing of illegal usage by using real meter indices, the illegal electricity usage bills will be sent with return receipt requested post

# LEGAL DEVELOPMENTS

and if contact information is available, consumers will be informed about the invoice via SMS; the cost of invoices sent by registered mail will be covered by the relevant consumer and the cost will be added to the invoice.

- The following issues were stated by EMRA regarding the implementation method of the regulation made in Electricity Market Consumer Services Regulation that the electricity of customers over the age of 65, martyrs' families and war/disabled veterans, and customers submitting a health committee report that they have more than 40% disabled to incumbent retail company cannot be cut off.
- If electricity bill for any period is not paid in the following third billing period including the period which is not paid, the electricity of the relevant place shall be cut off provided that customer is notified (For instance, if the electricity bill of January period is not paid in the March payment period).
- Customer must be informed about the debt from previous periods in each period bills in writing and also by text messages.
- If customer requests, minimum 4 instalments should be made.
- Applications to be made to sign or terminate retail sales agreement and bilateral agreement can be done in written form or from a distance, to the incumbent retail companies via corporate communication channels of the company or e-Government.
- Upon the consumer's request, the required security deposit is added in two equal installments to the invoice of the consumers in the residential consumer group. For the other consumer groups, the first installment is paid in cash and the second installment is added to the invoice. Additionally, security deposit shall not be requested from the consumers who signed a contract with the banks that work with the incumbent retail company for the payment of invoices via DBS (Direct Debit System).

## March

**Economic Reforms Action Plan:** Economic Reforms Action Plan: With the Economic Reforms Action Plan published on the official website of the Ministry of Treasury and Finance on March 23, 2021, the calendar for the targets determined by the Economic Reform announced on March 12, 2021 were published. According to this;

- With the amendment to be made in the Energy Efficiency Law; buildings, agriculture and service sectors will also be included in the scope of energy efficiency supports.
- Legal infrastructure for the establishment of electrical energy storage facilities shall be completed pursuant to secondary legislation.
- Electric vehicle charging infrastructure shall be implemented as per the Law, Presidential Decree and secondary legislation.

**Amendments on the Regulation on Car Parks:** The Amending Regulation on Car Parks Regulation, published in the Official Gazette dated 25 March 2021 and numbered 31434 and an obligation regarding the providing electrical vehicles charging units in car parks and the following amendments were introduced:

- For construction license applications for buildings with a minimum mandatory car park limit of 20 or more, at least 5% of the mandatory car park area is required to be reserved for electric vehicles.
- At least 10% of the total car park areas for shopping malls, general car parks, and regional car parks will be reserved for electrical vehicles together with a charging unit.
- The 10% rate stated above will be applied as 5% until 01.01.2023, and fast charging capacity will not be required until this date.

## April

**Regulation on Amendment of the Electricity Market Import and Export Regulation:** The Regulation, which entered into force after being published in the Official Gazette dated 24.04.2021 and numbered 31464, briefly includes the following regulations:

- Interconnection Usage Agreement: It is an agreement on the usage of Interconnection line, signed between the System Operator and the license holder legal entity, which receives service through international interconnection lines.
- Standardization of Agreements: As for synchronous non-parallel connections, standard interconnection usage agreements which have been approved by the EMRA; as for synchronous parallel connections, standard interconnection usage agreements prepared by the system operator will be signed.
- Connection from Distribution Voltage Level and Tariffs to be Applied: License holders, to whom capacity allocation is made from the distribution voltage level, are obliged to pay the distribution fee calculated over the single term tariff of the commercial subscriber group for the consumers receiving energy from the private supplier at the medium voltage level, which is included in the tariff tables approved by EMRA, to the relevant system operator during the allocation period.
- Article 21 of the Electricity Market Connection and System Usage Regulation and Letter of Guarantee: The rightful legal entities are obliged to give the guarantee determined within the scope of the interconnection usage agreement and the guarantee determined within the scope of the Establishment Agreement in accordance with Article 21, in case new interconnection lines are constructed by the legal entities, to the relevant system operator. It is regulated that a letter of guarantee or cash guarantee will be given to the system operator at the rate of 25% of the estimated cost to be calculated by the system operator within the scope of the Establishment Agreement.
- Capacity Allocation: It is regulated that the capacity allocations cannot exceed ten years, provided that the applicant does not exceed the license period.

- Transition Period Implementations: The Interconnection Usage Agreement to be used in synchronous non-parallel connections shall be approved by the EMRA until June 24<sup>th</sup>, 2021, and the Procedures and Principles Regarding Capacity Allocation in the Case of Establishment of New Interconnection Lines by Legal Entities, shall be approved by the EMRA within three months as of April 24<sup>th</sup>, 2021.

## May

**Amendments on the Regulation on Electricity Market Connection and System Usage Regulation:** The Amending Regulation on Electricity Market Connection and System Usage, published in the Official Gazette dated 09.05.2021 and numbered 31479. The significant changes in the new regulation are summarized below:

- Connection lines: According to the amendment made in the Electricity Market Law, the definition of the connection line was changed and the line from the end of the switchyard to the distribution network for the generators was included in the scope of the connection line.
- Electricity storage: Electricity storage facility and detached electricity storage facility definitions were added.
- Connection Opinions: In the connection opinions given by the distribution company, the distinction between those that do not require field studies and those that do will be removed. Following the assessment e made by the distribution company, a connection opinion will be given within seven working days from the date of application.
- Connecting to the system: Provisions for connection to the system are aligned with the Consumer Services Regulation, and set as 24 hours in urban and suburban distribution regions and 48 hours in rural distribution regions.
- Reporting Responsibility: It has been determined that the tables in Annex-2 and Annex-3 regarding distribution assets installed or financed by users within the scope of Article 21 will be prepared by distribution companies every year and submitted to EMRA until May 31<sup>st</sup> of the following year.

# LEGAL DEVELOPMENTS

## The Regulation Amending the Electricity Market License

**Regulation:** The amendments made with the Regulation that entered into force by being published in the Official Gazette dated 09.05.2021 are summarized below:

- The definitions of electricity storage facility (the facility that can store electrical energy and deliver the stored energy to the system) and non-integrated electricity storage facility (electricity storage facility directly connected to the grid without any connection with any generation or consumption facility) are defined in the regulation.
- Generation facilities based on renewable energy sources are exempted from obtaining a license, provided that the facilities thereof are limited to the contractual power in the connection agreement.
- The holder of the distribution license has been granted the right to establish and operate an electricity storage facility within the framework of the conditions specified in the relevant legislation.

## The Regulation on the Amendment of the Electricity

**Network Regulation:** The Regulation entered into force by being published in the Official Gazette dated 09.05.2021 and numbered 31479. Significant amendments are as follows:

- “Electricity storage systems” are defined as “electricity storage facility” that can store electrical energy and deliver the stored energy to the system.
- Electricity storage facilities can be used within the scope of ancillary services according to technical criterion to be determined by TEİAŞ.
- The grid connection, monitoring on SCADA and use of within the scope of ancillary services of electricity storage facilities will be prepared and announced by TEİAŞ until September 1<sup>st</sup>, 2021, after receiving the opinions of the legal entities holding the distribution license.

## The Regulation on the Amendment of the Unlicensed Electricity Generation Regulation in the Electricity

**Market:** The Regulation entered into force by being published in the Official Gazette dated 09.05.2021 and numbered 31479. The significant changes in the new regulation are summarized below:

- “Generation facilities based on renewable energy resources, limited to the contractual power in the connection agreement” will be exempt from the obligation to obtain pre-license and license and establish a company and the installed capacity upper limit will not be applied for these facilities.
- For generation facilities, those with an installed capacity of more than 10 kW shall be included to Automatic Meter Reading System (AMRS); those higher than 50 kW shall be included in SCADA.
- In case that the incumbent retail company defaults on payment, the delay interest determined in accordance with Article 51 of the Law No. 6183 on the Procedure for Collection of Public Receivables will be applied at a rate of two times.
- The domestic contribution prices in Turkish Lira to be applied to unlicensed generation facilities that will be put into operation for the first time after June 30<sup>th</sup>, 2021 and for which the surplus energy supplied to the grid is purchased at a certain price, the updating of these prices, the period to be applied and other procedures and principles regarding the implementation, shall be determined by the President of the Republic of Turkey.
- If a legal entity within the scope of the Regulation requests a merger or division, the condition of acceptance will not be sought, provided that the legal entity remains the same and the share ratios do not change.

## The Regulation Amending Electricity Market Balancing and Settlement Regulation:

The amendments made with the Regulation that entered into force after being published in the Official Gazette dated 09.05.2021 are summarized below:

- Electricity storage facilities are included in the scope of Electricity Market Balancing and Settlement Regulation as balancing unit and settlement unit.
- In case the market participant’s collateral level does not meet the total collateral amount, an announcement shall be made on the market operator’s website about the transaction, and this market participant will not be allowed to register eligible consumers in its portfolio for 3 billing periods following the completion of all financial obligations to the market operator.

## Decision on Amendment on The Procedures and Principles Regarding the Scope of Automatic Meter Reading Systems and Determination of Meter Values:

The decision was published in the Official Gazette dated 09.05.2021 and the following changes were made:

- “The electricity storage unit integrated into the generation facility and the meters measuring the electrical energy supplied and withdrawn from the separate electricity storage facilities” are included in the scope of Automatic Meter Reading System.
- The 15-minute generation or consumption values of electricity storage facilities, which are balancing units, shall be shared with the market operator 2 hours after the relevant time at the latest.
- The 15-minute generation or consumption values of electricity storage facilities without a balancing unit shall be shared with the market operator within at least 2 hours following the end of the relevant day at the latest.

## Regulation on Certification and Support of Renewable Energy Resources:

The Regulation that entered into force after being published in the Official Gazette dated 09.05.2021 and significant issues are summarized below:

- (i) Municipal wastes (including landfill gas) and agricultural wastes without food and feed value are included in the definition of biomass and (ii) the definition of YEK Price has been added.
- Users producing from renewable energy sources within the scope of Unlicensed Electricity Generation Regulation shall not be able leave this implementation for ten years from the date of their partial or complete start of operation.
- The net energy amount produced in the biomass-based generation facilities, which will enter into operation after July 1<sup>st</sup>, 2021 and contain processes subject to different FIT prices, will be evaluated within the scope of FIT over the lowest price determined in Turkish Lira kuruş/kWh determined by the CK Decision dated 29.01.2021 and numbered 3453.
- Production facilities that will be partially or completely operational from 01.01.2021 to 30.06.2021 will be able to benefit from FIT until 31.12.2030.

## June

### Green Tariff and Renewable Energy Guarantees of Origin

**System (YEK-G):** Renewable Energy Guarantees of Origin System (YEK-G) was commissioned by EPIAŞ as of June 1<sup>st</sup>, 2021. The incumbent retail companies have the obligation to prove that all of the electricity supplied to the consumers benefiting from the green tariff is produced from renewable energy sources, with the YEK-G documents that they will cancel from the YEK-G system.

### Draft on the Principles and Procedures Regarding Billings and Guarantees of Distribution System Use:

The draft on the Principles and Procedures regarding Billings and Guarantees of Distribution System Use (Draft) was promulgated for public opinion by EMRA on 06.09.2021 within the frame of the developments in the electricity market. Followings are the summary of the Draft:

- The Draft mainly determines the methods of the guarantees required to be submitted by electricity generators and suppliers, regarding system use fees calculated in accordance with the Principles and Procedures on Tariff Implementations of Distribution License Holders and Incumbent Retail Companies and the security of the payment liabilities in relation to these fees.
- With this aim, Billing and Guarantee Management System (BGMS) is envisaged to be established by Central Clearing and Settlement Institution (named as Takasbank)
- With the aim of securing the payment liability of System Use Fees (SUF), responsibilities of (i) market operator (EPIAŞ), (ii) distribution companies, (iii) holders of generation and supplier licenses, (iv) Central Clearing and Settlement Institution, (v) credit registry bureau are determined.
- Preliminary and final notifications of System Use Bills by Distribution Companies are envisaged to be made via BGMS.
- The draft aims to re-regulate the objection, non-payment and correction procedures of bills.
- The draft aims to set general principles regarding the guarantees and a new formula for the guarantee calculation.



# LEGAL DEVELOPMENTS

- It is aimed to systematize the processes related to the control and return of guarantees.
- It is aimed that distribution companies and users to make an agreement with Central Clearing and Settlement Institution and distribution companies to upload the past 12-month SUFs to BGMS within 3 months following the establishment of BGMS.

**Draft on the Electricity Distribution System Monitoring Regulation:** According to the announcement published on the website of EMRA on August 31, 2021, it was announced that the Draft Regulation on Monitoring of Electricity Distribution System (Draft) was prepared and it was made available for the public opinion. Some important issues of the Draft which will revoke Electricity Market Distribution Regulation are summarized below:

- Distribution companies are obliged to establish a user services center in (i) in districts with a population of more than 500,000, for project approval, temporary acceptance, meter control and similar procedures, (ii) in districts with a population between 5,000 - 50,000, for customer applications.
- Distribution companies are obliged to have at least one mobile generator per 100,000 population, provided that there is at least one in each province, according to the population data announced by TURKSTAT for 2020.
- Unlicensed facilities with an installed power of more than 50 kW, generators and electricity storage facilities are obliged to establish systems for data transfer to the SCADA system and to provide the communication link.
- Annual maintenance plans prepared for the next year will be submitted to EMRA by the distribution company until 31 December each year.
- Distribution companies are obliged to provide a crisis coordination vehicle in order to ensure the necessary coordination in emergencies.
- It is stated that GIS (Geographic Information System) will include all electrical equipment and distribution facility located in the distribution region.

## July

**Green Deal Action Plan:** Action Plan prepared by the Republic of Turkey Ministry of Trade was approved with the Presidential Decision published in the Official Gazette and dated 16.07.2021. The objective of the Action Plan was determined as contributing to Turkey's transition to a sustainable, resource-efficient and green economy and complying with the changes and regulations adopted under the European Green Deal in a way that will preserve and carry forward the existing integration of Turkey within the scope of the EU Customs Union. In the Action Plan "limiting carbon emissions, a green and circular economy, green financing, clean, economic and safe energy supply, sustainable agriculture, sustainable smart transportation, combating against climate change, expansion of diplomacy activities and raising awareness regarding European Green Deal" were determined as main headings to reach related targets. Our Company aims to contribute to the studies in line with the determined actions.

## August

**Decision on the Postponement of the Collection of Electricity Consumption of Consumers Damaged by Forest Fires in Antalya, Adana, Muğla, Mersin, Osmaniye Provinces:** The decision was published in the Official Gazette dated 31 August 2021. Consumers whose residences, workplaces and agricultural production areas are unusable shall apply with a "damage status document" issued by the relevant institutions to defer the bill collection of new subscriptions after the fire. Consumers whose residences, workplaces and agricultural production areas are usable shall submit their petition to the relevant electricity supply company to include the current electricity subscription bill collection in the scope of postponement until October 1<sup>st</sup>. Within this scope, the electricity bill collections of the consumers in the relevant regions were postponed to cover the months of August, September and October.

## September

**Decision on the Postponement of the Collection of Electricity Consumption of the Consumers Damaged by the Flood Disaster:** The decision was published in the Official Gazette dated 17 September 2021. In Kastamonu, Sinop and Bartın provinces declared as "Disaster Areas Affecting General Life", the collection of the bills of the consumers who had electricity consumption subscriptions before the disaster announcement for the accrual periods of August, September and October was postponed for 3 months.

## October

**Consumption Volume of the last resource tariff for the year 2022:** With the decision of the Energy Market Regulatory Authority dated October 21, 2021 and numbered 10502, the last resource supply tariff for 2022 was determined as follows; No change was made in the KBK Coefficient (Coefficient: 1.0938).

Customer Type	Consumption Volume (kWh/year)
Residential	50 million
Agricultural Irrigation	7 million
Commercial	3 million
Industrial	3 million
Lighting	3 million

## November

**Paris Agreement:** Legislative proposal regarding Paris Agreement was ratified by the Grand National Assembly of Turkey and entered into force after being published in the Official Gazette dated 07.10.2021. Within the scope of the agreement, it is aimed to combat negative effects of climate change (limit the increase in the global average surface temperature to 2°C and make efforts to keep it below 1.5°C) and increase reduction capacities for greenhouse gas emission originating from fossil fuels (coal/petroleum). Every five years, participating countries are expected to submit an updated national climate action plan known as Nationally Determined Contribution (NDC) including their activities on mitigation, adaptation, finance,

technology transfer and capacity building. According to Turkey's NDC presented on 30.09.2015, reduction in greenhouse gases of up to 21% is anticipated compared to the business-as-usual scenario by 2030. In order to achieve this target and carbon neutral target, our country is expected to prepare new action plans especially in the field of energy but also in industry, transportation, buildings, agriculture, waste and use of natural assets.

**EMRA Decision dated 14.10.2021 and numbered 10489 on Amending the Procedures and Principles Regarding the Determination of Minimum and Maximum Price Limits in Day-Ahead Market and Balancing Power Market:** It was decided to amend the provisional article 1/5 as "In the relevant markets, the minimum price limits are 0 TL/MWh and the maximum price limits are applied as 3 (three) times the weighted averages of 12-month MCPs, starting from the calendar month two months ago, on the basis of the current calendar month."

**Procedures and Principles Regarding the Procurement of Real Estate:** The final version of the Procedures and Principles Regarding the Procurement of Real Estate by the General Directorate of TEDAŞ published on the official website of TEDAŞ on November 18, 2021 and entered into force with the approval of the TEDAŞ Board of Directors. In the Procedures and Principles followings are regulated;

- Expropriation of existing facilities as of the date of privatization
- Expropriation of facilities after privatization
- Transactions regarding immovables under the private ownership of the Treasury or under the jurisdiction and disposal of the State

**Amendments Regarding Doubtful Receivables:** The law regarding Amendments to Tax Procedural Law and to Certain Laws ("Law No. 7338") has been published in the Official Gazette No. 31640 and dated 26.10.2021. In this context, with the new regulation made in the Tax Procedure Law No. 213, litigation or enforcement proceedings will not be required for receivables that do not exceed 3.000 TL. In addition, if these receivables are not paid by the debtor despite protests or written requests more than once, companies have the opportunity to record a provision for doubtful receivables.

# LEGAL DEVELOPMENTS

## December

**Eligible Consumer Limit for the year 2022:** With the EMRA Decision dated 16.12.2021 and numbered 10623, published in the Official Gazette dated 22 December 2021 and numbered 31697, it was decided to reduce the eligible consumer limit to 1,100 kWh for the year 2022. The said Board decision entered into force on 01.01.2022 (Applied as 1,200 kWh in 2021).

**Amendments on Regulation on General Lighting:** With the Amendment Regulation published in the Official Gazette dated 17 December 2021 and numbered 31692, the period determined in the regulation for the inclusion of General lighting meters within the scope of the Automatic Meter Reading System (AMRS) was extended from 31.12.2021 to 31.12.2022. As the general lighting meters cannot be monitored instantly and/or online by TEDAS, the deadline for the non-payment of the general lighting costs to the distribution companies has been extended to 01.01.2023.

**Amendment on the Procedures and Principles Regarding the Quality Factor Implementation of the Distribution Activity in the 4<sup>th</sup> Regulatory Period:** The amendments to the Procedures and Principles with the EMRA Decision published in the Official Gazette dated 22 December 2021 and numbered 31697 are as follows:

- Technical Quality Measurement Score on Consumer Demand: For the year T-1, the number of consumers/users, which is the basis for the evaluation of technical quality performance, has been changed. This change has a direct impact on the technical quality performance of 2021, as it entered into force on the date of publication of the decision.
- Connection Service Indicator Performance Score:
  - (a) Performance score is allocated only to the consumers' connection to the distribution system. Connection of generators is excluded from the scope.
  - (b) The beginning of the base time for measuring connection performance has been determined as the date of submission to the distribution company of the certificate (the occupancy permit or the document that will replace it) obtained from the relevant administrations in places not subject to building supervision. In the repealed regulation, this date was determined as the date on the document.

(c) In the calculation of the index for the connection to the distribution system permission the following applications will be taken into account within the scope of Article 10 of the Regulation on Connection and System Usage:

- i) Applications rejected due to incompleteness or invalidity
- ii) Revised applications,
- iii) Applications towards power increase requests

(d) Dead band gap ( $0 \leq \text{BHETEO} < 0.15$ ) has been introduced for the rate of establishment of the connection lines by the electricity distribution company among the total number of connection lines installed on the basis of distribution region for the year "t-1".

- Occupational Health and Safety Performance:

(a) In the performance scoring, if the number of fatal work accidents in the previous year is greater than the ratio to be found by dividing the total number of employees in the previous year by 100, it is stipulated that the relevant company will be given -6 points.

(b) An obligation to submit the Number of Employees Notification Table via EDVARS has been introduced.

**Law No. 7346 on Amendment of Certain Laws:** The amendments, brought by the Amending Law, published in the Official Gazette dated 25 December 2021 and numbered 31700, are summarized below:

- Removal of TRT Share (Effective date: 01.01.2022): With the amendment made in the relevant articles of the Law on TRT Revenues No. 3093, the share of TRT has been removed. By adding a provisional clause to the Law No.3093, it is aimed to pay the energy shares accrued as of 31.12.2021 to TRT by the suppliers until the 25<sup>th</sup> of the following month in accordance with the article to be repealed by this law.
- Removal of Energy Fund (Effective date: 01.01.2022): Provisional article 4 of the Law No. 3096 on the Assignment of Electricity Generation, Transmission, Distribution and Trade of Organizations other than TEK was repealed and the collection of energy funds through the electricity bills was terminated. Pursuant to the Additional Article 2 of the Law No. 3291, it is foreseen that the funds accrued as of 31.12.2021 will be followed up and collected in the same manner. In addition, Annex 2 article of Law No. 3291 was annulled in this direction.

- Sanctions under the Measures and Adjustment Law (Meters) (Effective Date: 25.12.2021): With the amendment made in Article 15 of the Measures and Adjustment Law No. 3516, using a measuring instrument whose stamp expired is regulated as a sanction, and the responsibility of the penalty is left to the distribution company.

- Regulations Regarding the Structure of EMRA (Effective Date: 25.12.2021): With the amendment made in the Law on the Organization and Duties of the Energy Market Regulatory Authority No. 4628, the "Energy Conversion Department" was established. The duty of this department has been determined as analyzing the effects of technological developments specific to electricity and natural gas activities on the relevant markets, and making technical regulations regarding innovation and protection of user rights.

- Connection of Unlicensed Generators Based on Renewable Energy Sources ("RES") from transmission level (Effective Date: 25.12.2021): With the Law No. 7257, it was enabled to establish an unlicensed production facility based on RES up to the limit of contractual power in the connection agreement. Now, by amending article 6/A of the Law on the Use of Renewable Energy Resources for Electricity Generation, an arrangement has been made to allow these generation facilities to be connected at the transmission voltage level.

- Expanding the Scope Regarding Energy Efficiency Projects (Effective Date: 25.12.2021): With the amendment made in the Energy Efficiency Law No. 5627, it is aimed that the agriculture and service sectors benefit from project supports on energy efficiency implementation.

- Electric Vehicle Charging Service (Effective date: 25.12.2021): Provisions regarding the electric vehicles and charging stations were introduced by adding provisions under the heading "Charging service" to the Electricity Market Law No. 6446. By defining the electric vehicle, it has been ensured that the charging network operator is determined with a license, that this operator authorizes third parties to establish and operate the charging stations on the account of the charging network operator, and that the charging service is provided to the charging user with certain

advantages with a loyalty agreement. The Additional Article 5 is added to the Electricity Market Law No. 6446, which regulates charging service and charging network operator license ownership. It is aimed that the regulations within this scope will be put into effect within 3 months from the entry into force of the law and the current status of the charging service providers will be harmonized within 4 months from the enforcement of the mentioned regulation.

- Transition to Consumption-Based Tiered Electricity Tariffs (Effective date: 25.12.2021): With the amendment made in the Article 17 of the Electricity Market Law No. 6446, it is aimed to determine tier based pricing in order to ensure energy efficiency via having consumers with higher consumption in similar subscriber groups bear this cost. Additionally, it is aimed to reflect the cost arising from excess consumption to the consumer with excess consumption.

### The Amendments in the Procedures and Principles Regarding Tariff Implementation for Producers Connected to The Distribution System:

With the decision numbered 10699 which was promulgated on the 6<sup>th</sup> repeated Official Gazette numbered 31706 and dated 31.12.2021, the amendment, to be effective 01.01.2022, regarding the principles and procedures on Tariff Implementation of Distribution License Holders and Incumbent Retail Companies was approved. With the amendments made for the unlicensed generators that are connected to distribution systems from the same measurement point, for production and consumption of unlicensed generators and related consumption point thereof the unlicensed generators shall pay distribution fee with 50% and/or 100% discounted.

**Average Consumption Amount within the Scope of Consumption-based Tiered Electricity Tariff** With the Decision numbered 10707, dated 31.12.2021, which was promulgated on the 6<sup>th</sup> Repeated Official Gazette numbered 31706, dated 31.12.2021, as of 01.01.2022, it has been decided to apply low-tier and high-tier tariffs for the Household Subscriber Group (low voltage level and single time period) as follows;

- Up to an average of 5 kWh per day: Low-tier tariff
- A daily average exceeding 5 kWh: Low-tier tariff up to 5 kWh, and a high-tier tariff for the part exceeding the limit.

# LEGAL DEVELOPMENTS

## 2022

**Decision of the Energy Market Regulatory Board dated 31.01.2022 and numbered 10756:** With the Decision published in the Official Gazette dated 1 February 2022 and numbered 31737, for the invoices to be issued as of February 1, 2022, it has been decided to apply low-tier and high-tier tariffs for the Household Subscriber Group (low voltage level and single time period) as follows:

- Daily average up to 7 kWh: Low-tier tariff
- Daily average exceeding 7 kWh: Low-tier tariff up to 7 kWh, high-tier tariff for the part exceeding the limit.

With the Board decision dated 31.12.2021 and numbered 10707, the average daily consumption for the Household Subscriber Group (low voltage level and single time period) was determined as 5 kWh. Thus, the daily average for invoices has been updated as 7 kWh.

**Decision of Energy Regulatory Board Dated 28.02.2022 and numbered 10818:** The daily average consumption limit for low-tier tariff has been revised from 7 kWh to 8 kWh per day for the Residential Subscriber Group (low voltage level and single time period) for the invoices to be issued as of 01.03.2022.

**Decision of Energy Regulatory Board n dated 28.02.2022 and numbered 10819:** With the Decision, for the invoices to be issued as of March 1, 2022, it has been decided to apply low-tier and high-tier tariffs for the Commercial Subscriber Group (low voltage level and single time period) as follows:

- Daily average up to 30 kWh: Low-tier tariff
- Daily average exceeding 30 kWh: Low-tier tariff up to 30 kWh, high-tier tariff for the part exceeding the limit.

**Decision on the Amendment of the Decision Regarding the Determination of Value Added Tax Rates to be Applied to Goods and Services (Number of Decision: 5249):** With the decision, the value added tax rate (VAT) to be applied was changed to 8% by adding the electricity deliveries made to residential and agricultural irrigation subscriber groups to the additional Table No II.

### Electricity Tariffs:

The tariffs applied by the incumbent retail companies to distribution system users (non-eligible consumers and eligible consumers with low consumption in accordance with the Communiqué on the Regulation of the Last Source Supply Tariff) in 2021 are summarized below:

General Lighting Unit Cost (kr/kWh)			
As of 01.01.2021	As of 01.04.2021	As of 01.07.2021	As of 01.01.2022
57.9192 (As of October 2020, it was 50.4886 kr/kWh)	58.0154	68.9626	170.4791
Green Tariff Table (kr/kWh)			
As of 01.01.2021	As of 01.04.2021	As of 01.07.2021	As of 01.01.2022
75.7591 (As of October 2020, it was 80.2461 kr/kWh)	74.7372	92.6227	189.0181

Retail Single Term Energy Fee (TL/MWh)						
	As of 01.10.2020	As of 01.01.2021	As of 01.04.2021	As of 01.07.2021	As of 01.01.2022	As of 01.03.2022
<b>Transmission Customers</b>						
Industrial	517.4	551.5	551.5	638.7	1,474.3	1,474.3
<b>Distribution Customers: Low Voltage, Single Term</b>						
Industrial	534.4	552.3	551.5	648.7	1,669.1	1,669.1
Commercial (Below the Limit)	582.7	599.1	598.2	706.3	1,890.2	1,337.4
Commercial (Over the Limit)	582.7	599.1	598.2	706.3	1,890.2	1,890.2
Residential (Below the Limit)	392.7	397.6	396.7	474.3	794.6	794.6
Residential (Over the Limit)	392.7	397.6	396.7	474.3	1,348.8	1,348.8
Martyr Families	146.0	141.8	141.2	174.6	312.6	312.6
Agricultural Irrigation	525.5	542.0	541.2	637.5	1,399.0	1,399.0
Illumination	533.9	548.1	547.2	646.9	1,742.1	1,742.1

Distribution Fee (TL/MWh)						
	As of 01.10.2020	As of 01.01.2021	As of 01.04.2021	As of 01.07.2021	As of 01.01.2022	As of 01.03.2022
<b>Transmission Customers</b>						
Industrial	0	0	0	0	0	0
<b>Distribution Customers: Low Voltage, Single Term</b>						
Industrial	160.2	185.9	186.7	200.0	248.6	248.6
Commercial (Below the Limit)	217.2	252.0	253.0	271.1	336.9	336.9
Commercial (Over the Limit)	217.2	252.0	253.0	271.1	336.9	336.9
Residential (Below the Limit)	212.4	246.4	247.4	265.1	329.5	329.5
Residential (Over the Limit)	212.4	246.4	247.4	265.1	329.5	329.5
Martyr Families	144.0	167.1	167.8	179.8	223.5	223.5
Agricultural Irrigation	178.4	207.0	207.9	222.7	276.8	276.8
Illumination	208.0	241.3	242.3	259.6	322.7	322.7

End User Price (TL/MWh)*						
	As of 01.10.2020	As of 01.01.2021	As of 01.04.2021	As of 01.07.2021	As of 01.01.2022	As of 01.03.2022
<b>Transmission Customers</b>						
Industrial	622.8	661.9	661.9	766.5	1,757.0	1,757.0
<b>Distribution Customers: Low Voltage, Single Term</b>						
Industrial	832.2	882.2	882.2	1,014.5	2,282.6	2,282.6
Commercial (Below the Limit)	998.8	1,058.7	1,058.7	1,217.5	2,739.5	2,054.6
Commercial (Over the Limit)	998.8	1,058.7	1,058.7	1,217.5	2,739.5	2,739.5
Residential (Below the Limit)	751.1	796.1	796.1	915.6	1,373.3	1,256.9
Residential (Over the Limit)	751.1	796.1	796.1	915.6	2,060.0	1,885.4
Martyr Families	356.1	377.4	377.4	434.0	651.1	595.9
Agricultural Irrigation	880.3	933.1	933.1	1,073.0	2,060.0	1,885.4
Illumination	925.8	981.3	981.3	1,128.5	2,539.2	2,539.2

\* Before 2022: End User Price includes; TRT Share, Energy Fund, Municipality Tax and VAT.  
As of 2022, End User Price includes; Municipality Tax and VAT.  
As of March 2022, VAT is 8% for Residential and Agricultural Irrigation subscriber groups (previous 18%).

## LEGAL DEVELOPMENTS

Applicable starting from January 1<sup>st</sup>, 2021, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been decreased between 1.3%-3.4% and distribution tariff has been increased by 16%. The final tariff reflected to the end user has been increased by 6%.

Applicable starting from April 1<sup>st</sup>, 2021, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been decreased between 0.1%-0.2% and distribution tariff has been increased by 0.4%. The final tariff reflected to the end user has been unchanged.

Applicable starting from July 1<sup>st</sup>, 2021, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been decreased between 17.6%-19.5% and distribution tariff has been increased by 7.2%. The final tariff reflected to the end user has been increased by 15%. Regulated tariffs has been unchanged since July 1<sup>st</sup>.

Applicable from 1 January 2022, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been increased between 68%-184% and distribution tariff to be applied to all customer groups has been increased by 24.3%. The final tariff reflected to the end user has been increased between 50%-125%.

Applicable from March 1<sup>st</sup>, 2022, EMRA has announced that single-time retail sales tariff for commercial subscribers below the low-tier limit according to customer groups in national tariff has been decreased by 29%. The final tariff reflected to the end use has decreased by 25%.

### Elektrik Üretim A.Ş. tariffs:

The summary of the active electricity energy wholesale tariff, which is determined quarterly by EMRA Board decisions and applied by EÜAŞ in 2021, is as follows:

Technical and Non-Technical Lost Energy Sales to Distribution Companies and Sales Made to Incumbent Retail Companies (kr/kWh)			
As of 01.01.2021	As of 01.04.2021	As of 01.07.2021	As of 01.01.2022
20.5000 (As of October 2020, it was 15.4894 kr/kWh)	16.9149	23.7636	31.8592
Sales to Distribution Companies within the Scope of General Lighting (kr/kWh)			
As of 01.01.2021	As of 01.04.2021	As of 01.07.2021	As of 01.01.2022
33.0000 (As of October 2020, it was 29.0000 kr/kWh)	33.0000	42.0000	135.0000

### Other:

In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520 with the Article 11 of Law Amending Certain Laws with Law on the Procedure For The Collection of Public Receivables numbered 7316, published in Official Gazette numbered 31462 on 22.04.2021, corporate tax rate for the year 2021 has increased from 20% to 25% and for the year 2022 to 23%. The amendment will be valid for the taxable corporate income starting from January 1<sup>st</sup>, 2021, beginning with the advance Corporate Tax Declarations which must be declared as of July 1<sup>st</sup>, 2021.

### Developments in 2021 Regarding the Action for Cancellation Against the Administrative Fine Imposed Against İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. by the Competition Authority:

The Competition Board decided to conduct an examination for electricity distribution and electricity retail sales companies in İstanbul Anatolian Side, Ankara and Toroslar electricity distribution regions, whether the Article 6 of the Law on the Protection of the Competition was breached, on December 28<sup>th</sup>, 2016. Following the examination, the Competition Board decided to impose administrative fine with the decision dated August 8<sup>th</sup> and 18-27/461-224, in total the amount of TL 143,061,738.12 to İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. A 25% discount was applied to the relevant fines and the total fine was reflected as a one-time expense in the amount of TL 107,296,303.59 under 2018 annual financial results, while the underlying net income was not affected.

A cancellation lawsuit was filed against the decision of the Competition Board by the relevant companies on April 5<sup>th</sup>, 2019. The judicial process of the first degree court was concluded with the decisions of 13<sup>th</sup> Ankara Administrative Court dated 16<sup>th</sup> July 2020 and numbered E.2019/1970 K.2020/1319, E.2019/1956 K.2020/1317 and E.2019/1969 K.2020/1318, the lawsuits filed by Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş., have been rejected respectively. The decisions were delivered on October 6<sup>th</sup>, 2020. The request of appeal has been made against the decisions of the Court of First Instance as of November 5<sup>th</sup>, 2020. Following the judicial process the 8<sup>th</sup> Chamber of the Administrative Appeal Court of Ankara District rejected the requests with its decisions dated July 8<sup>th</sup>, 2021 and numbered E.2020/1797 K. 2021/1155, E. 2020/1792 K. 2021/1157 and E. 2020/1796 K. 2021/1156 for Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş., respectively. The request of appeal was made against those decisions at the Council of State on September 7<sup>th</sup>, 2021. Besides, Ankara 15<sup>th</sup> Administrative Court accepted the case of İstanbul

Anadolu Yakası Elektrik Perakende Satış A.Ş. with its decision dated November 16<sup>th</sup>, 2017 and numbered E.2017/412, K.2017/3045 where the company filed a cancellation lawsuit against the Turkish Competition Board's decision dated December 6<sup>th</sup> 2016 and numbered 16-42/686-314 on rejecting the request of the return of the documents due to breach of Legal Professional Privilege (LPP), which were taken during the dawn-raids on November 23<sup>rd</sup>, 2016 at Enerjisa premises as a part of the preliminary inquiry initiated by the board's decision dated November 16<sup>th</sup>, 2016 numbered 16-39/656-M. However, the decision of the administrative court was appealed by the Turkish Competition Authority and annulled by the 8<sup>th</sup> Chamber of the Administrative Appeal Court of Ankara District with its decision dated October 10<sup>th</sup>, 2018 and numbered E.2018/658, K.2018/1236. The request of appeal has been made against this decision at the Council of State on January 22<sup>nd</sup>, 2019.

On the other hand, with the decision of the 13<sup>th</sup> Ankara Administrative Court dated 16.07.2020 and numbered E.2019/660 K.2020/1315, the lawsuit filed by İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. was accepted. The decision was received on October 6<sup>th</sup>, 2020.

Following the aforementioned decision in favor, in accordance with the article 28 of the Administrative Jurisdiction Procedures Law, an application was made to the relevant tax office on October 8<sup>th</sup>, 2020 for the refund of TL 7,973,040.71 paid at 25% discount on March 7<sup>th</sup>, 2019. The amount was refunded on November 6<sup>th</sup>, 2020.

The Competition Authority has appealed against the decision within 30 days from the notification of the decision. The appeal application of the Competition Authority was rejected, with the decision of the 8<sup>th</sup> Chamber of the Administrative Appeal Court of Ankara District, dated 17.06.2021 and numbered E.2020/1865 K.2021/1052, open to appeal.

Upon the Competition Authority's appeal against the decision of the regional administrative court, a petition for a reply to the appeal was submitted separately. At present, the appeal examination is continuing before the Council of State.

## LEGAL DEVELOPMENTS

According to the report prepared within the scope of the additional work carried out for İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. and the information and documents received from the Company, it has been decided that İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. has not violated Article 6 of the Law on the Protection of Competition No. 4054 ("abuse of dominant position") and that there is no need to impose an administrative fine on our Company, with the decision of the Competition Board notified on 26 November 2021.

Thereupon, an additional petition for declaration has been submitted on 30 November 2021 to the file numbered 2021/3812 of Council of State with regard to the decision of Competition Board notified on 26 November 2021 that İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. has not violated Article 6 of the Law on the Protection of Competition No. 4054 (abuse of dominant position) and that there is no need to impose an administrative fine on our Company.

**Developments in the Investigation Started by the Personal Data Protection Authority against İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. in 2021:** Upon the complaints dated 17 December 2019, 4 June 2020 and 28 January 2021 submitted to the Personal Data Protection Authority, against our electricity Distribution company, İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., regarding the unlawful processing of personal data, by a natural person electricity subscriber consumer's attorney, an investigation was initiated by the Authority against İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. by the official letter dated March 11, 2021 and numbered 19462324-105.01.01-E0000048769 and its defense was requested.

As a result of the defense given by İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. on March 23, 2021, it has been decided by the Authority with the decision dated 16 December 2021 and numbered 2021/1265 that in the event subject to the complaint, İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. does not have the qualification of data controller.

**Developments in the Investigation Started by the Personal Data Protection Authority against İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. in 2021:** With the decision of the Personal Data Protection Board dated 27.01.2020 and numbered 2020/66, it was decided to

impose an administrative fine in the amount of TL 100,000 against Başkent Elektrik Dağıtım A.Ş., on the grounds that the principle of "being accurate and up-to-date" violated.

The administrative fine imposed by the Personal Data Protection Board decision dated 27.01.2020 and numbered 2020/66, which was notified to our company on 10.03.2020, was paid to the Personal Data Protection Authority on 25.03.2015 as TL 75,000 at a discount.

An objection petition in regards to cancellation of the administrative fine imposed by the Personal Data Protection Board decision No. 2020/66 and refund of the paid TL 75,000 at a discount, has been submitted to the Ankara 3<sup>rd</sup> Criminal Court of Peace.

With the decision numbered 2021/6131 of the Ankara 3<sup>rd</sup> Criminal Court of Peace, which was notified on 1 June 2021, it was decided to cancel the administrative fine in the amount of TL 100,000. Upon the cancellation decision, the refund of TL 75,000 paid to the Personal Data Protection Authority on 25.03.2015 was requested. The said amount was refunded on 09.08.2021.

Ongoing Collective Bargaining Agreement negotiations with TES-İŞ Union (Turkey Energy, Water and Gas Workers' Union) for the workplaces of Enerjisa Enerji Electricity Distribution Companies (İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Başkent Elektrik Dağıtım A.Ş. and Toroslar Elektrik Dağıtım A.Ş.), has been concluded with an agreement between parties for a period of 3 years, effective as of March 1<sup>st</sup>, 2021 on 09.07.2021.

At the 2020 Ordinary General Assembly meeting held on March 30<sup>th</sup>, 2021, the amendment in the Donation and Grants Policy and Dividend Policy has been approved and the amendment in the Disclosure Policy has been submitted for the information of the General Assembly.

**b) Information on the investments made by the Company during the related fiscal period:**

The Company has made capital expenditures related to service concession arrangements of TL 2,799,831,000 and purchase of tangible and intangible assets TL 770,231,000 within the period of 01.01.2021-31.12.2021.

**c) Information on the Company's direct or indirect participations/subsidiaries and the share ratios:**

The direct participation shares held by the Company are as follows:

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)		Principal activity
		31 December 2021	31 December 2020	
Baskent Elektrik Dağıtım A.Ş.	Ankara	100	100	Electricity distribution services
Enerjisa Başkent Elektrik Perakende Satış A.Ş.	Ankara	100	100	Electricity retail services
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş.	İstanbul	100	100	Electricity distribution services
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	İstanbul	100	100	Electricity retail services
Toroslar Elektrik Dağıtım A.Ş.	Adana	100	100	Electricity distribution services
Enerjisa Toroslar Elektrik Perakende Satış A.Ş.	Adana	100	100	Electricity retail services
Enerjisa Müşteri Çözümleri A.Ş.	İstanbul	100	100	Customer Solutions and distributed generation services
E-sarj Elektrikli Araçlar Şarj Sistemleri A.Ş.	İstanbul	94	80	Electric vehicles and charging stations equipment services

**d) Information on the own shares of the company acquired:**

The company does not own any shares in the related period.

**e) Information on private audit and public audit conducted in the fiscal period:**

The consolidated financial reports of the Company for the period of 01.01.2021 - 31.12.2021 prepared in accordance with IFRS was audited by independent auditors.

**f) Information on legal actions filed against the Company which might adversely affect the financial situation and operations of the Company and their possible consequences:**

There are no cases filed against the Company within the period of 01.01.2021 - 31.12.2021, which may adversely affect the financial situation and operations of the Company.

Enerjisa Enerji strives to comply with legislation and laws on environmental, social and corporate governance issues. There are no cases regarding environmental and governance matters filed against the Company within the period of 01.01.2021 - 31.12.2021.

The number of definitive convictions the Company was subject to in relation to breach of employee rights and health and safety measures are disclosed on Corporate Governance Information Form.

**g) Information on the administrative or judicial sanctions imposed on the Company and the members of its management body for practices in breach of the provisions of applicable legislation:**

In accordance with the provisions of Article 15 of the Regulation on the Procedures and Principles to be Followed in Inspections and Preliminary Research and Investigations in the Electricity Market, it has been decided to open a direct investigation to some supply license holders and generation license holders, including Baskent EPSAS, AYESAS and Enerjisa Toroslar EPSAS, who could not submit a valid bilateral agreement regarding the eligible consumer/consumers who was/were requested by more than one supplier in the period of January 2019 - February 2021.

As a result of the investigation, it was decided to impose an administrative fine of 1.088.997 TL on Enerjisa Toroslar EPSAS. The said fine was paid on 08.12.2021 as 826,747.75 TL by taking advantage of the discount.

## LEGAL DEVELOPMENTS

As a result of the investigation, it was decided to impose an administrative fine of 1,088,997 TL on Başkent EPSAŞ. The said fine was paid as 826,747.75 TL on 07.12.2021 by taking advantage of the discount.

As a result of the investigation, it was decided to warn AYESAŞ not to repeat the same violation.

**h) Information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest:**

There are no conflict of interests.

**i) Information and evaluation on whether the goals set in the previous periods were achieved, and whether the decisions of the general assembly were implemented, and if not, the related reasons for failure to achieve such goals or to implement such decisions:**

The Company has achieved its budgetary targets for the period of 01.01.2021 - 31.12.2021. The details are explained in "Financial Developments" section.

**j) If any extraordinary general assembly meeting has been held during the year, information on such extraordinary general assembly meeting including the date of the meeting, the decisions taken in such meeting and the related activities:**

None

**k) Information on the Company's donations and aids and its expenditures made on social responsibility projects during the year:**

The Company has made donations and aids at the amount of TL 38,572,093 within the period of 01.01.2021 - 31.12.2021.

**l) If a company operating under a group of companies; legal actions taken with the parent company, or any subsidiary of the parent company in favor of the parent company or any subsidiary thereof upon the instructions of the parent company and all the other measures taken or avoided in favor of the parent company or any subsidiary thereof in the previous fiscal year:**

There are no legal actions that we have taken with Hacı Ömer Sabancı Holding A.Ş., DD Turkey Holdings S.A.R.L.

or any subsidiary thereof or in favor of them or any of their subsidiaries upon their instructions; and there are no actions taken or avoided in favor of Hacı Ömer Sabancı Holding A.Ş., DD Turkey Holdings S.A.R.L. or any of their subsidiaries.

**m) The Company's sources of finance and the nature and value of the capital markets instruments issued, if any:**

Enerjisa Enerji A.Ş. sources of new financing are mainly loans in Turkish Lira.

Enerjisa Enerji has made a bond issuance on 23.02.2021, amounting to TL 400,000,000, with 728 days term, 3 months coupon payments, floating interest with 140 bps over TLREF reference interest rate, redemption date of 21.02.2023, and with TRSENSA22315 ISIN code.

As per the Issuance Certificate approved by the Capital Markets Board with decision numbered 77/1540 on 17 December 2020; the Company issued a bond on 15 October 2021 with 728 days maturity, nominal amount of TL 800,000,000 variable interests based on 1.4% on TLREF reference rate, quarterly coupon payments and principal payment at the maturity.

Additionally, the Group has a total of TL 1,697,000,000 bonds (issued amount) in circulation as of 31 December 2021.

**n) Events that occurred after the Balance Sheet Date:**

International credit rating agency Fitch Ratings has affirmed the National Long-Term Ratings of Enerjisa Enerji A.Ş. and its subsidiary, Başkent Elektrik Dağıtım A.Ş. as 'AA+(tur)' on 26.01.2022. The outlooks on both ratings are Stable. At the same time, the Fitch credit rating process for Başkent Elektrik Dağıtım A.Ş. by has been terminated by mutual consent due to commercial reasons.

According to the Board of Directors resolution dated 18.02.2022,

Pursuant to the review of the Consolidated Financial Statements for the year 2021, prepared in accordance with the Turkish Financial Reporting Standards, it was resolved to propose to the General Assembly to distribute the profit as follows:

- Distribution of total TL 1,464,525,519.23 dividend (Gross 124%, Net 111.6%) from TL 2,218,053,244.14

Consolidated Net Distributable Profit including the donations incurred between 01.01.2021 - 31.12.2021 in cash to the shareholders who are representing the TL 1,181,068,967.12 capital and

- Distribution of the cash dividend, beginning from April 11, 2022.

Board of Director's Compliance Report on Common and Recurring Related Party Transactions of the Same Nature prepared within this framework was reviewed and approved by the Board of Directors with the resolution dated 25 February 2022, and the conclusion of the report was announced on the Public Disclosure Platform. The conclusion and evaluation section of the report is as follows.

As per the Article 10 of the Corporate Governance Communiqué numbered (II-17.1) issued by the Capital Markets Board and published in the Official Gazette no. 28871 dated 03 January 2014, for the year 2022, it is anticipated that the total amount of electricity purchase transactions having common and recurring nature by Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende A.Ş., (the subsidiaries of Enerjisa Enerji A.Ş. as per full the financial reports which are prepared with the consolidation methodology in line with CMB regulation) from the related parties, Enerjisa Enerji Üretim A.Ş. and Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. is expected to exceed 10% of the amount of cost of sales specified in the financial statements for 2021 disclosed to public.

For this reason; the nature, the terms and conditions of the related transactions, the pricing methodology are explained and information provided on the current status of the transactions against arm's length principles are provided in this Report.

The transactions within the framework planned under the scope of the Company budget are to be executed by Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa Toroslar Elektrik Perakende Satış A.Ş. with Enerjisa Enerji Üretim A.Ş. and Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. in 2022 will be executed within the market conditions and on arm's length principles which are set as per comparable pricing methodology.

The events related to electricity tariffs that occurred after the Balance Sheet Date can be accessed on "electricity

tariffs" part under Corporate Governance/Regulatory developments section.

**o) Other issues not included in the financial statements, but useful to know for interested parties:**

None.

**p) If a company operating under a group of companies; information about whether a counter action was provided appropriate for each legal action and whether the measure taken or avoided caused the company to suffer a loss; and if the company suffered a loss, whether it was compensated or not according to the situation and conditions known by them at the time when the legal action or the measure mentioned in the subparagraph (i) was performed or taken or avoided:**

To the best of the Company's knowledge of current conditions, the legal actions taken by the Company with the controlling companies or any of their subsidiaries or in favor of the controlling companies or any of their subsidiaries upon the instructions of the controlling companies and all the other measures taken or avoided in favor of the controlling companies or any of their subsidiaries in the fiscal period of 01.01.2021 - 31.12.2021 were evaluated in the form of a report under the scope of all transactions performed between the Company and the controlling company and its affiliated companies during the Fiscal Period of 01 January 2021 - 31 December 2021, which were conducted in full conformity with the honest and fair accounting principles according to the conditions well known to us. The Company did not suffer any loss resulting from any transaction executed under known conditions in connection with the Fiscal Period of 01.01.2021 - 31.12.2021.

### Financial Situation

**a) Management body's analysis and assessment of the financial position and operational results, the extent of realization of planned activities, and the company's position against defined strategic goals:**

The Company's financial results for the period of 01.01.2021 - 31.12.2021 are provided in the enclosed Balance Sheet and Income Statement.

The details regarding the financial situation are explained in the "Financial Developments" section.

## LEGAL DEVELOPMENTS

### b) Company's sales, productivity, income generation capacity, profitability and debt to equity ratio within the year in comparison with the previous years, and information on any other issues that:

The Company's gross profit as of December 31<sup>st</sup>, 2021 is TL 8,281,827,000 (31 December 2020: TL 5,639,372,000). The Company's net debt / (net debt + equity) ratio as of December 31<sup>st</sup>, 2021 has been recorded as 50% (31 December 2020: 57%).

There is no revenue risk predicted for the Company.

### c) Determination about whether the Company's capital has remained without reserve or whether it has run into debt and the management body's evaluations related thereof:

In Accordance with Article 376 of the Turkish Commercial Code, the Company is not in a deep-in-debt (technical bankruptcy) situation due to the company has fulfilled the criterion stated in the law resulting from half of the sum of capital and legal reserves of the company have not remained uncovered due to loss.

### d) Measures planned to improve the financial structure of the Company, if any:

Since the Company's financial and capital structures are strong, there are no measures planned to be taken to improve the financial structure of the Company.

### e) Information on the dividend distribution policy and, if there will be no dividend distribution, a proposal on how allocate retaining earnings with its justification:

Information on the dividend distribution policy can be found in the link below.

<https://www.enerjisinvestorrelations.com/en/corporate-governance/policies/dividend-policy>

Dividends derived from the Group's distributable earnings at 2020 have been distributed within April, 2021.

### Amendments to Articles of Association Made in the Period and the Related Reasons

Based on the required permits are granted from the Capital Markets Board and the Ministry of Trade, the Articles of Association on the Article 7 ("Capital and Shares") in order to extend the registered capital ceiling of the Company for 5 more years and Article 10 ("Meetings of the Board of Directors and the Management of the Company") in order

to conduct the electronic Board of Directors' meeting were amended at the 2020 Ordinary General Assembly meeting held on March 30<sup>th</sup>, 2021.

### Evaluation of the Management Body

#### Financial Assessment

Financial Assessment of the Management Body for 2021 can be found in the Financial Developments section.

#### Board of Directors Meetings

As of 31 December 2021, the Company's Board of Directors convened 5 times in total to evaluate strategic matters concerning the Company and issued a report once. The attendance rate of Board meeting was 94%.

#### Committees

##### Corporate Governance Committee

Following the IPO in February 2018, the Corporate Governance Committee has started its activities after the General Assembly Meeting held on March 29<sup>th</sup>, 2018. Members of the Committee are selected from Board Members and also include Enerjisa Enerji CFO and Investor Relations, Mergers & Acquisitions and Tax Director. The Committee is chaired by an independent Board member.

The purpose of Corporate Governance Committee is to make suggestions to the Board of Directors of the Company in order:

- To ensure the compliance of the corporate governance principles of the Company with the Corporate Governance Principles as determined by the Board and other internationally accepted corporate governance principles and best practices,
- To make advices in order for implementation of such principles,
- To follow-up compliance of the Company with such principles.

This Committee also performs the governance related duties of the Nomination Committee and the Remuneration Committee within the Company.

Corporate Governance Committee Charter can be accessed on the Investor Relations website:

<https://www.enerjisinvestorrelations.com/en/corporate-governance/committee-charters/corporate-governance-committee-charter>

The Corporate Governance Committee convenes at least four times per year. The Corporate Governance Committee had four meetings in 2021. Meeting dates and in-depth review topics have been the following:

Meeting Date	Members Participation	In-Depth Review Topic
February 2021	Mehmet Sami Michael Moser Hakan Timur	Corporate Communications, Human Resources and Investor Relations Presentations Update on Interaction with Local Investors ESG Roadmap
May 2021	Mehmet Sami Hakan Timur Michael Moser Johan Magnus Moernstam Sabriye Gözde Çullas	Corporate Communications, Human Resources and Investor Relations Presentations Discussion on CDP reporting Review of Enerjisa investor profile on the stock exchange Update on governance assessment regarding law on the protection of personal data
September 2021	Mehmet Sami Hakan Timur Michael Moser Johan Magnus Moernstam Sabriye Gözde Çullas	Corporate Communications, Human Resources and Investor Relations Presentations
November 2021	Mehmet Sami Johan Magnus Moernstam Hakan Timur Sabriye Gözde Çullas	Corporate Communications, Human Resources and Investor Relations Presentations Sustainability Road Map

Corporate Governance Committee members are as follows:

Name Surname	Duty	Duty in the Board
Mehmet Sami	Corporate Governance Committee Chairperson	Independent Board Member
Johan Magnus Moernstam*	Corporate Governance Committee Member	Board member
Hakan Timur	Corporate Governance Committee Member	Board member
Michael Moser	Corporate Governance Committee Member	Not board member
Sabriye Gözde Çullas	Corporate Governance Committee Member	Not board member

\*To be effective as of 1 January 2022, it has been decided that; Thorsten Lott to be appointed as a member of the Corporate Governance Committee in lieu of Johan Magnus Moernstam.

# LEGAL DEVELOPMENTS

## Audit Committee

Internal audit activities related with the efficiency of the internal control system of the Company are planned and conducted by the Internal Audit Department. The audit results are shared with only Enerjisa Enerji A.Ş. Audit Committee composed of independent BoD Members and the Company management and the planned actions are monitored.

Activities of the Internal Audit Department are regularly reported to the Audit Committee. In this scope, four Audit Committee meetings and one report circulations were held

in 2021. Through these meetings, the Audit Committee was informed on topics including, but not limited to, improvement areas identified in audit/consultancy activities and relevant action plans, results of follow-up activities, information about performed ethics investigation activities and significant considerations about other activities.

Audit Committee Charter can be accessed on the Investor Relations website:

<https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/audit-committee-charter>

The dates of the Audit Committee are as follows:

Meeting Date	Members Participation	In-Depth Review Topic
February 2021	Fatma Dilek Yardım Mehmet Sami	Briefing on audit and examination activities Presenting financial tables Presenting the results of audit report
May 2021	Fatma Dilek Yardım Mehmet Sami	Briefing on audit and examination activities Presenting financial tables
August 2021 (Report Circulation)	Fatma Dilek Yardım Mehmet Sami	Presenting financial tables
November 2021	Fatma Dilek Yardım Mehmet Sami	Briefing on audit and examination activities Presenting financial tables
December 2021	Fatma Dilek Yardım Mehmet Sami	Briefing on audit and examination activities Presenting the preliminary results of audit

Audit Committee members are as follows:

Name Surname	Duty	Duty in the Board
Fatma Dilek Yardım	Audit Committee Chairperson	Independent Board Member
Mehmet Sami	Audit Committee Member	Independent Board Member

## Information on the independence of the provider, if external consultancy services are used:

Not Applicable

## Information on the internal control system and internal audit activities of the Company and the related opinion of the management body:

Enerjisa Enerji Internal Audit Department directly reports to the Audit Committee, which is a sub-committee of the Enerjisa Board of Directors per the necessity of independence and objectivity principles. The purpose of internal audit is to provide an opinion to the Board of Directors about the compliance of the Company and its subsidiaries' activities with laws, other applicable legislation, internal strategies, policies and procedures and the effectiveness and adequacy of internal controls. With these efforts and structuring, it is aimed to take preventive measures, protect the Company assets, improve business processes and provide added value for the entity by way of giving opinions and suggestions to increase operational efficiency. In accordance with this objective, internal audit activities are conducted in the frame defined through approved audit committee and internal audit charters.

The risk assessment results of the Company are updated every year and the risk-based annual internal audit plan is submitted to the approval of the Audit Committee and the Board of Directors after obtaining the comments of the management. Each year, the audits within the scope of the approved audit plan are performed in accordance with international audit standards and COSO (Committee of Sponsoring Organizations of the Treadway Commission) requirements. This confirmation is certified through the independent quality assurance assessment performed in 2018.

Internal Audit is responsible from the evaluation and examination processes of ethics notifications related to the employees and other stakeholders (shareholders, customers, suppliers, public institutions). In addition to its auditing function, internal audit also provides consultancy services in line with its vision and mission, as required by its principle of being a "reliable business partner" and upon the requests of the executive management.

## Early Risk Detection Committee

The Board delegates the monitoring of risks to the Early Risk Detection Committee. Members to the Committee are selected Board Members (including two independent members) and the Committee is chaired by an independent Board Member. Aside from receiving regular Risks and Opportunities Report, each meeting agenda includes an in-depth review of a prioritized topic. The Early Risk Detection Committee reports directly to the Enerjisa Enerji Board.

Early Risk Detection Committee is responsible to advise Board regarding risk and opportunity definitions which threaten Company's existence and strategies, relevant mitigation actions, early detections and precautions. Following Board review, agreed actions are monitored by the Enerjisa Enerji CFO and Early Risk Detection Committee.

Early Risk Detection Committee Charter can be accessed on the Investor Relations website:

<https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/early-risk-detection-committee-charter>



## LEGAL DEVELOPMENTS

The ERDC meetings and report circulations to the committee are organized at least six times per year. The Early Risk Detection Committee had six meetings and two report circulations in 2021. Meeting and report circulation dates, members participation and in-depth review topics have been the following:

Meeting Date	Members Participation/Report Recipients	In-Depth Review Topic
February 2021	Dilek Yardim Mehmet Sami Eric René C. Depluet	Business Continuity Management Highlights IT & Data Governance Semi-Annual Update
April 2021	Dilek Yardim Mehmet Sami Eric René C. Depluet Hakan Timur	Revised Group Risk Policy Long Term Risk Radar
June 2021	Dilek Yardim Mehmet Sami Eric René C. Depluet Hakan Timur	Updates on Periscope Project
July 2021 (Report Circulation)	Dilek Yardim Mehmet Sami Eric René C. Depluet Hakan Timur	Risk & Opportunities Report
September 2021 (Report Circulation)	Dilek Yardim Mehmet Sami Eric René C. Depluet Hakan Timur	Enerjisa Digitalization Program Long Term Radar Updates on Periscope Project
September 2021	Dilek Yardim Mehmet Sami Eric René C. Depluet	Action Plans following Risk Management Audits Long Term Radar Updates on Periscope Project Enerjisa Digitalization Program
October 2021	Dilek Yardim Mehmet Sami Eric René C. Depluet	Risk & Opportunities Report
December 2021	Dilek Yardim Mehmet Sami Eric René C. Depluet	Current Macro Environment Retail Business Unit's Presentation on Electricity Market Updates Qualitative Risks Report

Early Risk Detection Committee members are as follows:

Name Surname	Duty	Duty in the Board
Fatma Dilek Yardim	Early Risk Detection Committee Chairperson	Independent Board Member
Mehmet Sami	Early Risk Detection Committee Member	Independent Board Member
Hakan Timur	Early Risk Detection Committee Member	Board Member
Johan Magnus Moernstam*	Early Risk Detection Committee Member	Board Member

\*To be effective as of 1 January 2022, it has been decided that; Johan Magnus Moernstam, a member of the Board of Directors and Corporate Governance Committee, to be appointed as a member of the Early Risk Detection Committee in lieu of Dr. Eric René C. Depluet.

### Policies

Dividend Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Dividend_Policy_2021.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Dividend_Policy_2021.pdf</a>
Remuneration Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Remuneration_Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Remuneration_Policy.pdf</a>
Disclosure Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Disclosure_Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Disclosure_Policy.pdf</a>
Donation and Grants	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Donation_and_Grants_Policy_2021.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Donation_and_Grants_Policy_2021.pdf</a>
Anti-Bribery and Anti-Corruption Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Anti-Bribery_and_Anti-Corruption_Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Anti-Bribery_and_Anti-Corruption_Policy.pdf</a>
Compensation Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Compensation-Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Compensation-Policy.pdf</a>
Health and Safety Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Health_Safety_Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Health_Safety_Policy.pdf</a>
Environmental Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Environmental_Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Environmental_Policy.pdf</a>
Human Resources Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Human_Resources_Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Human_Resources_Policy.pdf</a>
Human Rights Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa-Human-Right-Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa-Human-Right-Policy.pdf</a>
Information Security Management Approach	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Information_Security_Management_Approach.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Information_Security_Management_Approach.pdf</a>
Third Party Relations Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa_Third_Party_Relations_Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa_Third_Party_Relations_Policy.pdf</a>
Diversity and Inclusion Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Diversity_and_Inclusion_Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Diversity_and_Inclusion_Policy.pdf</a>
Anti-Retaliation Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Anti-Retaliation-Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Anti-Retaliation-Policy.pdf</a>
Compliance Policy	<a href="https://www.enerjisainvestorrelations.com/Media/Default/pdf/Compliance-Policy.pdf">https://www.enerjisainvestorrelations.com/Media/Default/pdf/Compliance-Policy.pdf</a>

# RISK MANAGEMENT

## Risk Management Approach

Enerjisa Enerji aims to ensure sustainable and predictable profitability by effectively managing the risks in the energy markets and to protect the value created as a result of sales and distribution activities with its risk management policies.

Setting risk management as an integral part of strong management, Enerjisa Enerji's Risk Management Framework aims to identify risks and opportunities which may impact the Company's financial, operational and strategic plans. The framework enables assessment, classification, and mitigation of these risks through various methodologies. The ultimate aim of this framework is to provide transparency to management functions and to support decision making processes through regular reporting.

Enerjisa Enerji acts in accordance with the principle of assigning responsibility to the business units in risk identification and risk management as recommended by quality standards in this field such as COSO and ISO 31000. In this context, risk coordinators were appointed in the business units to act as a bridge between the departments and the central risk management function.

Risk management workshops are held annually with the risk coordinators and process owners of the business units in order to raise awareness for risk management. In these workshops, the important topics of the previous year, the annual risk management calendar and risk analysis, consolidation and reporting methodology are discussed. In 2021, 6 risk management workshops were held on online meeting platforms with the attendance of 57 employees.

## Risk Governance Structure

Enerjisa Enerji utilizes both mandatory committees in accordance with legislation and non-mandatory committees in order to ensure an effective and functional risk management. Established under the CFO organization, the Central Group Risk Management function is responsible for scoring risks, monitoring and improving risk management processes, and periodically reporting risks along with their impacts and improvement actions. The findings and risk management objectives, compiled by the central risk management function, are first presented to the Risk Management Committee, formed of the senior executives of all business units and chaired by the CFO.

At the next stage, these findings are presented to the Early Detection of Risk Committee, which is formed of the members of the Board of Directors. The Early Detection of Risk Committee is responsible for advising the Board of Directors of risks and opportunities, which may affect the existence and strategies of the Company, related mitigation actions, early detection processes and measures, as well as monitoring the effectiveness of the risk management processes. The Early Detection of Risk Committee is chaired by an independent board member. Following the Board review, agreed actions are monitored by the CFO and the Early Detection of Risk Committee.

The Working Principles of the Early Detection of Risk Committee can be accessed on the Investor Relations website:

<https://www.enerjisainvestorrelations.com/en/corporate-governance/committee-charters/early-risk-detection-committee-charter>

## Risk Management Procedure

The risks and opportunities which Enerjisa Enerji is exposed to are identified with a detailed assessment study. This study is elaborated with two different approaches, i.e. qualitative and quantitative risk reporting methodology.

- 1. Quantitative risk and opportunity methodology:** For each risk and opportunity, the best-case, base-case and worst-case scenarios are collected from the business units. The probabilities of realization of these risks and opportunities are determined, simulated by using numerical analysis methodologies and grouped according to their expected values. During the consolidation of the impacts of risks and opportunities, correlations are taken into account and any fluctuation which may affect the Company's net profit are reported.
- 2. Qualitative risk reporting methodology:** Risks whose direct financial impacts cannot be quantified but which have the potential to have a negative impact on the Company's strategic and operational activities are prioritized through the scales, which are defined according to their impact levels and probabilities, and reported with risk heat-maps. These studies form the basis of the Risks and Opportunities Report submitted to the senior management and the Early Detection of Risk Committee.

## Basic Categories of Risk and Opportunity

Enerjisa Enerji establishes risk management systems and prepares action plans in order to minimize the occurrence of financial and non-financial risks and their effects in order to maximize the value it creates for its stakeholders.

Financial and non-financial risks are mapped by identifying their effects on the sector and operations. The risk mapping process consists of three stages - identification, assessment and classification - covering the regular reporting and decision-making processes and enabling transparency.

## Financial Risks and Opportunities

The nature of electricity distribution and retail sales activities exposes the sector players to various risks and opportunities in the value chain. At Enerjisa Enerji, risks and opportunities are categorized and monitored according to their sources. These risks are followed up and prioritized depending on their possible impact levels and recorded with risk mitigating practices. Following the sensitivity analysis, quantifiable risks and their financial implications are reported.

MAIN RISK AND OPPORTUNITY AREAS	HOW THEY AREA MANAGED?
Regulation Risks and Opportunities	<p>Electricity distribution and retail sales activities are regulated businesses which are carried out under the supervision of EMRA and are governed according to the principles determined by the Electricity Market Law and secondary legislation. Enerjisa Enerji applies the National Tariff determined by EMRA to its regulated customers. The National Tariff consists of the tariffs to be applied to the transmission and distribution system users. EMRA determines the items of the National Tariff for each tariff period.</p> <p>Revenue requirement and/or price ceilings for regulated activities is determined by EMRA and reflected to the end consumer through the National Tariff mechanism by taking into account all costs and services for the execution of the relevant activity in the fourth regulatory period, which will apply between 1 January 2021 - 31 December 2025, as in the previous regulatory periods.</p> <p>Since the majority of the Company's revenues are derived from electricity distribution activities and retail sales to regulated customers at a tariff set by EMRA, changes in any component of this tariff may lead to a significant deviation in Enerjisa Enerji's plans.</p> <p>In addition, regulations issued by EMRA include organizational and operational requirements and limitations regarding retail sales and distribution activities. These requirements and limitations are audited by regulatory authorities (primarily EMRA) and findings of any non-compliance may adversely affect Enerjisa Enerji's financial and operational plans.</p> <p>Enerjisa Enerji conducts regular and constructive reviews with industry participants and regulatory bodies in order to manage regulatory risks and opportunities. The Company also engages in rational and fact-based negotiations with other market participants and regulatory bodies as the market leader through systematic projects and transparent reporting. As a result of the meetings conducted and in-house activities, work and initiatives are carried out which will positively contribute to all sector stakeholders, including consumers, and legislative measures in order to support the sustainability of the sector.</p>

# RISK MANAGEMENT

MAIN RISK AND OPPORTUNITY AREAS	HOW THEY AREA MANAGED?
Market Risks and Opportunities	<p>Enerjisa Enerji is exposed to interest rate fluctuations in financial markets as a result of its financial debt, and to exchange rate fluctuations due to the Renewable Energy Resources Support Mechanism (FIT).</p> <p>Enerjisa Enerji is also affected by volatility in over-the-counter market pricing and trading volumes in the commodity markets due to retail sales activities, as well as volatility in prices of other products due to material procurement in distribution activities (procurement is conducted in TL terms, but prices are correlated with prices in commodity markets).</p> <p>Enerjisa Enerji uses systematic approaches in order to estimate market parameters such as price, inflation, interest rates, exchange rates and demand in the most realistic way. Existing and expected exposures are checked on a regular basis and maintained at an optimum level with hedging transactions. Derivative transactions and the effectiveness of these transactions are periodically discussed within the Finance Committee and the Commodity Risk Committee.</p>
Credit Risks and Opportunities	<p>Enerjisa retail companies are exposed to credit risk due to sales in the regulated and liberalized markets.</p> <p>Enerjisa distribution companies, on the other hand, are exposed to credit risk due to the system usage receivables to be collected from retail companies that provide retail sales services using the distribution network. In addition, invoicing for theft/illegal electricity use also poses credit risk in collection processes.</p> <p>Enerjisa Enerji manages its credit risk by obtaining security deposits from regulated customers, letters of guarantee or other types of guarantees from liberalized customers. Timely invoicing, efficient receivables management and monitoring the credit ratings of large customers enables Enerjisa Enerji reduce its credit risk as much as possible.</p> <p>In addition to carrying out reporting and follow-up activities aimed at reducing the credit risk arising from financial transactions, the Company works only with the counterparties having credit rating of maximum of two notches below the sovereign rating. In addition, steps are also taken to ensure the diversification of banks in the portfolio of financial derivative instruments and deposits.</p>
Liquidity Risk	<p>Enerjisa Enerji is exposed to liquidity risk due to network investments in the distribution business or temporary funding needs driven by collection performance in the retail business. Although the Company believes this funding need can be covered by external debt capital providers, there is a risk that market conditions could limit conventional liquidity sources.</p> <p>Enerjisa Enerji manages liquidity risk by extending the average tenor of its debt portfolio and developing alternative debt capital sources such as corporate bonds, etc. In addition, the Company regularly forecasts its short and medium-term cash needs in order to anticipate the liquidity need in a timely manner and to take action accordingly.</p>
Operational Risks	<p>All processes in Enerjisa Enerji's value chain are exposed to operational risks arising from internal and external factors. The areas affected by these risks are grouped under the headings of Information Technologies and Occupational Health and Safety (which mostly pertains to the distribution business), Environment, Human Resources and Reputation and are examined in detail with mitigation plans.</p> <p>Relevant procedures and policies are established for all operational risks and published in Enerjisa Enerji's quality management systems. Committees are appointed to review realizations and manage risk mitigation activities.</p>

## Non-Financial Risks and Opportunities

MAIN RISK AND OPPORTUNITY AREAS	DEFINITION OF RISK	HOW THEY ARE MANAGED?
Occupational Health and Safety Risks and Opportunities	Electricity distribution involves a high level of OHS risks. Accidents, which may occur during the construction, maintenance and repair of power lines, pose significant risks to the safety of employees and subcontractors as well as the reputation of the Company.	Enerjisa Enerji works to a goal of zero critical injuries and accidents. Related risks are managed within the scope of the ISO 45001:2018 standard. The OHS issue is under the oversight of the senior management. Risks faced by the Company and contractors are proactively managed. Within the framework of the Safety Improvement Plan, targets are defined, risks are managed and preventive measures are planned. The Fine-Kinney method is used to classify risks. Enerjisa Enerji organizes training programs in order to reduce its risks and provide a healthy workplace for its employees and contractors.
Risks and Opportunities Related to Climate Crisis and the Environment	<p>Severe weather conditions resulting from climate change may disrupt electricity distribution infrastructure.</p> <p>Global warming may lead to droughts which may also affect energy prices. In addition, developments such as the global and regional regulatory environment and Turkey's ratification of the Paris Agreement are important for the Company to take the necessary measures to combat climate change.</p> <p>The spilling of transformer oil during the operation, maintenance or storage, and causing water and soil pollution poses a risk.</p>	<p>Enerjisa Enerji prepared its Biodiversity Conservation Action Plan in 2020. Within the scope of the CDP Climate Change, the issue of climate change is evaluated from the perspective of risks and opportunities. In the CDP related study carried out in 2021, a report was prepared under the heading of carbon emissions and climate change, which includes the definitions of risks and opportunities, the financial effects of risks and opportunities, methods of combating risk and the costs of these methods.</p> <p>In addition, the study to quantify climate change risks was jointly completed by the OHS-E and Group Risk Management units. The study uses climate change related acute inventory losses and damages, disruptions to service and penalties for quality standard violations stipulated by the legislation as inputs. The Company regularly monitors and reports its environmental performance and carbon emissions. The Company takes part in various initiatives on climate change and energy efficiency, meets with the NGOs and regulatory authorities and develops R&amp;D projects. Enerjisa Enerji offers solutions to customers to help them reduce their carbon emissions.</p>
Risks and Opportunities Related to Digitalization and Customer Privacy	Increasing complexity in protecting the customer data and IT systems poses risks especially for those companies with databases consisting of millions of customer data. Data security breaches, which may occur as a result of cyber-attacks, are also additional risks.	<p>Enerjisa Enerji takes all necessary precautions in order to ensure confidentiality and security of customer information and personal data at the highest level within the framework of the legislation in force. Within that scope, the measures and actions determined in accordance with corporate policies are implemented within the Company.</p> <p>A holder of the ISO 27001 Information Security Management System certificate, Enerjisa Enerji fully complies with the Personal Data Protection Law (PDPL) and provides trainings to its employees on PDPL and information security, under the supervision of the Personal Data Protection Committee. The Company provides training on the PDPL and information security to its employees. There is a Cyber Incident Response Team under the Cyber Security Group Directorate to manage cyber attack risks. In addition, the Company also has cyber risk insurance.</p>

### Developments in 2021

A gap analysis was prepared using the corporate risk model evaluation study conducted by Oliver Wyman and Marsh companies in partnership in 2021. As a result of these evaluations, the maturity level of risk management as

well as the areas requiring improvement and action plans for these areas were presented to the Risk Management Committee and the Early Detection of Risk Committee and approved by the committees. The digitalization process has been initiated for scoring of financial risks and opportunities within the scope of agreed action plans.

# CODE OF BUSINESS ETHICS AND COMPLIANCE MANAGEMENT

In 2020, Enerjisa Enerji Compliance Management Unit was structured in order to define and prevent compliance risks, carry out the necessary awareness raising and training activities, monitor violations and execute an effective compliance management system. Accordingly, online Code of Conduct trainings that include all employees continued in order to expand and sustain the compliance culture. Moreover, exclusive trainings are planned for the relevant business units.

The process for ISO 37301 Compliance Management System Certification was initiated for effective compliance management. As part of the process, Enerjisa Compliance Policy was prepared and approved by the Board of Directors. The goal is to complete the certification process in 2022.

## Business Ethics

“Enerjisa Code of Conduct” (Enetik 2.0) provide a common and binding framework to be followed at every stage of company activities. Enetik 2.0 is developed by the Compliance Management Unit in consultation with the relevant teams, reviewed once a year and updated, if required.

Each and every Enerjisa Enerji employee is committed to the framework that defines the fundamentals of the Company’s way of doing business. Enerjisa Code of Conduct include various issues, such as human rights, protection of environment, anti-bribery and anti-corruption, compliance to sector-related and general legal regulations, establishing sustainable relations as part of the rules of competition, protection of personal data and confidentiality, protection of corporate data and assets, principles in using printed, mass media as well as social media, relations with public institutions and political organizations, conflicts of interest, accepting and giving gifts and donations, working outside of the Company, dress code, employment of relatives and Health and Safety, etc.

All employees are responsible to act in compliance with the Code of Conduct, while Compliance Management Department is responsible from the supervision. All Compliance Management Department employees completed the Corporate Ethics and Compliance Management training provided by the Ethics and Reputation Society (TEID) and were certified as Ethics and Compliance Managers.

Compliance Managers guide the Company employees proactively. Moreover, Compliance Management Unit replies the information requests of employees regarding the actions and processes that may violate the Code of Conduct, carries out related awareness-raising activities and plans trainings for the Company at executive levels. Compliance Management Unit also follows up compliance rules and possible risks through the risk matrix prepared in accordance with the related legislation.

The follow-up and investigation of violations of the Code of Conduct is monitored by the Internal Audit Department, and the Corporate Compliance Manager supports the reviews and investigations of the Internal Audit Department regarding the violations of business ethics.

## Providing Information and Training to Employees

The Enerjisa Code of Conduct, which is disclosed to all employees via e-mail, is constantly and easily accessible on the Company website, in the Document Management System which is available to all employees, and under the Sustainability menu of the İKON, the mobile application for employees.

Enerjisa Enerji provides trainings for the employees to understand and adopt the Code of Conduct. In 2021, 3,134 hours of online Code of Conduct trainings were provided. The online trainings also consist of anti-bribery and corruption trainings.

## Business Ethics Violation Notifications

Employees and all Enerjisa Enerji stakeholders can anonymously report any non-compliance or violations of the Code of Conduct by calling the “Enerjisa Enetik Line” at 0 (216) 579 09 14, by sending an e-mail to [ENETIK@enerjisa.com](mailto:ENETIK@enerjisa.com), a fax to 0 (312) 573 55 56 or a letter to P.K. 2 06510 Emek/ Ankara. In addition to these reporting channels, all stakeholders have the opportunity to direct their notifications to the Sabancı Holding ethics line.

These reported notifications are reviewed and, if required, investigated by the Internal Audit Department. Moreover, the Internal Audit Department is also in charge of maintaining confidentiality and anonymity of all reporting channels. The notices are scrutinized and reported to the senior management and, if required, to the Disciplinary Board. The Audit Committee is informed about the notices reported to the Disciplinary Board.

80 notifications were received via different channels, such as the ethics line, shareholder requests, business units, human resources departments, etc. and all of them were resolved.

Information on the risks related to the violation of the Code of Conduct including anti-bribery and anti-corruption are collected from the related units during the qualitative risk assessment activities carried out twice a year, and are reported to the Early Risk Detection Committee or Enerjisa Risk Management Committee. At the beginning of each year, risk realizations due to the violations are evaluated, the reported expectations, the probability and impacts of risk realizations are reviewed in the back-testing, during which the performance of the risk reports of the previous year is measured.

Enerjisa Enerji Code of Conduct can be accessed on the Investor Relations website:

<https://www.enerjisainvestorrelations.com/en/corporate-governance/code-of-ethics>

## Anti-Bribery and Anti-Corruption

The prevention of bribery and corruption is governed by the Enerjisa Code of Conduct and “Anti-Bribery and Corruption Policy” in particular, which are binding for all employees and stakeholders. The Company is against all forms of bribery and corruption. It is absolutely unacceptable to receive or offer bribes, regardless of their purpose. All practices and sanctions related to the violation of Code of Conduct are also valid for bribery and corruption.

Implementation and revision of the Anti-Bribery and Anti-Corruption Policy is among the authorization, duties and responsibilities of the Board of Directors. The Policy covers all Company employees, including the Board of Directors of the Company, outsourcing companies for goods and services and their employees, all persons and organizations that are assigned to serve on behalf of the Company (business partners), including suppliers, consultants, advocates, external auditors, etc.

The Policy is uploaded to the Document Management System and is accessible by all Enerjisa Enerji employees. Furthermore, business partners are also requested to sign the Enerjisa Supplier Compliance Declaration, which requires them to commit compliance with the Anti-Bribery and Anti-Corruption Policy of Enerjisa Enerji.

In 2021, the duties and responsibilities of the Board of Directors, which is responsible for the implementation of the Policy, were revised and a responsibility to “ensure that no employees shall suffer any harm due to refusing to pay bribes” was included. The revision was accepted by the resolution of the Board.

The Compliance Management Unit is in charge of developing the Enerjisa Code of Conduct and the Anti-Bribery and Anti-Corruption Policy, providing training to employees and responding to requests for opinion. The Ethics and Investigation Department works in coordination with the Compliance Management to raise awareness on compliance with business ethics in general, as well as all internal procedures and policies, including the Company’s Anti-Bribery and Anti-Corruption Policy. The Ethics and Investigation Department regularly informs the Board of Directors, Audit Committee and Corporate Legal and

# CODE OF BUSINESS ETHICS AND COMPLIANCE MANAGEMENT

Compliance Department regarding the aspect, nature and intensity distribution of the violations of the ethical rules, and shares its opinions and suggestions about the actions taken or to be taken.

## Providing Information and Training to Employees

Anti-bribery and Anti-Corruption Policy has been disclosed to the Company employees. The up-to-date Policy, which is continuously and easily accessible in the Document Management System available to all employees, is also available on the Company's website.

Online ethics trainings provided to employees also include anti-bribery and anti-corruption trainings. Moreover, an up-to-date, more detailed and interactive video training was prepared by the Compliance Management Unit in December 2021 regarding Anti-Bribery and Anti-Corruption. In 2022, the interactive video training was assigned to all white-collar employees by the Human Resources through the EnAkademi platform.

## Notifications of Other Stakeholders

Enerjisa Enerji uses the best anti-bribery practices while selecting its suppliers and business partners. The company is always in communication with its suppliers and business partners to prevent possible future violations regarding corruption. The anti-corruption performance of suppliers and business partners is reviewed at least once in every three years or in shorter periods, if required, and support is requested from independent third parties to carry out the assessments, if required. In the event of detection of a possible violation, the required sanctions are imposed immediately in accordance with the signed contracts.

## Anti-Bribery and Anti-Corruption Notifications

In the reported notifications in 2021, 27 cases of bribery and corruption were detected and investigated; necessary process improvement and legal actions as well as disciplinary measures were taken. As a result of the assessments, disciplinary sanctions were imposed to 35 employees regarding bribery and corruption. There are no lawsuits, administrative or judicial investigations or any judicial or administrative sanctions against the Company related to bribery and corruption. 1 civil law suit related to

corruption filed against a former employee of the Company is still ongoing.

Enerjisa Enerji places utmost significance to stakeholder communications and NGO collaborations regarding anti-bribery and anti-corruption. In 2020, the Company became a corporate member to Turkish Ethics and Reputation Society. In 2021, Enerjisa Enerji declared its commitment to comply with the principles of the Transparency International to underline the determination of the Company to reach higher ethical standards.

## Donations and Grants

**Enerjisa Donations and Grants Policy** was updated by the resolution taken at the Enerjisa Enerji Annual General Assembly Meeting held on March 30, 2021. Accordingly, it was clearly stipulated and approved by the General Assembly that no donation shall be made to any political parties, political candidates, managers of political offices or representatives of public administration for political purposes. In line with the related policy, it was stipulated that donations and grants shall be made to public institutions and organizations, nongovernmental organizations and other private real and legal persons only for social, cultural, educational, environmental protection and similar sustainability purposes.

## Third Party Transactions

Enerjisa Enerji has the goal to establish sustainable relations with all third parties that the Company has business relations as part of its activities in accordance with the fundamental principles specified in the Enerjisa Code of Conduct. Thus, **Enerjisa Third Party Relations Policy** was developed in 2021 and approved by the Board of Directors of Enerjisa Enerji.

The purpose of this policy is to define the fundamental principles regarding the working conditions of Enerjisa Enerji with the third parties and the parties to be worked with as part of all business processes of Enerjisa Enerji A.S. and its subsidiaries. As part of the policy, "Third Party" refers to the persons, organizations and communities that the Company establishes any kind of business relations, such as suppliers, dealers, authorized dealers, service providers, and consultants.

As per the Policy, the Third Party Compliance Criteria shall be considered under the following titles;

- i. Corporate Responsibility (Human Rights, Equal Treatment and Non-Discrimination, Occupational Health and Safety, Working Conditions and Working Hours, Environment);
- ii. Integrity in Business Relations (Avoiding Conflicts of Interest, Anti-Bribery and Anti-Corruption, Relations with Public Institutions and Competent Authorities, Gifts, Entertainment and Events, Consultants and Intermediaries);
- iii. Fair Market Behaviors (Fair Competition, Anti-Money Laundering, Commercial Information), and
- iv. Data Security and Protection of Company Assets (Data Protection, Protection of Intellectual Property Rights and Trade Secrets, Protection of Company Assets)

The Third Party Relations Policy can be accessed on the Investor Relations website:

<https://www.enerjisainvestorrelations.com/en/corporate-governance/policies/third-party-relations-policy>

## Related Party Transactions

Every year, the Board of Directors make a resolution to determine the principles regarding the transactions to be carried out by Enerjisa Enerji with the related parties as per the Capital Markets Legislation.

Accordingly, it is decided in the assessment regarding all assets, services and liability transfer transactions, including the common and recurring transactions between the Company and the related parties, included in the financial plans (budget) approved by the Board of Directors that;

- a) Transaction conditions should be determined in line with the previous years, as well as market conditions;
- b) Transactions should be carried out in line with the financial planning of the Company, unless there is a significant change in the conditions of the transactions during the year, and
- c) Approval of the Board of Directors should be requested in the event of a change in the conditions of the

transactions or the related parties and before the transaction is held with the new conditions (significant price or quantity deviations, significant change in the nature of the purchased service or product).

Furthermore, an annual assessment is made whether the ratio of common and recurring related party purchase (sales) transactions to the amount of cost of sales (revenue) according to the past year's financial statements reaches to an amount more than 10% as per the Corporate Governance Communiqué (II-17.1). In the event that the ratio exceeds 10%, a report is drawn by the Board of Directors regarding the terms of the transactions and their comparison with the market conditions, and the entire report or the outcome is disclosed on the Public Disclosure Platform.

In addition, a compliance framework is set for all employees to avoid conflicts of interest while making business decisions with the Enerjisa Code of Conduct. Cases in which personal interests of one or more employees and/or their family members and the interests of the Company have positive or adverse impacts on each other are identified, and the relevant Compliance Manager is informed directly in such a case. The opinion of the Compliance Manager shall be considered in actions taken on such cases. In order to prevent such events, relationships and situations involving potential or real conflicts of interest shall be avoided. In supplier selection processes, any actions that may provide benefits to the Company employees, their relatives and/or third parties shall be avoided.

## Internal Audit

Enerjisa Enerji Internal Audit Department reports directly to the Audit Committee composed of Board members as per the principle of independence. Internal Audit activities have the purpose of expressing opinions to the Board of Directors on the activities of the Company and its affiliates in line with the laws and other related legislation as well as internal strategies, policies and procedures; and on the effectiveness and adequacy of internal audits, besides risk management systems and compliance management. The goal of these activities and structuring is to improve work processes and create added value for the organization through the presented opinions and suggestions related

# CODE OF BUSINESS ETHICS AND COMPLIANCE MANAGEMENT

to taking preventive measures, protecting company assets and increasing operational efficiency. In line with the goal, internal audit activities are carried out in compliance with the approved Audit Committee charter and the Internal Audit charter.

The annual risk-based internal audit plan, which is prepared by taking into account the Company's risk assessment results that are updated every year, and the opinions of the relevant executives, is submitted to the approval of the Audit Committee and the Board of Directors. Every year, the audit activities are carried out in accordance with the international audit standards and the requirements of the "COSO" (Committee of Sponsoring Organizations of the Treadway Commission) as part of the approved audit plan. The compliance was certified with the independent quality assurance assessment conducted in 2018.

Internal Audit also covers the assessment and analysis of the ethics notifications received regarding the employees and other stakeholders (shareholders, customers, suppliers, public institutions). Besides the audit activities, consultancy services are also provided in line with the vision and mission of the Company as part of the demands of senior management and pursuant to the "reliable business partner" principle.

In 2021, Continuous Audit and Continuous Monitoring activities were implemented effectively; hence, all units were supported to develop effective control practices. Furthermore, findings and improvement suggestions based on data analytics methods that were not included in the audit plan were shared with the business units.

## Internal Control

In 2020, activities to build an Internal Control System within Enerjisa Enerji were initiated. Accordingly, the Internal Control Department was established. Whilst system development activities were completed in the first quarter of 2021, the dissemination activities were finalized by the end of 2021. COSO Internal Control Framework, which is a globally-recognized standard that consists of the best practices, was considered as a reference while establishing the Internal Control System; and the principles, standards and methods within the framework were decided to be implemented.

The primary goal of the Internal Control System, an essential component of effective and sustainable governance, is to maintain a continuously effective and efficient control environment, controls to be implemented, and means of information and communication; hence, support the senior management to fulfill their supervision responsibility.

In line with the goal, the Process Management, Risk Management, Control Activities and Business Continuity structures at Enerjisa Enerji were modelled end-to-end by the Periscope software in order to achieve effective and efficient management. As part of these activities, a transparent, reliable and up-to-date information flow was provided regarding the business processes, impacts of these processes on each other, their ownerships, risks and controls. Process, risk and control management is carried out on a digital platform, and the effectiveness and efficiency of the controls related to the risks can be monitored centrally. Accordingly, more than 800 workflows, 650 operational risks and 780 control activities were defined.

In order to keep the risks of the Company and its subsidiaries under control with the Internal Control System, pilot studies were initiated in the fourth quarter of 2021 to review and assess the effectiveness and efficiency of the existing preventive, detective and corrective controls. The control calendar defined for 2022 will be submitted to the management and the internal control assessment activities will be carried out in line with the priorities of the management.

The Internal Control Procedure was published in 2021. The procedure is easily accessible in the Document Management System available to the employees of the Company.

# BUSINESS CONTINUITY MANAGEMENT PRACTICES

Enerjisa Enerji carries out electricity distribution, retail sales and customer solutions activities in 26 provinces and at 44 sites. Business continuity has critical importance in providing uninterrupted and sustainable energy services with this wide operation network. In this context, Business Continuity Management System (BCMS) practices have been implemented since 2015 with the aim of creating an organization that is resilient to possible interruptions and crises which maybe experienced within Enerjisa Enerji A.Ş. and its subsidiaries.

The Group Risk Department, which is part of the CFO organization, follows the global Business Continuity Management Systems (BCMS), prepares all documents and implements the standards with this approach.

The Group Risk Department is also responsible for monitoring the crisis management processes and guiding the Crisis Management Team in the event of a crisis, wide scope interruption, and/or disaster, which may affect Enerjisa Enerji in general.

The Enerjisa Enerji BCMS documentation has been prepared in accordance with the ISO 22301:2019 Business Continuity Management System standards and updated every year with the contributions of all relevant stakeholders in the process. Currently, according to the General Communiqué of the Tax Procedure Law No. 433 of the Revenue Administration, the companies seeking to perform e-invoice and e-archive transactions through IT systems are required to hold the ISO 22301 certificate. The BCMS function ensures the continuity of these certificates. The ISO 22301 Business Continuity Management System certificates of Enerjisa retail sales companies were renewed in 2021 following the successful completion of the annual monitoring audits conducted at the head office, also with the participation of the business continuity departments in Ankara and Adana. While the certificate requirement only applies to retail sales companies, the BCMS infrastructure and documentation quality is maintained at the same level in all Enerjisa business units, including distribution companies and Enerjisa Enerji A.Ş.

## Critical Processes and Departments

Critical Departments are units with at least one process which must be activated within the month following a crisis to ensure business continuity. The relevant processes of these critical departments are considered "critical processes" and the owners of these processes constitute members of Business Rescue Teams. Business Rescue Teams are responsible for bringing the process back on track after any interruption.

Business Continuity Information Meetings were held with the participation of Critical Department managers in order to raise awareness regarding business continuity, to update documents and ensure the transition to digital processes in business continuity. During these meetings, participants were informed on the changes implemented during the year and on the update process for the Business Impact Analysis documents for the following year.

The Critical Departments share the following information in their Business Impact Analysis documents:

- Critical processes
- IT applications used in critical processes
- The Recovery Time Objective (RTO), Recovery Point Objective (RPO), Maximum Tolerable Period of Disruption (MTPD) scores of critical processes
- Internal and external dependencies in critical processes
- Printed or digital critical document information
- Critical employee list and their contact information
- 1 to 3 interruption scenarios and solution steps with 2 alternatives

# BUSINESS CONTINUITY MANAGEMENT PRACTICES

## Coordination

The sites which meet the Crisis Management and/or Alternative Workplace standards to be used in case of any interruption or crisis are evaluated annually in three regions and are selected accordingly. In order to ensure availability of these sites, preparations are carried out with the related units. 12 alternative locations were determined for 3 regions and the contingency plans were updated in line with this study. The units that should support the Crisis Management Team in such crises were identified.

The Business Continuity Committee was established in 2019 with the participation of the unit managers. Regardless of the occurrence of any incidence, the Committee meets biannually under the coordination of the Group Risk Department. The first meeting is held after the ISO 22301:2019 standard audit, which takes place every February. The agenda includes audit outputs and quality improvement recommendations regarding the BCM organizations. The second meeting is held in the fourth quarter of the year to discuss the activities carried out in line with the work plan.

Enerjisa Enerji CEO is the leader of the Crisis Management Team and is the ultimate crisis manager in the event of any crises. After the certification audit and the first meeting of the Business Continuity Committee, the CEO is briefed in a special session every April. During this meeting, the CEO is informed of his/her duties and responsibilities within the crisis management organization and updates on the relevant plans are presented to him/her. Since the active crisis management process continued in 2020 and 2021 due to the Covid-19 pandemic, these meetings did not take place, but weekly Crisis Management Team meetings continued. All decisions and actions taken during these meetings are followed up by the Group Risk Management.

## Drills and Exercises

Two methods are followed to evaluate the extent the scenarios and forecasts prepared within the scope of the Business Continuity Management System will meet real-life requirements.

**Scenario-Based Desktop Exercise:** As addressed in the ISO 22301:2019 certification audit held every year, a desktop exercise is conducted over the scenario and final report of this exercise is submitted to the auditors and is shared with process stakeholders.

**Disaster Recovery Test:** Every year, 24-hour disaster recovery tests are conducted under the leadership of the IT unit. The Group Risk Management has the responsibility to participate in the test activity as an observer and to archive the final test reports. During the course of the ISO 22301:2019 certification audit, these final reports are shared with the audit company.

All IT applications used at Enerjisa Enerji are simultaneously disabled during the exercise in accordance with a real disaster scenario. The Recovery Time Objective, Recovery Point Objective and Maximum Tolerable Period of Disruption are measured as defined in the Business Continuity Management standards. The data obtained in the exercise is synchronized with the data in the IT and Group Risk Management documents.

## 2021 developments

Within the scope of annual updates, critical processes were determined in line with the Enerjisa Business Continuity Policy in 2021. Necessary documentation was reviewed and updated, information sessions were held to raise awareness within the organization, and an effective follow-up was implemented to take necessary actions throughout Enerjisa.

Best practice meetings on Business Continuity Management were held with the Sabancı Group and the companies outside the group with a continuous improvement perspective. Whether there were any potential improvement areas in the current crisis management practices were evaluated with an objective approach.

A new digital application, integrating process management, risk management and internal control mechanisms, was launched in 2021. Stages such as the identification of critical departments and processes for business continuity, their periodic evaluations and the preparation of Business Impact Analysis documents were conducted through an online system. The Business Continuity and Crisis Management Plans library was transferred to the digital environment.

Considering the business units and corporate functions throughout Enerjisa Enerji, more than 60 critical departments were included in the scope of business continuity activities. The Group Risk Management (for group and retail sales companies) and the Process Development Team (for distribution companies) coordinate all meetings and activities to be held within the scope of the BCM. They periodically provide information regarding the annual update period in critical processes and the organizational changes to be reflected to the documents.

## Covid-19

The Covid-19 pandemic has revealed the sensitive areas in work and production processes all around the world. Enerjisa Enerji defined its critical processes in 2020 according to the Business Continuity Policy and ensured business continuity despite the ongoing uncertainties.

The focus has been on two areas, maintaining uninterrupted electricity distribution and sales services in all regions, and taking necessary health measures for the employees, suppliers and customers.

The Business Continuity Committee started to hold weekly meetings on Covid-19 related developments in March 2020 and these meetings continued during 2021. Established at the same time as the Committee, the Crisis Management Team, led by the CEO, elaborated current business continuity scenarios and followed up the relevant actions by taking Covid-19 into account.

## CORPORATE GOVERNANCE RATING

Enerjisa Enerji has demonstrated the transparency, accountability and sustainability of its management with its corporate governance rating. SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA), which is authorized to perform ratings in accordance with the Corporate Governance Principles of the Capital Markets Board of Turkey (CMB), completed and announced its first Corporate Governance Rating Report for Enerjisa Enerji on December 19, 2019 as 94.53. Enerjisa Enerji's Corporate Governance Rating increased to 94.56 with the new report announced on December 21, 2020. In the third report announced on 21 December 2021, the Corporate Governance Rating increased to 95.09.

Subcategories	Weight	2020 Rating	2021 Rating
Shareholders	25%	95.06	95.16
Public Disclosure and Transparency	25%	98.37	98.37
Stakeholders	15%	99.51	99.51
Board of Directors	35%	89.34	90.79
<b>Total</b>	<b>100%</b>	<b>94.56</b>	<b>95.09</b>

## AFFILIATION REPORT VIEW

Legal transactions carried out with the controlling companies and their affiliated companies for the benefit of the controlling companies or a subsidiary company with the guidance of the controlling companies, according to the conditions and conditions known to us, and all measures taken or avoided for the benefit of the controlling companies or a company affiliated to them in the operating year 2021 were evaluated in the report. We hereby declare that our company did not suffer a loss due to a transaction occurred according to the known situation and conditions related to 2021 Activity Year.

## DUTIES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVES CONDUCTED OUT OF THE COMPANY

Duties of the members of the Board of Directors and Executives conducted out of the Company are reported at the Public Disclosure Platform under the "Company Management" section.

<https://www.kap.org.tr/en/sirket-bilgileri/genel/4028e4a1422d98690142bcea31957cf>



# DECLARATION OF INDEPENDENCE

## Fatma Dilek Yardım (Independent Board Member)

I declare that, I am serving as an “independent member” at the Board of Enerjisa Enerji A.S. (the Company), according to the criteria specified in the legislation, articles of association and Communiqué on Corporate Governance (II- 17.1) announced by the Capital Markets Board. In this context, I declare that;

- a) I do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, I do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or I have not established a significant commercial relation between the Company, companies on which the corporation hold control of management according to the Turkey Financial Reporting Standards 10 or significant effect according to the Turkey Accounting Standards 28 and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- b) I have not been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the corporation purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the corporation, at the time period when the corporation purchases or sells services or goods,
- c) I have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- d) I will not to be a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- e) I am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193,
- f) I am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) I will be able to allocate time for the corporation’s business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- h) I have not conducted membership of board of directors more than a term of six years in the last ten years,
- i) I am not an independent member of the board of directors in more than three of the corporations that the Company or the controlling shareholders of the Company who hold the control of management and in more than five corporations in total which are admitted to the trading on the exchange,
- j) I am not registered and declared for the name of legal entities selected as a member of the board of directors.

I offer to knowledge of the Board of the Directors, General Assembly, our shareholders and all other stakeholders.

**Fatma Dilek Yardım**  
Independent Board Member



## Mehmet Sami (Independent Board Member)

I declare that, I am serving as an “independent member” at the Board of Enerjisa Enerji A.S. (the Company), according to the criteria specified in the legislation, articles of association and Communiqué on Corporate Governance (II- 17.1) announced by the Capital Markets Board. In this context, I declare that;

- a) I declare that, I am serving as an “independent member” at the Board of Enerjisa Enerji A.S. (the Company), according to the criterias specified in the legislation, articles of association and Communiqué on Corporate Governance (II- 17.1) announced by the Capital Markets Board. In this context, I declare that;
- b) I do not have a relationship in terms of employment at an administrative level to take upon significant duty and responsibilities within the last five years, I do not own more than 5% of the capital or voting rights or privileged shares either jointly or solely or I have not established a significant commercial relation between the Company, companies on which the corporation hold control of management according to the Turkey Financial Reporting Standards 10 or significant effect according to the Turkey Accounting Standards 28 and shareholders who hold control of management of the corporation or have significant effect in the corporation and legal entities on which these shareholders hold control of management and myself, my spouse and my relatives by blood or marriage up to second degree,
- c) I have professional education, knowledge and experience in order to duly fulfill the duties assigned for being an independent board member,
- d) I will not to be a full time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- e) I am residing in Turkey in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193,
- f) I am capable to contribute positively to the operations of the corporation, to maintain my objectivity in conflicts of interests between the corporation and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders,
- g) I will be able to allocate time for the corporation’s business in order to follow up the activities of the corporation and duly fulfill the allocated duties,
- h) I have not conducted membership of board of directors more than a term of six years in the last ten years,
- i) I am not an independent member of the board of directors in more than three of the corporations that the Company or the controlling shareholders of the Company who hold the control of management and in more than five corporations in total which are admitted to the trading on the exchange,
- j) I am not registered and declared for the name of legal entities selected as a member of the board of directors.

**Mehmet Sami**  
Independent Board Member



# ANNEX

## ANNEX I: STAKEHOLDER MANAGEMENT

Stakeholder Group	Stakeholder Category	Stakeholder Communication Platform and Methods	Communication Frequency	Objectives and Success Self-Evaluation Criteria
Analysts	External	Meetings, conferences, telephone calls, quarterly investor teleconferences, activities to inform analysts, podcasts, webcasts, Investor Relations website	Continuous	<ul style="list-style-type: none"> <li>Increasing transparency</li> <li>Informing the market about the Company</li> <li>Company valuation reports</li> <li>Improving the Company's reputation</li> <li>Financial sustainability</li> </ul>
The Press	External	E-mail campaigns, sponsorships and sectoral events, regular and irregular press releases, press conferences, interviews	Year-round	<ul style="list-style-type: none"> <li>Accurately informing the public</li> <li>Improving the Company's reputation and brand value</li> <li>Building strong relations with members of the press</li> </ul>
Credit Rating Agencies	External	Meetings, teleconferences and telephone calls, e-mail	Annually	<ul style="list-style-type: none"> <li>Increasing transparency</li> <li>Ensuring a fair value for the Company's equity</li> <li>Improving the Company's reputation</li> <li>Financial sustainability</li> </ul>
Financial Institutions	External	Meetings, teleconferences and phone calls	Continuous	<ul style="list-style-type: none"> <li>Increasing transparency</li> <li>Improving the Company's reputation</li> <li>Financial sustainability</li> </ul>
Shareholders	External	Board of Directors meetings, committee meetings, quarterly investor teleconferences, General Assembly Meetings, Investor Relations website	Continuous	<ul style="list-style-type: none"> <li>Managing sustainability risks</li> <li>Adopting a target-based management approach</li> <li>Transparently sharing the environmental performance</li> <li>Compliance with Corporate Governance Principles</li> <li>Financial sustainability</li> </ul>
Public Institutions and Regulatory Bodies	External	Meetings, teleconferences and telephone calls	Continuous	<ul style="list-style-type: none"> <li>Improving stakeholder engagement</li> <li>Increasing transparency in customer communication</li> <li>Financial sustainability</li> </ul>
People Affected by the Project (land owners/ users/local communities)	External	Face to face meetings, e-mail, telephone calls, SMS, Mobile App, communication through the website	Continuous	<ul style="list-style-type: none"> <li>Managing social risks of the projects and mitigating adverse impacts</li> <li>Accurately informing those affected by the projects</li> <li>Enhancing stakeholder engagement</li> </ul>
Directly Affected Relevant Specialists (electrical technicians/ electrical engineers)	External	Face to face meetings, telephone calls, SMS, Mobile App, e-mail, communication through the website and other Enerjisa channels, authorization training for electricians	Continuous	<ul style="list-style-type: none"> <li>Enhancing stakeholder engagement</li> <li>Supporting capacity building and improvement of knowledge (project design, changing legislation, etc.)</li> <li>Engagement of and cooperation with authorized electrical technicians and electrical engineers</li> </ul>

Stakeholder Group	Stakeholder Category	Stakeholder Communication Platform and Methods	Communication Frequency	Objectives and Success Self-Evaluation Criteria
Customers	External	Customer Service Centers, Enerjisa Operation Centers, alternative sales channels, call centers, digital channels (mobile application, website), customer representatives, social media channels, SMS and customer satisfaction surveys	Continuous	<ul style="list-style-type: none"> <li>Developing customer- oriented solutions</li> <li>Increasing customer satisfaction</li> <li>Providing a continuous electricity from renewable energy resources</li> <li>Providing data security</li> <li>Expanding smart technologies</li> </ul>
Labor Unions	External	Face-to-face interviews	Annually	<ul style="list-style-type: none"> <li>Providing an uninterrupted and accessible energy supply</li> <li>Leadership and increasing awareness on energy efficiency</li> </ul>
NGOs	External	Conferences, management meetings, focus group activities	Continuous	<ul style="list-style-type: none"> <li>Leadership and increasing awareness on energy efficiency</li> </ul>
Suppliers and Business Partners	External	Joint projects	Continuous	<ul style="list-style-type: none"> <li>Establishing alternative supply infrastructures for uninterrupted energy in distribution regions</li> <li>Providing customer satisfaction and uninterrupted energy supply</li> </ul>
International Organizations and Initiatives	External	Joint projects	Continuous	<ul style="list-style-type: none"> <li>Leadership and increasing awareness on energy efficiency</li> </ul>
Universities	External	Joint projects	Min four times a year	<ul style="list-style-type: none"> <li>Collaboration with stakeholders</li> <li>Attracting qualified talent</li> <li>Investment in R&amp;D</li> </ul>
Investors	External	Informative meetings, meetings, teleconferences, quarterly investor teleconferences, podcasts, webcasts, General Assembly Meetings, Investor Relations website, online surveys	Continuous	<ul style="list-style-type: none"> <li>Managing sustainability risks</li> <li>Adopting a target-based management approach</li> <li>Transparently ESG performance</li> <li>Compliance with Corporate Governance Principles</li> <li>Financial sustainability</li> </ul>
Local Administrations/ Mukhtars	External	WhatsApp Mukhtar Support Line, regular meetings with mukhtars	Continuous	<ul style="list-style-type: none"> <li>Building stakeholder dialogue</li> <li>Transparency in customer communication</li> </ul>
Employees	Internal	İKON People and Culture mobile application, intranet, employee engagement focus groups, team leaders' information meetings, CEO briefing meetings, management meetings, people and culture information meetings	Continuous	<ul style="list-style-type: none"> <li>Attracting qualified talent</li> <li>Broadening the knowledge and skills of employees</li> <li>Increasing employee loyalty</li> <li>Investing in smart technologies</li> <li>Increasing OHS investments</li> </ul>
Subsidiaries	Internal	Meetings, Board meetings	Continuous	<ul style="list-style-type: none"> <li>Promoting leadership in the use of new technologies</li> <li>Managing sustainability risks</li> <li>Financial sustainability</li> </ul>

# ANNEX

## ANNEX II: MEMBER ORGANIZATIONS

United Nations Women's Empowerment Principles (WEPs)	In support of 
UN Global Compact	
World Economic Forum (WEF)	
Learning and Development Platform Association (TEGEP)	
Association of Electricity Distribution System Operators (ELDER)	
Energy Regulators Regional Association (ERRA)	
Energy Traders Association (ETD)	
Energy Efficiency and Management Association (EYODER)	
Ethics and Reputation Society (TEİD)	
EUROGIA 2020	
Energy Investors Association (GÜYAD)	
Human Resources Professional Association (İKMD)	
İstanbul Exporters' Association (İİB)	
İstanbul Chamber of Commerce (İTO)	

Business Plastic Initiative (İPG)



Business Council for Sustainable Development Turkey (BCSD Turkey)



Corporate Communication Professionals Association (KİD)



Corporate Volunteers Association (ÖSGD)



Woman in Technology Association (WTECH)



Turkish Education Foundation (TEV)



Turkish Industry and Business Association (TÜSİAD)



The Institute of Internal Auditing-Turkey (TİDE)



Turkish Quality Association (KalDer)



Turkish Cogeneration and Clean Energy Technologies Association



Corporate Governance Association of Turkey (TKYD)



Transparency International (TI-Turkey)



International Investors Association (YASED)



Artificial Intelligence and Technology Association (YZTD)



Turkish Investor Relations Society (TÜYİD)



Yenibirlider Development Program - The Yenibirlider Association



# ANNEX

## ANNEX III: ENVIRONMENTAL PERFORMANCE INDICATORS

Water Consumption (m <sup>3</sup> )	2019	2020	2021
Municipal water	97,875	92,504	94,105
Ground water	3,967	6,150	3,443
Surface water	0	0	0
<b>Total Water Consumption (m<sup>3</sup>)</b>	<b>101,842</b>	<b>98,654</b>	<b>97,548</b>
Discharged to municipal wastewater system	97,875	92,504	94,105
Discharged to ground water	3,967	6,150	3,443

Total Waste Amount (ton)	2019	2020	2021
Hazardous waste	4,418	3,922	3,542
Recycled hazardous waste	4,401	3,880	3,542
Non-hazardous waste	7,785	8,727	7,450
Recycled non-hazardous waste	7,785	8,727	7,450
<b>Total waste</b>	<b>12,203</b>	<b>12,649</b>	<b>10,992</b>

## ANNEX IV: OCCUPATIONAL HEALTH AND SAFETY INDICATORS

	2019			2020			2021		
	Enerjisa	Contractors	Consolidated	Enerjisa	Contractors	Consolidated	Enerjisa	Contractors	Consolidated
Number of critical accidents	21	8	29	23	11	34	25	13	38
TRIF (w/o STF)	5.1	4.8	5.0	4.5	4.5	4.5	5.2	5.6	5.4
TRIF	9.6	4.9	8.2	9.0	5.6	7.9	10.1	6.6	8.9
LTISR	106.4	113	100.7	81.3	146.6	103.0	113.7	150.0	126.4
The number of fatalities due to work-related injury	2	0	2	1	1	2	2	0	2
Occupational diseases	0	0	0	0	0	0	0	0	0

	2019	2020	2021
HS&E investments (TL million)	128.9	53.6	80.9

## ANNEX V: SOCIAL PERFORMANCE INDICATORS

### ENERJISA

Employees Per Category	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Total number of employees	1,106	9,124	1,133	9,282	1,129	10,171
White-collar employees	1,048	2,170	1,078	2,225	1,080	2,423
Blue-collar employees	58	6,954	55	7,057	49	7,748
Employees covered by collective bargaining agreements	58	6,954	55	7,057	49	7,748
<b>Total</b>	<b>10,230</b>		<b>10,415</b>		<b>11,300</b>	

Employees by Employment Types	2019		2020		2021	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
White-collar employees	3,218	0	3,303	0	3,503	0
Blue-collar employees	7,012	0	7,112	0	7,797	0
Employees with disabilities	304		306		325	
<b>Total</b>	<b>10,230</b>		<b>10,415</b>		<b>11,300</b>	

Employees by Age	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
<30 years old	345	2,038	385	2,280	260	2,656
31-49 years old	755	6,927	737	6,729	855	7,266
>50 years old	6	159	11	273	14	249
<b>Total</b>	<b>10,230</b>		<b>10,415</b>		<b>11,300</b>	

Employees in All Management Positions	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Employees in junior management	104	302	124	306	111	292
Employees in middle management	50	126	53	142	51	155
Employees in senior management	1	19	3	19	2	21
Executives	1	3	0	5	1	7
<b>Total</b>	<b>156</b>	<b>450</b>	<b>180</b>	<b>472</b>	<b>165</b>	<b>475</b>

Revenue Generating Roles	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Managers in revenue generating functions	17	63	24	87	19	59
Employees in STEM (IT, engineering, etc.) roles	80	331	105	354	104	375

# ANNEX

	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
<b>Parental Leave</b>						
Employees entitled to parental leave	88	699	133	766	68	665
Employees who returned to work following parental leave	85	699	133	766	66	664

	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
<b>Employees Who Left Work by Gender and Age</b>						
<30 years old	37	150	21	95	32	121
31–49 years old	67	249	39	180	78	346
>50 years old	2	42	0	37	4	55
<b>Total</b>	<b>106</b>	<b>441</b>	<b>61</b>	<b>312</b>	<b>114</b>	<b>522</b>
Employee turnover	3.2%		2.4%		3.3%	

	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
<b>New Employee Hires by Gender and Age</b>						
<30 years old	93	640	52	342	69	1,143
31–49 years old	41	272	34	133	43	277
>50 years old	0	0	0	1	0	0
<b>Total</b>	<b>134</b>	<b>912</b>	<b>86</b>	<b>476</b>	<b>112</b>	<b>1,420</b>

## TRAINING

	2019	2020	2021
	<b>Total number of employees who received training</b>	10,539	8,013
<b>Total training hours</b>	234,119	139,993	415,772
<b>Total education expenditure (TL million)</b>	12.4	11.2	24.9
<b>Training hour (according to employee type)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Employees in senior management and above	807	527	552
Employees in middle management	6,096	5,366	9,452
Employees in junior management	12,655	13,098	25,598
Employees in specialist and below	46,966	52,376	107,935
Blue collar	167,596	68,627	272,236
<b>Training hour (by gender)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Female	29,343	32,196	52,618
Male	204,776	107,797	363,154
<b>Training hour (according to training type)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Professional development	31,826	27,543	45,673
Technical Development	92,383	9,214	155,437
Individual Development	15,278	24,978	53,341
Leadership Development	6,154	10,736	11,216
Occupational Health and Safety	88,478	67,522	150,105
<b>Average training hours per person</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Total per person	22.9	13.4	36.8

## CONTRACTORS

	2019	2020	2021
	<b>Contactors by Service Type</b>		
Number of contractors	4,996	5,119	6,558
Administrative affairs	939	1,010	1,052
Construction works	2,298	2,742	3,407
Fault repair and maintenance	747	522	1,199
Call Center	1,012	845	900

# ANNEX

## ANNEX VI: OTHER OPERATIONAL INDICATORS

		2019	2020	2021
Enabling high-quality electricity supply through guaranteeing voltage quality and continuity of supply	<b>System Average Interruption Duration Index (SAIDI) (hour)</b>			
	AYEDAS	12.5	8.8	11.9
	Baskent	36.8	30.3	40.3
	Toroslar	62.2	64.2	64.5
	<b>System Average Interruption Frequency Index (SAIFI) (number)</b>			
	AYEDAS	10.6	7.4	8.6
	Baskent	23.3	19.0	20.2
	Toroslar	27.1	33.5	28.5

<b>Customer Satisfaction*</b>	2019	2020	2021
CSAT (over 5)	3.98	4.08	4.17
NPS (-100 to +100)	-4	5	12

\* Consolidated data

## ANNEX VII: DIGITALIZATION AND INNOVATION INDICATORS

Digitalization and Innovation	Metrics	2019	2020	2021
Innovation management	Number of R&D positions	13	13	11
	Number of Innovation positions	6	4	4
	Number of ideas collected with NAR	249	160	130
Smart technology development and digitalization of the grid	Meters covered by OSOS	75,607	80,243*	87,730
	Number of sensors on SCADA system	595,548	716,608	790,818

\* Recalculated.

## ANNEX VIII: CORPORATE GOVERNANCE INDICATORS

	2019	2020	2021
Political Contributions (TL million)	0	0	0
The number of bribery and corruption cases that were identified, investigated and concluded	19	14	27
The number of definitive convictions the company was subject to in relation to breach of employee rights	47	36	21
The number of definitive convictions the company is subject to in relation to health and safety measures	5	4	4

## ANNEX IX: MANAGEMENT SYSTEMS STANDARDS

Management Systems Standards	Coverage Rate	Calculation Methodology
ISO 9001 Quality Management System	100%	Location
ISO 45001 Occupational Health and Safety Management System	100%	Location
ISO 14001 Environmental Management System	100%	Location
ISO 10002 Customer Satisfaction Management System	100%	Location
ISO 22301 Business Continuity Management Systems	11%	Employee

# ANNEX

## E-TERNAL

Programs	Purpose	Current and Completed Major Projects
<b>Employee Focus</b> Mevlana	Provide a personalized experience, work and development environment for all employees while managing human resources processes and tools through the system with integrated approach and analytics	<b>Integrated HR</b> <ul style="list-style-type: none"> <li>HR Connect</li> <li>Segmentation</li> <li>Performance Management</li> </ul> <b>Affinity w/ Employees</b> <ul style="list-style-type: none"> <li>İKON</li> <li>Chatbot</li> </ul>
<b>Standing by the Customer</b> Graham Bell	Provide the best service and experience to the customers by using new technologies	<b>Customer Recognition Processes</b> <ul style="list-style-type: none"> <li>Digital ID Verification Project (Phase 1)</li> <li>SMS validation</li> <li>Signature Methods/Distance Sales Contract</li> <li>PDPL - SPD Destruction Processes</li> </ul> <b>Self-Service Technologies</b> <ul style="list-style-type: none"> <li>Jet Kiosk</li> <li>Jet Subscription</li> <li>RPA integration of e-Government subscriptions</li> <li>Payment by IVR (Interactive Voice Response)</li> <li>IVR Optimization Phase 2</li> </ul> <b>Digital Channel Enhancement</b> <ul style="list-style-type: none"> <li>Chatbot Project</li> <li>WhatsApp Customer Contact Line</li> <li>CRM 360 Fiori</li> <li>Online Services Center Transformation</li> <li>Payment By Link</li> <li>Agent List Structure</li> <li>Deployment of Additional Modules in the Call Center Portal</li> </ul> <b>Improving Customer Processes</b> <ul style="list-style-type: none"> <li>RPA</li> <li>Instant Correction Processes Automation</li> <li>New Connection Digitalization Project</li> <li>Digitally sending customer mails (HOBIM)</li> <li>SAP CRM Arrangements</li> <li>Unlicensed Producers Project Phase 2</li> <li>Dummy Reduction Project</li> </ul>
<b>Enriched Sales</b> Leonardo Fibonacci	Differentiate from energy sector by offering digital solutions with Enerjisa Enerji's human, technology and customer-oriented approach	<b>Retail Sales Enhancement</b> <ul style="list-style-type: none"> <li>KUR-MOB (End-to-end Corporate Sales App)</li> <li>Sellback Process of Corporate Customers</li> <li>End-to-end Sales via D2D Channels</li> </ul> <b>Sales Management Support</b> <ul style="list-style-type: none"> <li>SYS Dashboard</li> <li>Medium-Sized Corporate Segment Sales Dashboard</li> </ul>
<b>Customized Solutions</b> Louis Pasteur	Meet customer expectations with Enerjisa Enerji's rapidly expanding, adaptable and integrated product / service development capabilities	<b>Product Development and Presentation</b> <ul style="list-style-type: none"> <li>Segmentation Project</li> <li>Digital Contract</li> </ul>

Programs	Purpose	Current and Completed Major Projects
<b>Supply Continuity</b> Nikola Tesla	Minimize energy outages and secure supply continuity in the regions	<b>Improving Outage and Lighting Processes</b> <ul style="list-style-type: none"> <li>GEYT (The Highest Power in General Lighting "EYT") Follow-up</li> <li>Outage Management System Enhancements</li> </ul> <b>Operating Audit Processes</b> <ul style="list-style-type: none"> <li>EDVARS 2021</li> <li>Regulative Audits</li> </ul>
<b>Maintenance Management</b> Marie Curie	Effective network maintenance	<b>New Generation Maintenance</b> <ul style="list-style-type: none"> <li>Maintenance 4<sup>th</sup> IP Practices</li> <li>Asset Health Check Project</li> <li>Maintenance Operation Improvements</li> </ul>
<b>Asset Management</b> Michael Faraday	Manage, monitor and plan the network assets in an integrated manner	<b>Grid Data Management</b> <ul style="list-style-type: none"> <li>GIS Data Update Reporting System</li> <li>GIS Analytical Improvements</li> <li>Mobile GIS Phase-2</li> </ul> <b>Site &amp; Investment Optimization</b> <ul style="list-style-type: none"> <li>LHM Digitalization</li> <li>Handheld Terminal - Tablet Adaptation</li> <li>PYP Project</li> <li>Associating Customer and Connection Requests with the Investment Plan</li> <li>Metweb (Quantity Portal) Phase-3 Project</li> </ul>
<b>Safety First</b> Avicenna	Strengthen the digital capabilities and prevent occupational accidents and damage to the environment and the employees	<b>Digital OHS Management</b> <ul style="list-style-type: none"> <li>SIP Follow-up</li> <li>OHS Cockpit</li> <li>Contractor Communication Portal</li> </ul> <b>OHS Operation Improvements</b> <ul style="list-style-type: none"> <li>On-site Telecommunication Project</li> </ul>
<b>Data-Oriented Operation</b> Alan Turing	Bring the field operations and processes to perfection with data-oriented decisions	<b>Analytical and On-Site Solutions</b> <ul style="list-style-type: none"> <li>SAS Transpose</li> <li>Special and Large-Scale Customers Dashboard</li> <li>RPA-Automatic Cancellation Process</li> <li>Consumer Credit Scoring</li> <li>Plot Locator (PAB)</li> </ul>
<b>Technology Infrastructure</b> Mimar Sinan	Ensure business continuity in all of fields of activity by expanding and diversifying the systems in line with the requirements of the new era	<b>e-Transformation</b> <ul style="list-style-type: none"> <li>Cyberark</li> <li>e-Signature KEP Integration</li> </ul>
<b>Energy Market</b> Albert Einstein	To be the strongest and most competitive player in the energy market, thanks to the digital capabilities and use of technology	<b>Analytic Solutions for Demand and Price Forecasting</b> <ul style="list-style-type: none"> <li>ASP Calculation</li> <li>Day-ahead Electricity Demand Estimation</li> <li>SMF Project</li> </ul>
<b>Digital Finance</b> Harizmi	Support more transparent and informed decision-making by improving our financial management, making repetitive tasks safer, faster and more efficient	<b>Digital Finance Projects</b> <ul style="list-style-type: none"> <li>Activity- Based Costing Projects (Helios, ABC Project)</li> <li>Financial Operation Efficiency Projects</li> </ul>
<b>M2C Journey</b> Cahit Arf	Provide the highest level of digital customer experience throughout the entire process, from meter to payment	<b>M2C Journey Projects</b> <ul style="list-style-type: none"> <li>Operation Improvement Projects Focused on Collection</li> <li>Security Deposit Management Projects</li> <li>Invoicing Process Automation Projects</li> </ul>

(CONVENIENCE TRANSLATION OF A REPORT ORIGINALLY ISSUED IN TURKISH)

# INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS



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34485 Sarıyer Mersis no: 0-4350-3032-6000017  
İstanbul - Türkiye

To the Shareholders of Enerjisa Enerji A.Ş.

## 1) Opinion

We have audited the annual report of Enerjisa Enerji A.S. ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2021-31/12/2021.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

## 2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards ("InAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 18, 2022 on the full set consolidated financial statements of the Group for the period of 1/1/2021-31/12/2021.

## 4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

## 5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Erdem Tecer.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Erdem Tecer, SMMM  
Partner

8 March 2022  
İstanbul, Türkiye



# INDEPENDENT AUDITOR'S REPORT



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 İstanbul - Türkiye

To the Shareholders of Enerjisa Enerji A.Ş.

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of Enerjisa Enerji A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How key audit matter addressed in the audit
<b>IFRIC Interpretation 12 - Service Concession Arrangements</b>	
<p>In accordance with the terms of the service concession agreement with the government, the Group has applied the IFRIC Interpretation 12 financial asset model and identified it in a financial asset in the consolidated financial statements.</p> <p>Revenue calculated over the financial assets according to the effective interest method is accounted as "financial income from service concession agreement" by the Group. In addition, since the financial assets carried at the balance sheet is an asset subject to impairment in accordance with IFRS 9 "Financial Instruments" standard, the Group provides impairment for financial assets by making a credit risk assessment. As of 31 December 2021, the Group has financial assets amounting to 12,853,639 thousand TL, 3,096 thousand TL impairment for related assets and accounted interest income amounting to 2,950,583 thousand TL in the statement of profit or loss between 1 January and 31 December 2021. Given the complexity of the accounting of the elements within the scope of IFRIC Interpretation 12 and the legislation and application of the assumptions (basically includes inflation rate assumptions), we determined this significant to our audit and therefore considered as key audit matter.</p> <p>The details of financial assets within the scope of IFRIC Interpretation 12 are disclosed in footnote 10 to the consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>- The Service Concession Agreement was obtained and the contract conditions have been read.</li> <li>- Compatibility of the related calculation model in terms of legislation has been evaluated.</li> <li>- Since the interest income is calculated based on the internal rate of return, calculation of internal rate of return has been checked.</li> <li>- The payments which were committed by the Republic of Turkey Energy Market Regulatory Authority ("EMRA") as a consequence of the investments made were checked by the communiqués of income requirements.</li> <li>- The rate of return has been checked from the communiqués published in the Official Gazette.</li> <li>- The year-end financial asset amount in the financial statements was reconciled with the economic model of service concession contracts.</li> <li>- The fairness and the appropriateness of the key assessments and estimations used by the management together with the methods and data sources used in the calculation of impairment within the scope of "IFRS 9 Financial Instruments" were assessed.</li> <li>- The compliance of the applied accounting policies with IFRS 9, past performance of the Group and local and global practices were assessed.</li> <li>- Furthermore, within the scope of the above-mentioned specific accounting, the adequacy and sufficiency of the information included in the financial statements and explanatory notes for the users of the financial statements were evaluated.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT

<p><b>Recoverability of deferred tax assets recognized over tax losses carried forward</b></p>	<p>As disclosed in footnote 24 to the consolidated financial statements as of 31 December 2021, the Group recognized deferred tax assets over the tax losses carried forward amounting to 403,375 thousand TL. Partially or fully recoverable amount of recognized deferred tax asset was estimated based on the Group Management's assumptions under current conditions. Business plans for the future, the loss amounts incurred in the last 5 years and the expiration dates of unused losses are taken into the consideration during the assessment. Given that the extent to which these assets are recognized is dependent on Group Management's assumptions, these assets are considered as key audit matter.</p>	<p>During our audit, we challenged the management's assumptions on the recoverability of tax assets by controlling the expiration dates of carry forward tax losses with the projected budgets approved by the management.</p> <p>To examine the management's assumptions about the subject, we involved tax experts to our audit team from another entity that is a part of the same audit network. Calculation of related deferred tax assets is presented for the examination and evaluation to tax experts. In addition, the conformity of the disclosures in the financial statements to IFRS has been evaluated.</p>
<p><b>Goodwill Impairment Test</b></p>	<p>As at 31 December 2021, there is a goodwill amounting to 1,977,127 thousand TL on the consolidated statement of financial position as a result of previous acquisitions. In accordance with IFRS, the Group performs an impairment test per each cash generating unit to assess whether there is an impairment in the goodwill amount.</p>	<p>The assumptions, sensitivities and results of the tests performed are disclosed in footnote 2 to the financial statements. These tests are assessed as key audit matter due to the complexity, the required estimates of management and the dependency on future market circumstances. We involved the valuation specialists from another entity that is a part of the same audit network to support our assessment about the assumptions and methods used by the Group in testing the discount rates per cash generating unit and assessing the model that calculates future cash flows.</p> <p>Furthermore, we tested the expected growth rates and related expected future cash flows. We assessed whether these future cash flows, amongst others, were based on the strategic plan as prepared by the management.</p> <p>In addition, within the scope of the above-mentioned special accounting, the appropriateness and sensitivity of the disclosures contained in the financial statements and the importance of these information for the users of the financial statement were questioned by us.</p>

<p><b>Revenue recognition of incumbent suppliers</b></p>	<p>Incumbent suppliers are obliged supply electricity on retail sales tariff regulated by the EMRA to the ineligible customers (regulated customers) in their respective distribution regions, eligible customers who have not used their eligibility right to become a free customer and to eligible customers as the last resource supplier. Along with that, incumbent suppliers, supplies electricity to eligible customers in the distribution regions through bilateral agreement based on free market conditions.</p> <p>Incumbent suppliers' revenue from the consumers subject to tariff regulation, is determined by the cost of carrying out their activities related to energy sales. In this context, the gross margin is taken into the consideration which is determined based on the depreciation expenses related to the investment expenditures required to carry out the activities, billing and customer services, operating expenses such as retail sales services, active energy costs and the costs to cover all the costs and services incurred to sustain the activity and the risks exposed. Therefore, the Group calculates and accounts for the revenue amount on consolidated financial statements prepared in accordance with IFRS on the basis of costs by considering gross profit margin determined by regulations.</p> <p>Furthermore, invoices of the subscribers other than eligible residential and commercial groups are issued monthly at the end of each month by the Group whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. As a result, the total electricity supplied to the residential and commercial subscribers during each month cannot be invoiced and income accruals are recognized as revenue at period-ends for these customer groups based on the actual billing performance.</p> <p>Given the complexity of such transactions, we determined this significant to our audit and therefore considered as key audit matter.</p>	<p>We examined the customer classification, EMRA communiques and the correctness of calculations mentioned in these communiques, calculations and seasonality of invoicing that are used in the calculation of Group's revenue. We also performed sample tests of key controls over information technology systems where the information used in these calculations is provided. The overall consistency of the inputs and parameters used in the calculations are evaluated.</p> <p>To evaluate conformity of applied calculations to communiques and IFRS, we especially focused on the accounting adjustments related to revenue recognition. The sources used for these adjustments and consistency of these adjustments with prior years are controlled.</p> <p>In addition, the adequacy of the disclosures in footnote 19 of the financial statements and conformity with IFRS were also assessed.</p>
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# INDEPENDENT AUDITOR'S REPORT

Provision for impairment of trade receivables	
<p>Trade receivables are considered as an important balance sheet item as they represent 13% of the total assets in consolidated statement of financial position. Besides, the collectability of trade receivables is key elements of the Group's credit risk and business capital management and includes significant management judgment and estimates.</p> <p>As of December 31, 2021, there is a provision amounting to 3,141,666 thousand TL for impairment of trade receivables amounting to 5,572,805 thousand TL (net) in the consolidated statement of financial position.</p> <p>Determining the collection risk and the provision for trade receivables or determining whether a specific trade receivable is collectible requires significant management judgment. The Group management assesses all other information together with the aging of trade receivables, analyzing the risk of ongoing lawsuits taking letters from the company lawyers, the qualifications of the collaterals under the credit risk management and the collaterals, the collection performance after the current period and the balance sheet date.</p> <p>The Group accounts for the expected credit losses for financial assets in the consolidated financial statements in accordance with IFRS 9.</p> <p>Given the size of the amounts, the assessment required for the collectability evaluations of trade receivables and the complexity and the comprehensive application of IFRS 9, the existence and collectability of trade receivables is considered as key audit matter.</p> <p>The details of trade receivables are disclosed in footnote 6 to the consolidated financial statements.</p>	<p>Following procedures have been applied for the audit of provisions on trade receivables:</p> <ul style="list-style-type: none"> <li>- Evaluation of the Group's collection follow-up process and operational effectiveness of related internal controls for trade receivables from third parties,</li> <li>- Understanding, evaluating and testing the effectiveness of the internal controls related to financial reporting for credit risk,</li> <li>- Analytical review of the aging tables and comparison of the collection turnover rate with the previous year,</li> <li>- Testing of trade receivable balances by sending confirmation letters by sampling method,</li> <li>- Testing of subsequent collections by sampling method,</li> <li>- Testing of the guarantees received against receivables by sampling method and evaluation of their ability to convert into cash,</li> <li>- Evaluation of the fairness and appropriateness of the key assessments and estimations used by the management together with the methods and data sources used in the calculation of impairment within the scope of "IFRS 9 Financial Instruments" with the support of our valuation specialists from our entity,</li> <li>- Evaluation of the compliance of the applied accounting policies with IFRS 9, past performance of the Group and local and global practices,</li> <li>- Investigation of disputes and lawsuits related to receivables and obtaining confirmation letter about legal proceedings of ongoing legal lawsuits for the audit of the appropriateness of specific provisions for trade receivables,</li> <li>- Assessment of the adequacy of the trade receivables and impairment of trade receivables disclosures to the consolidated financial statements and conformity with IFRS.</li> </ul>

## Other matters

We have expressed an unqualified opinion in our auditor's report dated February 18, 2022 on the consolidated financial statements of the Group for the period of 1 January 2021 - 31 December 2021, which are prepared in accordance with Turkish Accounting Standards.

We have expressed an unqualified opinion in our auditor's report dated February 18, 2022 on the annual report of Enerjisa Enerji A.S. for the period of 1 January 2021 - 31 December 2021, which are prepared in accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC").

Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on February 18, 2022.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Erdem Tecer.  
Güven Başpınar, Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Erdem Tecer, SMMM  
Partner

18 February 2022  
İstanbul, Türkiye

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## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

ASSETS	Notes	Audited/ current period 31 December 2021	Audited/ prior period 31 December 2020
<b>Current Assets</b>		<b>12,795,629</b>	<b>6,852,870</b>
Cash and Cash Equivalents	28	411,992	588,571
Financial Investments		-	126,108
Financial Assets	10	3,316,298	2,348,112
Trade Receivables	6	5,572,805	2,943,668
<i>Due from Related Parties</i>	5	34,942	17,796
<i>Due from Third Parties</i>		5,537,863	2,925,872
Other Receivables	7	1,193,566	588,922
<i>Due from Third Parties</i>		1,193,566	588,922
Derivative Financial Instruments	26	1,548,306	36,066
Inventory	8	447,450	169,539
Prepaid Expenses	9	65,010	44,112
Assets Related with Current Taxes	24	187,648	14
Other Current Assets	17	52,554	7,758
<b>Non-Current Assets</b>		<b>18,538,012</b>	<b>17,822,635</b>
Other Receivables	7	685,077	933,739
<i>Due from Third Parties</i>		685,077	933,739
Derivative Financial Instruments	26	62,210	63
Financial Assets	10	9,537,341	9,121,848
Right of Use Assets	11	256,196	140,771
Property, Plant and Equipment	12	1,444,088	902,255
Intangible Assets	13	6,225,435	6,357,036
<i>Goodwill</i>		1,977,127	1,977,127
<i>Other Intangible Assets</i>		4,248,308	4,379,909
Prepaid Expenses	9	3,828	4,507
Deferred Tax Assets	24	318,901	362,026
Other Non-Current Assets	17	4,936	390
<b>TOTAL ASSETS</b>		<b>31,333,641</b>	<b>24,675,505</b>

The accompanying notes form an integral part of these consolidated financial statements.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

LIABILITIES	Notes	Audited/ current period 31 December 2021	Audited/ prior period 31 December 2020
<b>Current Liabilities</b>		<b>14,256,376</b>	<b>8,287,610</b>
Short-Term Financial Liabilities	25	1,040,267	1,098,798
Short-Term Portion of Long Term Financial Liabilities	25	5,294,870	1,573,117
Other Financial Liabilities	25	118,387	68,743
Trade Payables	6	3,981,140	1,914,357
<i>Due to Related Parties</i>	5	87,373	129,599
<i>Due to Third Parties</i>		3,893,767	1,784,758
Payables for Employee Benefits	16	81,812	57,939
Other Payables	7	2,888,202	2,579,077
<i>Due to Third Parties</i>		2,888,202	2,579,077
Derivative Financial Instruments	26	43,717	140,060
Deferred Income	9	450	6,964
Income Tax Liability	24	93,155	173,075
Short-Term Provisions		369,721	345,547
<i>Provisions for Employment Benefits</i>	16	76,968	46,423
<i>Other Short-Term Provisions</i>	14	292,753	299,124
Other Short-Term Liabilities	17	344,655	329,933
<b>Non-Current Liabilities</b>		<b>7,726,243</b>	<b>9,234,589</b>
Long-Term Financial Liabilities	25	4,381,083	7,090,385
Other Financial Liabilities	25	457,604	340,383
Derivative Financial Instruments	26	2,419	1,619
Deferred Income	9	1,062,094	211,044
Long-Term Provisions		315,419	224,179
<i>Provisions for Employment Benefits</i>	16	315,419	224,179
Deferred Tax Liabilities	24	1,504,908	1,366,979
Other Long-Term Liabilities		2,716	-
<b>TOTAL LIABILITIES</b>		<b>21,982,619</b>	<b>17,522,199</b>

The accompanying notes form an integral part of these consolidated financial statements.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

LIABILITIES	Notes	Audited/ current period 31 December 2021	Audited/ prior period 31 December 2020
<b>Equity</b>		<b>9,351,022</b>	<b>7,153,306</b>
Registered Share Capital	18	1,181,069	1,181,069
Adjustments to Share Capital	18	1,954,164	2,416,412
<b>Total Share Capital</b>		<b>3,135,233</b>	<b>3,597,481</b>
Other Funds		4,340	4,340
Accumulated Other Comprehensive Expenses not to be Reclassified to Profit or Loss in Subsequent Periods		(3,464)	(3,464)
<i>Accumulated Loss on Remeasurement of Defined Benefit Plans</i>		(3,464)	(3,464)
Accumulated Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss in Subsequent Periods		986,687	(62,487)
<i>Hedge Reserves</i>		986,687	(62,487)
Restricted Profit Reserves	18	394,232	320,115
Retained Earnings		2,551,626	2,209,638
Profit for the Period		2,282,368	1,087,683
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>31,333,641</b>	<b>24,675,505</b>

The accompanying notes form an integral part of these consolidated financial statements.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Notes	Audited/ current period 1 January - 31 December 2021	Audited/ prior period 1 January - 31 December 2020
Revenue	19	30,547,681	21,757,203
Cost of Sales (-)	20	(22,265,854)	(16,117,831)
<b>GROSS PROFIT</b>		<b>8,281,827</b>	<b>5,639,372</b>
General Administrative Expenses (-)	21	(3,382,729)	(2,543,194)
Other Income from Operating Activities	22	831,971	646,102
Other Expenses from Operating Activities (-)	22	(1,216,478)	(1,004,435)
<b>OPERATING PROFIT BEFORE FINANCE INCOME/(EXPENSE)</b>		<b>4,514,591</b>	<b>2,737,845</b>
Finance Income	23	108,090	64,091
Finance Expense (-)	23	(1,479,567)	(1,389,230)
<b>PROFIT BEFORE TAX</b>		<b>3,143,114</b>	<b>1,412,706</b>
<b>Tax Expense</b>		<b>(860,746)</b>	<b>(325,023)</b>
Current Tax Expense (-)	24	(989,969)	(537,986)
Deferred Tax Income/(Expense)	24	129,223	212,963
<b>PROFIT FOR THE PERIOD</b>		<b>2,282,368</b>	<b>1,087,683</b>
<b>OTHER COMPREHENSIVE INCOME AND EXPENSE</b>			
<b>Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss in Subsequent Periods</b>		<b>1,049,174</b>	<b>(60,239)</b>
<i>Gains/(Losses) on Hedges</i>	26	1,359,451	(76,151)
<i>Income Tax Relating to Other Comprehensive Income</i>	24	(310,277)	15,912
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3,331,542</b>	<b>1,027,444</b>
<b>Earnings per share</b>			
Earnings per share (kr)	18	1.93	0.92

The accompanying notes form an integral part of these consolidated financial statements.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Share Capital	Adjustment to Share Capital	Restricted Profit Reserves	Other Funds	Accumulated Other Comprehensive (Expenses) not to be Reclassified to Profit or Loss in Subsequent Periods Accumulated Loss on Remeasurement of Defined Benefit Plans	Accumulated Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss in Subsequent Periods Hedge Reserves	Retained Earnings	Profit for the Period	Total Equity
<b>Balance as at 1 January 2020</b>	<b>1,181,069</b>	<b>2,626,532</b>	<b>251,545</b>	<b>4,340</b>	<b>(3,464)</b>	<b>(2,248)</b>	<b>1,743,107</b>	<b>1,033,622</b>	<b>6,834,503</b>
Transfers <sup>(1)</sup>	-	(210,120)	68,570	-	-	-	1,175,172	(1,033,622)	-
Dividend	-	-	-	-	-	-	(708,641)	-	(708,641)
Total comprehensive income	-	-	-	-	-	(60,239)	-	1,087,683	1,027,444
<b>Balance as at 31 December 2020</b>	<b>1,181,069</b>	<b>2,416,412</b>	<b>320,115</b>	<b>4,340</b>	<b>(3,464)</b>	<b>(62,487)</b>	<b>2,209,638</b>	<b>1,087,683</b>	<b>7,153,306</b>
<b>Balance as at 1 January 2021</b>	<b>1,181,069</b>	<b>2,416,412</b>	<b>320,115</b>	<b>4,340</b>	<b>(3,464)</b>	<b>(62,487)</b>	<b>2,209,638</b>	<b>1,087,683</b>	<b>7,153,306</b>
Transfers <sup>(1)</sup>	-	(462,248)	74,117	-	-	-	1,475,814	(1,087,683)	-
Dividend <sup>(2)</sup>	-	-	-	-	-	-	(1,133,826)	-	(1,133,826)
Total comprehensive income	-	-	-	-	-	1,049,174	-	2,282,368	3,331,542
<b>Balance as at 31 December 2021</b>	<b>1,181,069</b>	<b>1,954,164</b>	<b>394,232</b>	<b>4,340</b>	<b>(3,464)</b>	<b>986,687</b>	<b>2,551,626</b>	<b>2,282,368</b>	<b>9,351,022</b>

<sup>(1)</sup> In the statutory financial statement prepared in accordance with the tax procedure law, the loss for previous years amounting to TL 462,248 has been netted off with adjustments to share capital (31 December 2020: TL 210,120).

<sup>(2)</sup> During the Ordinary General Assembly held on 30 March 2021, it has been resolved to distribute the dividend at the amount of TL 1,133,826 derived from the Group's distributable earnings in 2020 and pay the cash dividend beginning from 9 April 2021. Dividends were paid out in cash in April 2021. Dividend paid by the Group per share with a TL 1 (full digit) nominal value is gross TL 0.96 (full digit) (2020: TL 0.60 (full digit)).

The accompanying notes form an integral part of these consolidated financial statements.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

	Notes	Audited/ current period	Audited/ prior period
		1 January - 31 December 2021	1 January - 31 December 2020
<b>Cash Flows from Operating Activities</b>		<b>5,057,411</b>	<b>3,870,421</b>
<b>Profit for the period</b>		<b>2,282,368</b>	<b>1,087,683</b>
Profit for the period		2,282,368	1,087,683
<b>Adjustments to reconcile net profit for the period</b>		<b>679,338</b>	<b>1,211,934</b>
Adjustments related to the depreciation and amortization	11, 12, 13	472,588	444,078
Adjustments related to the depreciation of right of use assets	11	112,711	81,682
Adjustments related to the depreciation of property, plant and equipment	12	112,582	122,769
Adjustments related to the amortization of intangible assets	13	247,295	239,627
Adjustments related to impairment loss		570,085	854,429
Adjustments related to doubtful provision expenses	6, 10	570,085	854,429
Adjustments related to provisions		178,908	161,897
Adjustments related to provisions for employee benefits		185,279	110,609
Adjustments related to legal case provisions		(6,371)	51,288
Adjustments related to interest (income) and expenses, net		1,308,716	1,286,381
Adjustments related to interest income	23	(108,090)	(64,091)
Adjustments related to interest expense	23	1,416,806	1,350,472
Adjustments related to unrealized foreign exchange loss		299,533	107,406
Adjustments related to tax expense	24	860,746	325,023
Adjustments related to fair value losses/(gains)	26	(310,479)	(30,148)
Other adjustments to reconcile profit/(loss)	28	(2,700,759)	(1,937,132)
Adjustments related to interest (income)/expense based on revenue cap regulation	22	(56,312)	(29,918)
Adjustments related to financial income from service concession arrangements	10, 19	(2,950,583)	(2,069,123)
Adjustments related to revaluation differences arising from deposits and guarantees	22	306,136	161,909
<b>Changes in operating assets and liabilities</b>		<b>(1,112,854)</b>	<b>(368,059)</b>
(Increase)/decrease in trade receivables		(3,362,830)	(965,769)
(Increase)/decrease in inventories		(277,912)	(37,586)
(Increase)/decrease in other receivables and assets		(480,832)	916,762
Increase/(decrease) in trade payables		2,064,398	(674,626)
Increase/(decrease) in other payables and expense accruals		944,322	393,160
<b>Cash generated from operating activities</b>		<b>1,848,852</b>	<b>1,931,558</b>
Payments related with provisions for employee benefits	16	(64,265)	(48,413)
Tax payments	24	(1,257,523)	(444,598)
Other cash in-flows	28	4,530,347	2,431,874
Capital expenditures reimbursements related to service concession arrangements	10	2,555,978	1,341,622
WACC reimbursements related to service concession arrangements	10	1,808,541	912,773
Collections from doubtful trade receivable	6	165,828	177,479
<b>Cash Flows from Investing Activities</b>		<b>(3,265,918)</b>	<b>(2,227,778)</b>
Cash used for purchase of tangible and intangible assets		(753,880)	(310,179)
Interest received		111,545	49,097
Other cash out-flows	28	(2,749,691)	(1,845,241)
Capital expenditures related to service concession arrangements		(2,749,691)	(1,845,241)
Cash receipt from sale of debt instruments		126,108	(121,455)
<b>Cash Flows from Financing Activities</b>		<b>(1,968,072)</b>	<b>(1,523,858)</b>
Cash in-flows from borrowings	25	16,479,807	14,075,458
Cash out-flows for borrowings	25	(15,608,222)	(13,519,861)
Repayment of of lease liabilities	25	(148,644)	(110,433)
Interest paid		(1,557,187)	(1,260,381)
Dividend paid		(1,133,826)	(708,641)
Increase/(decrease) in cash and cash equivalents		(176,579)	118,785
Cash and cash equivalents at the beginning of the period	28	588,571	469,786
<b>Cash and cash equivalents at the end of the period</b>		<b>411,992</b>	<b>588,571</b>

The accompanying notes form an integral part of these consolidated financial statements.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP

Enerjisa Enerji A.Ş. (the "Company") and its subsidiaries will be referred as the "Group" for consolidated financial statements. The Company is established on 26 December 2011 as a joint venture between Hacı Ömer Sabancı Holding A.Ş. ("Sabancı") and Verbund International GmbH ("Verbund International"). On 4 December 2012, Verbund and DD Turkey Holdings S.A.R.L., E.ON SE ("E.ON") entered into a Share Purchase Agreement for the sales and transfer of all Verbund shares in the Company to E.ON and the transfer is finalized on 24 April 2013.

The Company is registered to the Capital Markets Board ("CMB") and its shares are publicly traded in Borsa İstanbul A.Ş. ("BİST") with ticker "ENJSA.E" since 8 February 2018. The Company is registered in Turkey and the address of the headquarters is as follows:

Barbaros Mahallesi, Begonya Sokak, Nida Kule Atasehir Batı Sit. No: 1 / 1, Atasehir/İstanbul, Turkey.

The Company served as the parent company for generation, trading, sale, distribution and retail service of electricity business lines until 25 August 2017. On 28 April 2017 as the first stage of the reorganization, the Company merged with Enerjisa Elektrik Dağıtım A.Ş. ("EEDAS") by taking over its all assets and liabilities along with its subsidiaries (distribution and retail service companies). On 25 August 2017 as the second stage of the reorganization, the Company transferred three subsidiaries (electricity generation, wholesale trading and natural gas trading) by spin-off method with the carrying amounts to a newly established company called Enerjisa Üretim Santralleri A.Ş. ("EÜSAS"). On 25 September 2017, the Company has sold its subsidiary which operates in solar energy generation to the generation company that is owned by EÜSAS. As a result of these transactions, the Company's main activities under the new structure are customer-focused electricity distribution and retail service.

Subsidiaries consolidated in the consolidated financial statements as of 31 December 2021 and their activities are as follows:

Baskent Elektrik Dağıtım A.Ş. ("BAŞKENT EDAS")	Distribution of electricity
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. ("AYEDAS")	Distribution of electricity
Toroslar Elektrik Dağıtım A.Ş. ("TOROSLAR EDAS")	Distribution of electricity
Enerjisa Başkent Elektrik Perakende Satış A.Ş. ("EPS")	Retail service of electricity
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. ("AYESAS")	Retail service of electricity
Enerjisa Toroslar Elektrik Perakende Satış A.Ş. ("TOROSLAR EPSAS")	Retail service of electricity
Enerjisa Müşteri Çözümleri A.Ş.	Customer solutions and distributed generation services
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş. ("E-şarj")	Electric vehicles and charging stations equipment services

The Group's operations are carried out only in Turkey.

The Group has 11,300 employees as of 31 December 2021 (31 December 2020: 10,415 employees).

The consolidated financial statements were authorized for issue by the Board of Directors of the Company on 18 February 2022. The General Assembly and certain regulatory bodies have the power to amend the consolidated financial statements after the issue.



## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

##### BASKENT EDAŞ and EPS

BASKENT EDAŞ has been acquired by EEDAŞ as of 28 January 2009 by privatization bid for the consideration of USD 1,225 million. BASKENT EDAŞ currently operates in province including Ankara, Kırıkkale, Kastamonu, Zonguldak, Bartın, Çankırı and Karabük and holds the licence that gives the right for distribution of electricity in these provinces for 30 years starting from the date of Transfer of Operation Rights ("TOR") agreement signed with Türkiye Elektrik Dağıtım A.Ş. ("TEDAŞ") on 31 March 2006.

As of 1 January 2013, BASKENT EDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 12 September 2012, EPS was established with the same shareholder structure and as of 31 December 2012, BASKENT EDAŞ has transferred some of its assets and liabilities to EPS, due to the fact that, legal unbundling and the unbundling related transactions have been registered as of 31 December 2012. Starting from 1 January 2013, BASKENT EDAŞ has undertaken only the distribution activities. In addition, with the new regulation applied by Energy Market Regulatory Authority ("EMRA"), BASKENT EDAŞ started retail sales only for illumination customers starting from 1 April 2013.

##### AYEDAŞ and AYESAŞ

AYEDAŞ has been acquired by EEDAŞ as of 31 July 2013 by privatization bid for the consideration of USD 1,227 million. AYEDAŞ currently operates in Anatolian Side of İstanbul and holds the license that gives the right for distribution of electricity in this province until 31 December 2042 starting from the date of TOR agreement signed with TEDAŞ on 24 July 2006.

As of 1 January 2013, AYEDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 13 December 2012, AYESAŞ was established with the same shareholder structure and as of 31 December 2012, AYEDAŞ has transferred some of its assets and liabilities to AYESAŞ due to the legal unbundling. The aforementioned unbundling transactions have been registered as of 31 December 2012 and AYESAŞ started retail sales operations on 1 January 2013 according to the Retail Sales License obtained due to unbundling. Starting from 1 January 2013, AYEDAŞ has undertaken only distribution activities. In addition, with the new regulation applied by EMRA, AYEDAŞ started retail sales only for illumination customers starting from 1 April 2013.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS OF THE GROUP (Continued)

##### TOROSLAR EDAŞ and TOROSLAR EPSAŞ

TOROSLAR EDAŞ has been acquired by EEDAŞ as of 30 September 2013 by privatization bid for the consideration of USD 1,725 million. TOROSLAR EDAŞ currently operates in Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye and holds the license that gives the right for distribution of electricity in these provinces until 31 December 2042 starting from the date of TOR agreement signed with TEDAŞ on 24 July 2006.

As of 1 January 2013, TOROSLAR EDAŞ is obliged to carry out the distribution and the retail sales activities under separate legal entities in accordance with Electricity Market Law. On 13 December 2012, TOROSLAR EPSAŞ was established with the same shareholder structure and as of 31 December 2012, TOROSLAR EDAŞ has transferred some of its assets and liabilities to TOROSLAR EPSAŞ due to the legal unbundling. The aforementioned unbundling transactions have been registered as of 31 December 2012 and TOROSLAR EPSAŞ started retail sales operations on 1 January 2013 according to the Retail Sales License obtained due to unbundling. Starting from 1 January 2013, TOROSLAR EDAŞ has undertaken only distribution activities. In addition, with the new regulation applied by EMRA, TOROSLAR EDAŞ started retail sales only for illumination customers starting from 1 April 2013.

In 2006, EMRA has set a unique pricing mechanism for all of the electricity distribution companies in Turkey which will be effective for the period between 1 January 2006 and 31 December 2012 which is called the "transition period". In accordance with this pricing mechanism, distribution companies in Turkey have already determined their regional tariffs for the period between 1 January 2006 and 31 December 2010 and by using these regional tariffs, EMRA has already determined the national tariffs for the same period. In December 2010, EMRA has announced a new tariff for the period between 1 January 2011 and 31 December 2015; in December 2015, EMRA has announced a new tariff for the period 1 January 2016 and 31 December 2020; and in December 2020, EMRA has announced a new tariff for the period between 1 January 2021 and 31 December 2025.

##### Enerjisa Müşteri Çözümleri A.Ş.

Enerjisa Müşteri Çözümleri A.Ş. was established on 29 December 2017, in order to conduct activities in customer solutions and distributed generation.

##### E-şarj

Enerjisa Müşteri Çözümleri A.Ş., acquired 80% of the shares of E-şarj with an amount of TL 4,000 on 26 April 2018. E-şarj is mainly involved in the operation of charging network for electric vehicles and supply of charging stations equipment.

In accordance with the Shareholders Agreement dated 26 April 2018, Enerjisa Müşteri Çözümleri A.Ş. acquired a minority stake of 14% in E-şarj on 3 December 2021. Following the transaction, Enerjisa Müşteri Çözümleri A.Ş.'s share at E-şarj increased from 80% to 94%.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

##### 2.1 Basis of Presentation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain assets and liabilities being carried by their fair values.

In order to determine the historical cost, the fair values paid for assets are considered.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority of Turkey on January 20, 2022, it is stated that IAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the IFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with IAS 29.

##### 2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB").

##### 2.3 Functional and Presentation of Currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TL"), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies (currencies other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on settlement and translation of foreign currency items are included in the consolidated statement of comprehensive income.

##### 2.4 Comparative Information and Reclassification of Prior Period Consolidated Financial Statements

In order to allow for the determination of the financial situation and performance trends, the Group's consolidated financial statements have been presented comparatively with the prior period.

If the presentation or classification of the current period financial statements is changed, in order to maintain consistency, comparative information are also adjusted or reclassified in line with the related changes. The Group does not have any material reclassifications and adjustments in current period.

##### 2.5 Changes in Accounting Policies

The significant changes that were made on accounting policies applied retrospectively and the financial statements of preceding period are restated.

No other changes have been applied to the accounting policies of the Group in the current period.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.6 Changes and Misstatements in Accounting Estimates

If changes in accounting estimates are related to only one period, the changes are applied prospectively in the current period in which changes are made. If changes in accounting estimates are related to future periods, the changes are applied prospectively both in the current period in which changes are made and also in future periods. The accounting misstatements which are identified are applied retrospectively and consolidated financial statements of preceding period are restated. No changes have been applied to the accounting estimates of the Group in the current year.

##### 2.7 Going Concern

The Group has prepared its consolidated financial statements in accordance with going concern principle.

##### 2.8 Basis of Consolidation

The details of the Company's subsidiaries at 31 December 2021 and 31 December 2020 are as follows:

	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)		Principal activity
		31 December 2021	31 December 2020	
Baskent Elektrik Dağıtım A.Ş.	Ankara	100	100	Electricity distribution services
Enerjisa Başkent Elektrik Perakende Satış A.Ş.	Ankara	100	100	Electricity retail services
İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş.	İstanbul	100	100	Electricity distribution services
Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş.	İstanbul	100	100	Electricity retail services
Toroslar Elektrik Dağıtım A.Ş.	Adana	100	100	Electricity distribution services
Enerjisa Toroslar Elektrik Perakende Satış A.Ş.	Adana	100	100	Electricity retail services
Enerjisa Müşteri Çözümleri A.Ş.	İstanbul	100	100	Customer solutions and distributed generation services
E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.	İstanbul	94	80	Electric vehicles and charging stations equipment services

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.8 Basis of Consolidation (Continued)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.9 New and Revised International Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2021 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

**i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:**

##### **Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings:

##### ***Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform***

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

##### ***Relief from discontinuing hedging relationships***

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.9 New and Revised International Financial Reporting Standards (Continued)

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows (Continued):

##### Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Continued)

###### *Separately identifiable risk components*

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

###### *Additional disclosures*

Amendments need additional IFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and if IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The amendments did not have a significant impact on the financial position or performance of the Group.

##### Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic (2020 amendment). The 2020 amendment does not apply to lessors. In March 2021, the Board amended IFRS 16 to extend the availability of the practical expedient by one year (2021 amendment). The practical expedient in the 2021 amendment applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

##### ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

##### Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will wait until the final amendment to assess the impacts of the changes.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.9 New and Revised International Financial Reporting Standards (Continued)

ii) Standards issued but not yet effective and not early adopted (Continued)

##### Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018).

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### Amendments to IAS 16 - Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendments prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### Amendments to IAS 37 - Onerous contracts - Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### IFRS 17 - The new Standard for insurance contracts

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.9 New and Revised International Financial Reporting Standards (Continued)

###### ii) Standards issued but not yet effective and not early adopted (Continued)

###### IFRS 17 - The new Standard for insurance contracts (Continued)

Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

In accordance with amendments issued in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

###### Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements. The amendments issued to IAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

###### Amendments to IAS 8 - Definition of Accounting Estimates

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to IAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.9 New and Revised International Financial Reporting Standards (Continued)

###### ii) Standards issued but not yet effective and not early adopted (Continued)

###### Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to IAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

###### Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to IAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.9 New and Revised International Financial Reporting Standards (Continued)

###### ii) Standards issued but not yet effective and not early adopted (Continued)

###### Annual Improvements - 2018-2020 Cycle

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018-2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments - Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- IAS 41 Agriculture - Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### 2.10 Summary of Significant Accounting Policies

###### Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Business Combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. When the contingent consideration classified as asset or liability is in the nature of financial instruments and within the context of IFRS 9 *Financial Instruments*, it is re-measured at fair value and; gain or loss due to changes are recognized in profit or loss or other comprehensive income. Those are not within the context of IFRS 9 are re-measured in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

###### Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually (Note: 2.11), or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements

- a) A person or a close member of that person's family is related to a reporting entity if that person:
- has control or joint control over the reporting entity;
  - has significant influence over the reporting entity; or
  - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - Both entities are joint ventures of the same third party.
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - The entity is controlled or jointly controlled by a person identified in (a).
  - A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

###### Revenue Recognition

Distribution part of the revenue is composed of distribution, meter reading services, transmission and theft and loss components. Distribution and meter reading service components are considered within the content of service concession arrangements due to the regulations of EMRA. Additionally, according to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations, the Group's distribution, transmission and meter reading services are subject to revenue caps which cover operating expenses and investment requirements related to distribution and meter reading services. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. ("TEİİAŞ"). These regulations guarantee revenue to the Group during the transition period regardless of the consumption level. The under billings or overbillings made by the Group are adjusted by EMRA in the tariffs to be effective in two years.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Revenue Recognition (Continued)

Revenue recognition principles other than the assets classified as due from service concession arrangements under IFRIC 12 are as follows:

Revenue (excluding the distribution business) is recognized upon delivery of electricity to customers or upon fulfilment of services. Delivery is deemed complete when the risk and rewards associated with ownership has been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable.

Gross profit to be gained from the regulatory portfolio of the Group is determined by EMRA and the revenue of the companies related to the regulated portfolio is computed in accordance with the provisions of "Regulation of Retail Energy Sales Prices" issued by EMRA on 17 November 2020 by considering revenue requirements to cover the operational expenses and the doubtful receivable expenses are reflected in the consolidated financial statements accordingly.

Revenue from the sale and delivery of electricity is measured at the fair value of the consideration received or receivable. The estimated value of the electricity supplied but not invoiced to the customers is considered for the measurement of revenue.

Revenue is recognized on an accrual basis at the time the electricity is distributed, at the invoiced values. Net sales represent the invoiced value of electricity distributed excluding TRT energy contribution share, sales commission and sales taxes.

###### *Principal and agent assessment*

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself or to arrange for the other party to provide those goods or services. The Group is a principal if it controls a promised good or service before the Group transfers the good or service to a customer. When a Group that is a principal satisfies a performance obligation, it recognizes as revenue the gross amount of consideration which it expects to be entitled to in exchange for those goods or services. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party and in such a position, the Group does not recognize the revenue of the consideration at gross amount.

###### *Interest revenue*

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Interest income related to service concession arrangements is recognized in accordance with Service Concession Arrangements ("IFRIC 12"). Interest income on receivable from concession arrangement is recognized on a time-proportion basis using the effective interest method.

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Service Concession Arrangements

Service concession arrangements are defined within scope of IFRIC 12 as those whereby a government or other body grants contracts for the supply of public services - operations such as roads, energy distribution, prisons or hospitals - to private operators. The Group's electricity distribution and meter reading service businesses are in the scope of service concession agreements.

Considering the Group's terms in the service concession arrangements, a financial asset model where the Group recognizes a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor has been applied, since the right to receive cash for the distribution and meter reading services are constituted through actual billing to subscribers where the distribution and meter reading service components of the billing are already specified or determinable through the regulated by EMRA.

The Group recognizes the revenue on an effective interest method as "Financial Income from Service Concession Arrangements" in profit or loss and other comprehensive income and "Financial Assets" on the consolidated statement of financial position.

###### Inventories

Inventories mainly include electricity equipment and materials related to the Group's electricity distribution business. Inventories are stated at the lower of cost or net realizable value. The cost of inventories is determined on a weighted average basis. Additional costs, incurred to bring the inventories to the intended usable condition or position, are included in determination of cost.

###### Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognized from statement of financial position (balance sheet) upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Intangible assets

###### *Customer contracts and relations and Transfer of Operational Rights*

Customer contracts and relations and TOR are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The useful lives of customer contracts and relations range between 25-30 years.

###### *Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (3-5 years).

###### Leasing transactions

###### *Group as a lessee*

Initially the Group assesses whether the contract is, or contains lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

- The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract),
- A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it),
- The Group has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset,
- The right to direct the use of the identified asset. The Group has the right to direct the use of an identified asset throughout the period of use only if either:
  - a) the Group has the right to direct how and for what purpose the asset is used throughout the period of use
  - b) the Group has the right to direct use of asset if either:
    - i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
    - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group recognizes right of use asset and lease liability at the start date of lease after evaluation of aforementioned criterias.

###### *Right of use asset*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.



## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Leasing transactions (Continued)

###### *Right of use asset (Continued)*

The cost of right-of-use assets includes:

- The amount of lease liabilities recognized,
- Lease payments made at or before the commencement date less any lease incentives received, and
- Initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

###### *Lease Liabilities*

The Group measures its rent obligation at the present value of unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the actual lease date:

- Fixed payments,
- Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease,
- Amounts expected to be paid by the Group under residual value commitments,
- The use price of this option if the Group is reasonably certain that it will use it, and
- The penalty payments for termination of the lease if the lease shows that the Group will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred.

After the effective date of the lease, the Group measures the lease obligation as follows:

- Increase the carrying amount to reflect the interest on the lease obligation; and
- Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

###### Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. There were no capitalized borrowing costs in 2019 and 2020.

All other borrowing costs are recognized in statement of profit or loss and other comprehensive income in the period in which they are incurred.

###### Financial instruments

###### **Financial assets - Classification and measurement**

The Group classified its financial assets in three categories as financial assets carried at amortized cost, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

###### **(a) Financial assets carried at amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets. The Group's financial assets carried at amortized cost comprise "trade receivables", "other receivables", "financial assets" (IFRIC 12), "cash and cash equivalents" and "financial investments to be held to maturity" in the statement of financial position.

###### **Impairment**

The Group has applied simplified approach and used impairment matrix for the calculation of impairment on its receivables and financial assets (IFRIC 12) carried at amortized cost on its consolidated financial statements, since they do not comprise of any significant finance component. In accordance with this method, if any provision provided to the trade receivables and financial assets as a result of a specific events, the Group measures expected credit loss from these receivables and financial assets by the life-time expected credit loss. The calculation of expected credit loss is performed based on the experience of the Group and its expectation based on the macroeconomic indications.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Financial Instruments (Continued)

###### **Financial assets - Classification and measurement (Continued)**

###### **(b) Financial assets carried at fair value**

Assets that are held by the management for collection of contractual cash flows and for selling the financial assets are measured at their fair value. If the management do not plan to dispose these assets in 12 months after the balance sheet date, they are classified as non-current assets. The Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss:

###### *i) Financial assets carried at fair value through profit or loss*

Financial assets carried at fair value through profit or loss comprise of "derivative instruments" in the statement of financial position. Derivative instruments are recognized as asset when the fair value of the instrument is positive, as liability when the fair value of the instrument is negative. The Group's financial instruments at fair value through profit or loss consist of forward exchange contracts.

###### *ii) Financial assets carried at fair value through other comprehensive income*

Financial assets carried at fair value through other comprehensive income comprise of "derivative instruments" in the statement of financial position. Gains or losses on a financial asset carried at fair value through other comprehensive income is recognized in other comprehensive income under the scope of hedge accounting. The Group's financial instruments at fair value through other comprehensive income consist of forward exchange contracts to mitigate the foreign exchange rate risk arising from feed-in-tariff cost ("FIT") and USD denominated energy purchases and cross currency swap agreements.

###### Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

###### Provisions, contingent liabilities, contingent assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are assessed continuously to determine probability of outflow of economically beneficial assets. For contingent liabilities, when an outflow of resources embodying economic benefits are probable, provision is recognized for this contingent liability in the period when the probability has changed, except for cases where a reliable estimate cannot be made.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Provisions, contingent liabilities, contingent assets (Continued)

Possible assets that arise from past events and whose existence not wholly within the control of the Group and that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events are recognized as contingent assets. When an inflow of resources embodying economic benefits is probable, the Group discloses contingent assets in the notes.

When the outflow of economic benefits from the Group is probable but the amount cannot be measured reliably, the Group discloses this fact in the notes.

###### Earnings per share

Earnings per share disclosed in the consolidated statement of profit or loss and other comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

###### Segment reporting

The Group has electricity distribution and retail operating segments, which includes the information used from management to evaluate performance and taking decision for resource allocation. These segments are managed separately because it is influenced by different economic situations and business positions in terms of risk and return.

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-makers. The chief operating decision-makers are responsible for the decisions related to the allocation of resources to the segments and assessment of performance of segments.

###### Government grants

Electricity distribution companies within the Group have the right to benefit from VAT exemption for machinery equipment purchases from domestic suppliers in the scope of renewal of existing investments with the investment incentive certificate which had been obtained from the Ministry of Economy on 15 January 2016.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Taxation and deferred income taxes

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of current tax and deferred tax expenses.

###### Current tax expense

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

###### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred taxes are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Subsequent events

Subsequent events; even if they occur after any announcement related with profit or public announcement of other chosen financial information, covers any event between the balance sheet date and the publication date of the balance sheet.

In the case that events requiring an adjustment to the financial statements occur subsequent to the date of statement of financial position, the Group makes the necessary corrections on the consolidated financial statements.

###### Employment benefits

###### *Termination and retirement benefits*

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per IAS 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the statement of the financial position represents the present value of the defined benefit obligation. Actuarial gains and losses have no material impact in the consolidated financial statements and are recognized in the statement of profit or loss and other comprehensive income.

###### *Vacation rights*

The liabilities related to unused vacation rights are accrued when they are entitled.

###### *Defined contribution plans*

The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

###### Statement of cash flow

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.10 Summary of Significant Accounting Policies (Continued)

###### Share capital and dividends

Common shares are classified as equity.

Dividends on common shares are recognized in equity in the period in which they are approved and declared. Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

##### 2.11 Significant Accounting Estimates and Assumptions

###### **Critical Accounting Judgments and Key Sources of Estimation Uncertainty**

###### Critical judgments in applying the Group's accounting policies

###### *Use of Estimates*

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

###### *Impairment test of Goodwill*

Pursuant to IAS 36 *Impairment of Assets*, the Group tested goodwill as of 31 December 2021 in accordance with the accounting policy stated at Note: 2.10. The goodwill impairment test is carried out for Retail and Distribution Cash Generating Units ("CGUs"). As of 31 December 2021, the following assumptions were used to determine the recoverable amount of Retail CGU:

<u>CGU:</u>	<u>Retail</u>
Base used for the recoverable amount:	Value in use
Source:	Forecasted cash flows
WACC (TL):	19.2%
Terminal growth rate	4%

The net present value of Retail CGU was calculated by discounting the post-tax TL, which is the functional currency of the Group, free cash flows. The Group compared the recoverable amount calculated based on the aforementioned assumptions to the total value of Retail CGU and no impairment was identified.

1% increase of weighted average cost of capital decreases the recoverable amount of Retail CGU by 5%, 1% decrease of weighted average cost of capital increases the recoverable amount of Retail CGU by 5%. No impairment is identified based on the sensitivity analysis.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.11 Significant Accounting Estimates and Assumptions (Continued)

###### **Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)**

###### Critical judgments in applying the Group's accounting policies (Continued)

###### *Impairment test of Goodwill (Continued)*

As of 31 December 2021, the following assumptions were used to determine the recoverable amount of Distribution CGU:

<u>CGU:</u>	<u>Distribution</u>
Base used for the recoverable amount:	Value in use
Source:	Forecasted cash flows during the license period
WACC (TL):	19.2%
Terminal growth rate	4%

The net present value of Distribution CGU was calculated by discounting the post-tax free cash flows for the discrete period from 2015 to 2036 for BAŞKENT EDAS and from 2015 to 2042 for AYEDAS and TOROSLAR EDAS. This calculation includes the discounted values of the TL cash flows of Distribution CGU which is the functional currency of the Group. The Group compared the recoverable amount calculated based on the aforementioned assumptions to the total value of Distribution CGU and no impairment was identified.

1% increase of weighted average cost of capital decreases the recoverable amount of Distribution CGU by 14%, 1% decrease of weighted average cost of capital increases the recoverable amount of Distribution CGU by 16%. No impairment is identified based on the sensitivity analysis.

###### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below:

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

##### 2.11 Significant Accounting Estimates and Assumptions (Continued)

##### Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

###### Key sources of estimation uncertainty (Continued)

###### Service concession arrangements

The Group determines the financial assets and financial income balances recognized under service concession arrangements based on the cash flows derived from the tariffs announced by EMRA. The distribution revenue requirement of the Group during the second (2011 - 2015), third (2016 - 2020) and fourth tariff periods (2021 - 2025) was determined by EMRA considering the projected expenses and related tariffs which were published in 2010, 2015 and 2020. Moreover, distribution revenue requirements from the end of fourth tariff period to the end of license (2036 for BAŞKENT EDAS and 2042 for AYEDAS and TOROSLAR EDAS) are expected by the Group management based on the tariff components announced for the fourth tariff period. These tariffs are revised yearly due to inflation, based on the changes in the Electricity Market Index ("EMI") (Since the "EMI" is not announced, CPI ("Consumer Price Index") is considered as based). In determination of the aforementioned projected cash inflows in the upcoming periods the Group management made estimates related to the CPI rate and the WACC ("Weighted Average Capital Cost") rate determined in the latest tariff period continued to be used until the end of the license period.

###### Revenue recognition

Invoices of the subscribers other than residential and commercial groups are issued monthly at the end of each month by the Group whereas the invoices of the residential subscribers are issued continuously during each month due to the high number of subscribers in this group. Commercial group subscribers are also issued continuously during the month due to the high number of customers in this group although the subscribers with high consumption level are billed at the end of the month. As a result, the total electricity supplied to the residential and commercial subscribers during each month cannot be invoiced and income accruals are recognized as revenue at period-ends for these customer groups based on the actual billing performance.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 3 - SHARES IN OTHER PARTIES

##### Subsidiaries

Name of Subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership (%)	
			31 December 2021	31 December 2020
BAŞKENT EDAS	Electricity Distribution Services	Ankara	100	100
EPS	Electricity Retail Services	Ankara	100	100
AYEDAS	Electricity Distribution Services	İstanbul	100	100
AYESAŞ	Electricity Retail Services	İstanbul	100	100
TOROSLAR EDAS	Electricity Distribution Services	Adana	100	100
TOROSLAR EPSAŞ	Electricity Retail Services	Adana	100	100
Enerjisa Müşteri Çözümleri A.Ş.	Customer Solutions and Distributed Generation Services	İstanbul	100	100
E-sarj	Electric Vehicles and Charging Stations Equipment Services	İstanbul	94	80

Principal Activity	Place of incorporation and operation	Number of subsidiaries owned by the Group	
		31 December 2021	31 December 2020
Electricity Distribution Services	Ankara, İstanbul, Adana	3	3
Electricity Retail Services	Ankara, İstanbul, Adana	3	3
Customer Solutions and Distributed Generation Services	İstanbul	1	1
Electric Vehicles and Charging Stations Equipment Services	İstanbul	1	1

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 4 - SEGMENT REPORTING

The business activities of the Group are managed and organized according to the services provided in the electricity market. The Group has two main operating segments; electricity distribution and retail. The principal activity of distribution segment is the transmission of electricity over lines to the end users through distribution networks, by also providing infrastructure investments due to the regulated tariffs announced by EMRA; whereas the retail segment conduct retail sales of electricity to the customers. Enerjisa Müşteri Çözümleri A.Ş.'s and E-şarj Elektrikli Araçlar Şarj Sistemleri A.Ş.'s activities are also disclosed under Retail segment. The Group performs segment reporting according to IFRS 8 in order to provide unbiased and transparent information to the investor. The Group management follows the performance of the business segments with operating profit and net profit for the period, as well as financial and non-financial indicators. In addition to the requirements for segment reporting, Group management have included this information in their reporting footnotes, considering that some financial statement readers may use this information in their analyzes.

The following table contains information on the Group's sales and profit from its operations for the year ended 31 December 2021 and 31 December 2020.

1 January - 31 December 2021	Distribution	Retail	Unallocated <sup>(1)</sup>	Eliminations	Total
Revenue	10,230,553	20,317,128	34,641	(34,641)	30,547,681
Cost of sales (-)	(3,103,712)	(19,162,142)	-	-	(22,265,854)
<b>Gross profit/(loss)</b>	<b>7,126,841</b>	<b>1,154,986</b>	<b>34,641</b>	<b>(34,641)</b>	<b>8,281,827</b>
General administrative expenses (-)	(2,613,131)	(504,187)	(304,700)	39,289	(3,382,729)
Other income/(expense) from operating activities - net	(342,450)	(38,156)	747	(4,648)	(384,507)
<b>Operating profit/(loss)</b>	<b>4,171,260</b>	<b>612,643</b>	<b>(269,312)</b>	<b>-</b>	<b>4,514,591</b>
Financial income	190,116	467,799	115,362	(665,187)	108,090
Financial expense (-)	(1,541,290)	(35,061)	(568,403)	665,187	(1,479,567)
<b>Profit/(loss) before taxation on income</b>	<b>2,820,086</b>	<b>1,045,381</b>	<b>(722,353)</b>	<b>-</b>	<b>3,143,114</b>
Current tax expense (-)	(985,092)	(4,877)	-	-	(989,969)
Deferred tax income/(expense)	220,458	(237,605)	146,370	-	129,223
<b>Net profit/(loss) for the period</b>	<b>2,055,452</b>	<b>802,899</b>	<b>(575,983)</b>	<b>-</b>	<b>2,282,368</b>

<sup>(1)</sup> TL 208,663 of TL 472,588 depreciation and amortization expenses represents amortization expenses of intangible assets (Note 13), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2020	Distribution	Retail	Unallocated <sup>(1)</sup>	Eliminations	Total
Revenue	7,305,154	14,449,640	23,764	(21,355)	21,757,203
Cost of sales (-)	(2,661,796)	(13,456,035)	-	-	(16,117,831)
<b>Gross profit/(loss)</b>	<b>4,643,358</b>	<b>993,605</b>	<b>23,764</b>	<b>(21,355)</b>	<b>5,639,372</b>
General administrative expenses (-)	(1,868,720)	(431,936)	(269,174)	26,636	(2,543,194)
Other income/(expense) from operating activities - net	(441,137)	90,405	(2,320)	(5,281)	(358,333)
<b>Operating profit/(loss)</b>	<b>2,333,501</b>	<b>652,074</b>	<b>(247,730)</b>	<b>-</b>	<b>2,737,845</b>
Financial income	100,720	252,430	97,048	(386,107)	64,091
Financial expense (-)	(1,184,739)	(20,488)	(570,110)	386,107	(1,389,230)
<b>Profit/(loss) before taxation on income</b>	<b>1,249,482</b>	<b>884,016</b>	<b>(720,792)</b>	<b>-</b>	<b>1,412,706</b>
Current tax expense (-)	(338,302)	(199,684)	-	-	(537,986)
Deferred tax income/(expense)	69,117	71	143,775	-	212,963
<b>Net profit/(loss) for the period</b>	<b>980,297</b>	<b>684,403</b>	<b>(577,017)</b>	<b>-</b>	<b>1,087,683</b>

<sup>(1)</sup> TL 208,663 of TL 444,078 depreciation and amortization expenses, represents amortization expenses of intangible assets (Note 13), which is presented as unallocated under operating expenses. The majority of financial expenses under unallocated part mainly represent costs of loans utilized for the acquisitions of distribution and retail business. The Group management follows the performances of the operating segments excluding acquisitions related loans, therefore the amounts have not been distributed to the segments.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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#### NOTE 4 - SEGMENT REPORTING (Continued)

The information below includes information about the Group's financial position of its business segments related to the periods ended 31 December 2021 and 31 December 2020.

As at 31 December 2021	Distribution	Retail	Unallocated <sup>(1)</sup>	Eliminations	Total
<b>Segment assets</b>					
Cash and cash equivalents	231,294	180,583	115	-	411,992
Trade receivables	2,497,359	3,861,843	6,823	(793,220)	5,572,805
Inventories	444,021	3,429	-	-	447,450
Derivative instruments	303,994	1,306,522	-	-	1,610,516
Financial assets	12,856,735	-	(3,096)	-	12,853,639
Right of use assets	206,614	44,587	4,995	-	256,196
Property, plant and equipment	1,378,449	64,477	3,962	(2,800)	1,444,088
Intangible assets	41,124	113,617	6,070,694	-	6,225,435
Deferred tax assets	-	6,122	312,779	-	318,901
Other receivables and assets	1,482,183	1,860,092	4,278,243	(5,427,899)	2,192,619
<b>Total assets</b>	<b>19,441,773</b>	<b>7,441,272</b>	<b>10,674,515</b>	<b>(6,223,919)</b>	<b>31,333,641</b>
<b>Segment liabilities</b>					
Financial liabilities	6,096,858	59,926	6,475,705	(1,916,269)	10,716,220
Other financial liabilities	575,991	-	-	-	575,991
Trade payables	2,170,672	2,595,988	7,700	(793,220)	3,981,140
Derivative instruments	4,981	41,155	-	-	46,136
Deferred tax liabilities	307,613	381,064	816,231	-	1,504,908
Other payables and liabilities	5,661,141	2,978,588	30,125	(3,511,630)	5,158,224
<b>Total liabilities</b>	<b>14,817,256</b>	<b>6,056,721</b>	<b>7,329,761</b>	<b>(6,221,119)</b>	<b>21,982,619</b>

<sup>(1)</sup> The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 13).

<sup>(1)</sup> As of 31 December 2021, the Group has recorded an impairment provision of TL 3,096 for its financial assets in accordance with IFRS 9 Financial Instruments.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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#### NOTE 4 - SEGMENT REPORTING (Continued)

As at 31 December 2020	Distribution	Retail	Unallocated <sup>(1)</sup>	Eliminations	Total
<b>Segment assets</b>					
Cash and cash equivalents	43,804	544,673	94	-	588,571
Financial investments	126,108	-	-	-	126,108
Trade receivables	1,870,803	1,703,137	703	(630,975)	2,943,668
Inventories	163,877	5,662	-	-	169,539
Derivative instruments	28,487	7,642	-	-	36,129
Financial assets	11,470,840	-	(880)	-	11,469,960
Right of use assets	86,371	49,180	5,220	-	140,771
Property, plant and equipment	847,631	58,015	3,609	(7,000)	902,255
Intangible assets	21,079	55,559	6,280,398	-	6,357,036
Deferred tax assets	-	152,382	209,644	-	362,026
Other receivables and assets	1,183,326	2,470,451	3,683,725	(5,758,060)	1,579,442
<b>Total assets</b>	<b>15,842,326</b>	<b>5,046,701</b>	<b>10,182,513</b>	<b>(6,396,035)</b>	<b>24,675,505</b>
<b>Segment liabilities</b>					
Financial liabilities	6,507,559	57,051	5,392,975	(2,195,285)	9,762,300
Other financial liabilities	409,126	-	-	-	409,126
Trade payables	986,336	1,550,048	8,948	(630,975)	1,914,357
Derivative instruments	56,160	85,519	-	-	141,679
Deferred tax liabilities	507,433	-	859,546	-	1,366,979
Other payables and liabilities	2,818,703	2,580,622	2,091,208	(3,562,775)	3,927,758
<b>Total liabilities</b>	<b>11,285,317</b>	<b>4,273,240</b>	<b>8,352,677</b>	<b>(6,389,035)</b>	<b>17,522,199</b>

<sup>(1)</sup> The majority of intangible assets under unallocated part represents customer contracts, transfer of operating rights and goodwill (Note 13).

<sup>(1)</sup> As of 31 December 2020, the Group has recorded an impairment provision of TL 880 for its financial assets in accordance with IFRS 9 Financial Instruments.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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#### NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2021	Distribution	Retail	Unallocated	Eliminations	Total
<b>Cash Flows from Operating Activities</b>	<b>5,627,341</b>	<b>(525,697)</b>	<b>(44,233)</b>	-	<b>5,057,411</b>
Profit for the period	2,055,452	802,899	(575,983)	-	2,282,368
Adjustments to reconcile net profit for the period	(57,176)	190,940	545,574	-	679,338
Changes in operating assets and liabilities	168,225	(1,279,111)	(1,968)	-	(1,112,854)
Cash generated from operating activities	2,166,501	(285,272)	(32,377)	-	1,848,852
Tax payments	(960,017)	(297,506)	-	-	(1,257,523)
Other cash inflows/(outflows)	4,420,857	57,081	(11,856)	-	4,466,082
<b>Cash Flows from Investing Activities</b>	<b>(3,281,804)</b>	<b>350,855</b>	<b>640,045</b>	<b>(975,014)</b>	<b>(3,265,918)</b>
Cash used for purchase of property, plant and equipment and intangible assets	(658,221)	(85,450)	(10,209)	-	(753,880)
Interest received	-	436,305	650,254	(975,014)	111,545
Other cash out-flows <sup>(1)</sup>	(2,749,691)	-	-	-	(2,749,691)
Cash receipt from sale of debt instruments	126,108	-	-	-	126,108
<b>Cash Flows from Financing Activities</b>	<b>(2,158,047)</b>	<b>(189,248)</b>	<b>(595,791)</b>	<b>975,014</b>	<b>(1,968,072)</b>
Increase/(decrease) in cash and cash equivalents	187,490	(364,090)	21	-	(176,579)
Cash and cash equivalents at the beginning of the period	43,804	544,673	94	-	588,571
<b>Cash and cash equivalents at the end of the period</b>	<b>231,294</b>	<b>180,583</b>	<b>115</b>	-	<b>411,992</b>

<sup>(1)</sup> Other cash out-flows include capital expenditures related to service concession arrangements.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 4 - SEGMENT REPORTING (Continued)

1 January - 31 December 2020	Distribution	Retail	Unallocated	Eliminations	Total
<b>Cash Flows from Operating Activities</b>	<b>3,270,032</b>	<b>628,847</b>	<b>(28,458)</b>	-	<b>3,870,421</b>
Profit for the period	980,297	684,403	(577,017)	-	1,087,683
Adjustments to reconcile net profit for the period	277,387	361,623	572,924	-	1,211,934
Changes in operating assets and liabilities	(45,174)	(298,822)	(24,063)	-	(368,059)
Cash generated from operating activities	1,212,510	747,204	(28,156)	-	1,931,558
Tax payments	(292,099)	(152,499)	-	-	(444,598)
Other cash inflows/(outflows)	2,349,621	34,142	(302)	-	2,383,461
<b>Cash Flows from Investing Activities</b>	<b>(2,232,076)</b>	<b>197,395</b>	<b>399,034</b>	<b>(592,131)</b>	<b>(2,227,778)</b>
Cash used for purchase of property, plant and equipment and intangible assets	(265,380)	(39,277)	(5,522)	-	(310,179)
Interest received	-	236,672	404,556	(592,131)	49,097
Other cash out-flows <sup>(1)</sup>	(1,845,241)	-	-	-	(1,845,241)
Cash outflows to acquire debt instruments	(121,455)	-	-	-	(121,455)
<b>Cash Flows from Financing Activities</b>	<b>(1,264,710)</b>	<b>(480,714)</b>	<b>(370,565)</b>	<b>592,131</b>	<b>(1,523,858)</b>
Increase/(decrease) in cash and cash equivalents	(226,754)	345,528	11	-	118,785
Cash and cash equivalents at the beginning of the period	270,558	199,145	83	-	469,786
<b>Cash and cash equivalents at the end of the period</b>	<b>43,804</b>	<b>544,673</b>	<b>94</b>	-	<b>588,571</b>

<sup>(1)</sup> Other cash out-flows include capital expenditures related to service concession arrangements.



## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 5 - RELATED PARTY TRANSACTIONS

The immediate parents and ultimate controlling parties of the Group are Sabancı (incorporated in Turkey) and E.ON (incorporated in Germany). Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties are classified according to the following groups and include all related party disclosures:

<sup>(1)</sup> Sabancı Holding and E.ON group companies

<sup>(2)</sup> Shareholder

Details of transactions between the Group and other related parties are disclosed below:

Related party bank balances - Akbank T.A.Ş. <sup>(1)</sup>	31 December 2021	31 December 2020
Demand deposits	82,836	63,829
Time deposits	195,111	414,206
	<b>277,947</b>	<b>478,035</b>

Loans provided by related parties	Original currency	Maturity	31 December 2021	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. <sup>(1)</sup>	TL	4 January 2022	501	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	7 February 2022	208,104	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	8 February 2022	3,490	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	22 April 2022	2,078	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	17 May 2022	313,630	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	17 May 2022	104,249	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	18 May 2022	104,516	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	16 June 2022	208,775	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	16 June 2022	417,547	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	27 June 2022	129,241	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	27 June 2022	103,302	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	27 June 2022	103,393	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	27 June 2022	103,393	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	4,723	46,814
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	9,432	93,309
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	9,442	93,592
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	18,885	187,184
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	89,415	886,195
			<b>1,934,116</b>	<b>1,307,094</b>

As of 31 December 2021, the interest rates of TL related party loans utilized are in the range of 8.66% - 9.98% (31 December 2020: 8.40% - 9.98%). As of 31 December 2021, there is no foreign currency related party loans (31 December 2020: interest rate of USD related party loans: 3.68%).

As of 31 December 2021 and 31 December 2020, the Group has not given any collateral for the loans.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Loans provided by related parties	Original currency	Maturity	31 December 2020	
			Current liabilities	Non-current liabilities
Akbank T.A.Ş. <sup>(1)</sup>	EUR	15 January 2021	63,872	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	25 February 2021	154,382	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	8 March 2021	102,923	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	11 May 2021	20,586	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	11 May 2021	20,554	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	2 June 2021	201	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	25 November 2021	1,018	-
Akbank T.A.Ş. <sup>(1)</sup>	TL	7 February 2022	8,105	200,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	17 May 2022	4,502	100,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	17 May 2022	13,507	300,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	18 May 2022	4,248	100,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	16 June 2022	19,089	400,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	16 June 2022	9,572	200,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	27 June 2022	3,379	100,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	27 June 2022	3,114	100,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	27 June 2022	4,223	125,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	27 June 2022	3,378	100,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	3,044	100,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	6,088	200,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	28,607	947,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	1,510	50,000
Akbank T.A.Ş. <sup>(1)</sup>	TL	9 March 2023	2,529	100,000
			<b>478,431</b>	<b>3,122,000</b>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Related party derivative instruments - Akbank T.A.Ş. <sup>(1)</sup>

	31 December 2021				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	208,066	29,308	3,215,473	750,489	(44,547)
	<b>208,066</b>	<b>29,308</b>	<b>3,215,473</b>	<b>750,489</b>	<b>(44,547)</b>
	31 December 2020				
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)	Assets	Liabilities
Forward exchanges	183,228	40,003	1,705,328	32,753	(102,918)
	<b>183,228</b>	<b>40,003</b>	<b>1,705,328</b>	<b>32,753</b>	<b>(102,918)</b>

Balances with Related Parties	31 December 2021	
	Receivables Current Trade	Payables Current Trade
Akbank T.A.Ş. <sup>(1)</sup>	6,697	7
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(1)</sup>	4	-
Aksigorta A.Ş. <sup>(1)</sup>	-	14,008
Avivasa Emeklilik ve Hayat A.Ş. <sup>(1)</sup>	84	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. <sup>(1)</sup>	20,004	-
Carrefoursa A.Ş. <sup>(1)</sup>	6,015	-
Enerjisa Üretim Santralleri A.Ş. <sup>(1)</sup>	85	65,801
Hacı Ömer Sabancı Holding A.Ş. <sup>(2) (**)</sup>	515	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") <sup>(1) (*)</sup>	-	7,557
Teknosa İç ve Dış Ticaret A.Ş. <sup>(1)</sup>	1,470	-
Other <sup>(1)</sup>	68	-
	<b>34,942</b>	<b>87,373</b>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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#### NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Balances with Related Parties	31 December 2020	
	Receivables Current Trade	Payables Current Trade
Akbank T.A.Ş. <sup>(1)</sup>	5,561	17
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(1)</sup>	1,098	-
Avivasa Emeklilik ve Hayat A.Ş. <sup>(1)</sup>	81	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. <sup>(1)</sup>	51	525
Carrefoursa A.Ş. <sup>(1)</sup>	9,942	-
Enerjisa Üretim Santralleri A.Ş. <sup>(1)</sup>	326	122,405
Hacı Ömer Sabancı Holding A.Ş. <sup>(2) (**)</sup>	393	259
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") <sup>(1) (*)</sup>	-	6,393
Teknosa İç ve Dış Ticaret A.Ş. <sup>(1)</sup>	344	-
	<b>17,796</b>	<b>129,599</b>

<sup>(1)</sup> Includes IT consulting and software fees that are billed to the Group companies by Sabancı DX one of the Group companies.

<sup>(\*\*)</sup> Short term trade receivables and payables include electricity sales to Sabancı and consultancy services from Sabancı.

#### Key management compensation

Key management includes Chairman and members of the Board of Directors, General Manager, Heads of Units and Directors. The compensation paid or payable to key management is shown below:

	1 January - 31 December 2021	1 January - 31 December 2020
Short-term employee benefits	44,544	32,565
Long-term employee benefits	1,459	441
	<b>46,003</b>	<b>33,006</b>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 31 December 2021					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. <sup>(1)</sup>	67,819	-	50,532	303,594	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(1)</sup>	16	-	-	-	-	-
Aksigorta A.Ş. <sup>(1)</sup>	36	-	-	-	53,527	-
Avivasa Emeklilik ve Hayat A.Ş. <sup>(1)</sup>	724	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. <sup>(1) (**)</sup>	463	-	-	-	-	21,575
Carrefoursa A.Ş. <sup>(1)</sup>	120,158	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. <sup>(1)</sup>	475	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. <sup>(1)</sup>	2,740	682,485	-	-	-	1,844
Hacı Ömer Sabancı Holding A.Ş. <sup>(2) (**)</sup>	4,613	-	-	-	310	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") <sup>(1) (*)</sup>	-	-	-	-	28,537	-
Teknosa İç ve Dış Ticaret A.Ş. <sup>(1)</sup>	4,936	-	-	-	-	774
Other <sup>(1)</sup>	593	-	-	-	-	-
	<b>202,573</b>	<b>682,485</b>	<b>50,532</b>	<b>303,594</b>	<b>82,374</b>	<b>24,193</b>

<sup>(1)</sup> Includes IT consulting and software fees that are billed to the group companies by Sabancı DX one of the group companies.

<sup>(\*)</sup> Includes electricity sales to Sabancı and consultancy services from Sabancı.

<sup>(\*\*)</sup> Includes solar power plant and electrical vehicles charging stations installation services to Brisa, one of the group companies.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Transactions with Related Parties	1 January - 31 December 2020					
	Electricity sales	Electricity purchases	Interest income	Interest expense	General administrative expenses	Other income
Akbank T.A.Ş. <sup>(1)</sup>	60,553	-	28,091	439,388	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. <sup>(1)</sup>	6,730	-	-	-	-	-
Aksigorta A.Ş. <sup>(1)</sup>	36	-	-	-	-	-
Avivasa Emeklilik ve Hayat A.Ş. <sup>(1)</sup>	768	-	-	-	-	-
Brisa Bridgestone Sabancı Lastik San. ve Tic. A.Ş. <sup>(1)</sup>	566	-	-	-	-	-
Carrefoursa A.Ş. <sup>(1)</sup>	116,720	-	-	-	-	-
Çimsa Çimento Sanayi A.Ş. <sup>(1)</sup>	2,164	-	-	-	-	-
Enerjisa Üretim Santralleri A.Ş. <sup>(1)</sup>	867	842,464	-	-	74	738
Hacı Ömer Sabancı Holding A.Ş. <sup>(2) (**)</sup>	5,874	-	-	-	283	-
Sabancı Dijital Teknolojileri A.Ş. ("Sabancı DX") <sup>(1) (*)</sup>	-	-	-	-	23,785	-
Teknosa İç ve Dış Ticaret A.Ş. <sup>(1)</sup>	4,293	-	-	-	61	-
	<b>198,571</b>	<b>842,464</b>	<b>28,091</b>	<b>439,388</b>	<b>24,203</b>	<b>738</b>

<sup>(1)</sup> Includes IT consulting and software fees that are billed to the group companies by Sabancı DX one of the group companies.

<sup>(\*)</sup> Includes electricity sales to Sabancı and consultancy services from Sabancı.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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#### NOTE 6 - TRADE RECEIVABLES AND PAYABLES

##### 6.1 Trade Receivables:

Current Trade Receivables	31 December 2021	31 December 2020
Trade receivables	8,679,529	5,676,392
Due from related parties (Note 5)	34,942	17,796
Allowance for doubtful receivables (-)	(3,141,666)	(2,750,520)
	<b>5,572,805</b>	<b>2,943,668</b>

As of 31 December 2021, trade receivables amounting TL 4,595,584 (31 December 2020: TL 2,207,254) were neither past due nor impaired. Interest is charged at 1.6% for the period of 1 January 2021 - 31 December 2021 per month on the overdue receivable balances (1.6% per month for the period of 1 January 2020 - 31 December 2020).

As of 31 December 2021, trade receivables amounting TL 977,221 (31 December 2020: TL 736,414) were past due but not impaired. The aging analysis of trade receivables past due but not impaired as of 31 December 2021 and 31 December 2020 is as follows:

	31 December 2021	31 December 2020
Up to 1 months	584,429	410,056
1 to 3 months	168,291	177,051
Over 3 months	224,501	149,307
	<b>977,221</b>	<b>736,414</b>

The Group recognizes the impairment of trade receivables, weighting the lifetime expected credit losses by default (Probability of Default) for all trade receivables on each customer basis and including non-overdue receivables.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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#### NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

##### 6.1 Trade Receivables (Continued)

Movement of allowance for the doubtful trade receivables are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	(2,750,520)	(2,077,215)
Charge for the period	(567,869)	(854,041)
Amounts collected during the period	165,828	177,479
Write offs	10,895	3,257
	<b>(3,141,666)</b>	<b>(2,750,520)</b>
<b>Closing balance</b>		

The Group received guarantee letters amounting to TL 1,290,343 (31 December 2020: TL 807,383) and deposits and guarantees amounting to TL 2,439,314 (31 December 2020: TL 2,085,433) as collateral for its electricity receivables.

##### 6.2 Trade Payables

Current Trade Payables	31 December 2021	31 December 2020
Trade payables	3,893,767	1,784,758
Due to related parties (Note 5)	87,373	129,599
	<b>3,981,140</b>	<b>1,914,357</b>

Trade payables mainly arise from the Group's electricity purchases from Türkiye Elektrik A.Ş. ("EÜAŞ") and Enerji Piyasaları İşletme A.Ş. ("EPIAŞ"). The average maturity of the payables related to electricity purchases is between 18 - 20 days.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 7 - OTHER RECEIVABLES AND PAYABLES

##### 7.1 Other Receivables

Other Current Receivables	31 December 2021	31 December 2020
Income accruals <sup>(1)</sup>	1,146,008	532,327
Deposits and guarantees given	10,802	26,384
Receivables from personnel	28	28
Allowance for other doubtful receivables (-)	(3,123)	(3,123)
Other sundry receivables	39,851	33,306
	<b>1,193,566</b>	<b>588,922</b>
Other Non-Current Receivables	31 December 2021	31 December 2020
Deposits and guarantees given <sup>(2)</sup>	449,925	356,385
Income accruals <sup>(1)</sup>	-	414,846
Other sundry receivables <sup>(3)</sup>	235,152	162,508
	<b>685,077</b>	<b>933,739</b>

<sup>(1)</sup> According to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations the Group's distribution, transmission and meter reading services are subject to revenue caps. Realized revenue is determined in a way to cover operating expenses and investment requirements related to distribution, transmission and meter reading. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. These regulations guarantee revenue to the Group regardless of the consumption level. The under billings or overbillings made by the Group are calculated at every year end and are adjusted through the tariffs to be effective in two years by EMRA. The effects of the under billings, which means the actual revenue is below the revenue cap set by EMRA, are accounted as income accruals at the Group's accompanying consolidated financial statements.

<sup>(2)</sup> The balance represents subscription fees refunded to the subscribers, subscribed before 31 March 2006 for EPS and 24 July 2006 for AYESAŞ and TOROSLAR EPSAŞ (Note 1) when they leave the system. The balances were paid to the subscribers based on their indexed amounts as required by EMRA periodically. According to the TOR Agreement signed with TEDAS, retail companies (EPS, AYESAŞ and TOROSLAR EPSAŞ) are obliged to keep deposits refunded with their fair values and the net balance of deposits received and paid will be paid back to TEDAS at the end of the license periods.

<sup>(3)</sup> The Group management has assessed that the severance payment provision can be taken with the revenue requirement and has imposed an accrued income for the severance payment provision calculated.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 7 - OTHER RECEIVABLES AND PAYABLES (Continued)

##### 7.1 Other Receivables (Continued)

Movement of allowance for other doubtful receivables is as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	(3,123)	(3,123)
<b>Closing balance</b>	<b>(3,123)</b>	<b>(3,123)</b>

##### 7.2 Other Payables

Other Current Payables	31 December 2021	31 December 2020
Deposits received <sup>(1)</sup>	2,439,314	2,085,433
Lighting payables	43,236	43,236
Other	405,652	450,408
	<b>2,888,202</b>	<b>2,579,077</b>

<sup>(1)</sup> The Group receives deposits from the customers subscribed after 31 March 2006 for EPS and 24 July 2006 for AYESAŞ and TOROSLAR EPSAŞ (Note 1) upon their subscription on behalf of TEDAS and these deposits are initially recorded at their fair values as the subscription fee charged to customers represents the fees announced by EMRA. According to the TOR Agreements signed with TEDAS, retail companies (EPS, AYESAŞ and TOROSLAR EPSAŞ) are obliged to carry the deposits received by their revalued amounts and the net balance of deposits received and paid will be paid back to TEDAS at the end of the license period.

#### NOTE 8 - INVENTORIES

	31 December 2021	31 December 2020
Spare parts and equipments	441,807	162,699
Trade goods	2,179	697
Other inventories	3,464	6,143
	<b>447,450</b>	<b>169,539</b>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 9 - PREPAID EXPENSES AND DEFERRED INCOME

##### 9.1 Prepaid Expenses

Short-term prepaid expenses	31 December 2021	31 December 2020
Prepaid expenses	41,242	32,715
Inventory advances given	20,010	7,205
Personnel advances	2,138	2,202
Other advances given	1,620	1,990
	<b>65,010</b>	<b>44,112</b>
Long-term prepaid expenses	31 December 2021	31 December 2020
Prepaid expenses	3,828	3,772
Inventory advances given	-	735
	<b>3,828</b>	<b>4,507</b>
Short Term Deferred Income	31 December 2021	31 December 2020
Advances received	450	6,964
	<b>450</b>	<b>6,964</b>
Long Term Deferred Income	31 December 2021	31 December 2020
Deferred income <sup>(1)</sup>	1,062,094	211,044
	<b>1,062,094</b>	<b>211,044</b>

<sup>(1)</sup> According to the Electricity Market Law, the Electricity Market Tariffs Communiqué and other related regulations the Group's distribution, transmission and meter reading services are subject to revenue caps. Realized revenue is determined in a way to cover operating expenses and investment requirements related to distribution, transmission and meter reading. Moreover, transmission revenue is a complete pass-through of transmission costs as charged by Türkiye Elektrik İletim A.Ş. These regulations guarantee revenue to the Group regardless of the consumption level. The under billings or overbillings made by the Group are calculated at every year end and are adjusted through the tariffs to be effective in two years by EMRA. The effects of the overbillings, which means the actual revenue is above the revenue cap set by EMRA, are accounted as deferred income at the Group's accompanying consolidated financial statements.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 10 - FINANCIAL ASSETS

	Financial assets	
	31 December 2021	31 December 2020
Within one year	3,316,298	2,348,112
1-3 years	5,753,839	3,831,451
3-5 years	3,150,092	2,831,053
More than 5 years	633,410	2,459,344
	<b>12,853,639</b>	<b>11,469,960</b>
Current financial assets	3,316,298	2,348,112
Non - current financial assets	9,537,341	9,121,848
	<b>12,853,639</b>	<b>11,469,960</b>
	1 January - 31 December 2021	1 January - 31 December 2020
Opening balance	11,469,960	10,543,836
Investments	2,799,831	1,790,072
<i>Collections</i>	(4,364,519)	(2,254,395)
<i>CAPEX reimbursements</i>	(2,555,978)	(1,341,622)
<i>WACC reimbursements</i>	(1,808,541)	(912,773)
Financial income (Note 14)	2,950,583	2,069,123
Valuation differences and other	-	(678,288)
<i>Transfers to property, plant and equipments</i>	-	(282,897)
<i>Valuation differences</i>	-	(395,391)
Provision of impairment for financial assets	(2,216)	(388)
	<b>12,853,639</b>	<b>11,469,960</b>
<b>Closing balance</b>	<b>12,853,639</b>	<b>11,469,960</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 11 - RIGHT OF USE ASSETS

	Buildings	Motor vehicles	Total
<b>Cost</b>			
Opening balance as of 1 January 2021	107,314	188,561	295,875
Additions	5,781	213,731	219,512
Variable lease payment adjustment	8,624	-	8,624
<b>Closing balance as of 31 December 2021</b>	<b>121,719</b>	<b>402,292</b>	<b>524,011</b>
<b>Accumulated Depreciation</b>			
Opening balance as of 1 January 2021	(39,918)	(115,186)	(155,104)
Charge for the period	(23,571)	(89,140)	(112,711)
<b>Closing balance as of 31 December 2021</b>	<b>(63,489)</b>	<b>(204,326)</b>	<b>(267,815)</b>
<b>Carrying value as of 31 December 2021</b>	<b>58,230</b>	<b>197,966</b>	<b>256,196</b>
	Buildings	Motor vehicles	Total
<b>Cost</b>			
Opening balance as of 1 January 2020	76,916	141,989	218,905
Additions	29,357	46,572	75,929
Variable lease payment adjustment	1,041	-	1,041
<b>Closing balance as of 31 December 2020</b>	<b>107,314</b>	<b>188,561</b>	<b>295,875</b>
<b>Accumulated Depreciation</b>			
Opening balance as of 1 January 2020	(19,163)	(54,259)	(73,422)
Charge for the period	(20,755)	(60,927)	(81,682)
<b>Closing balance as of 31 December 2020</b>	<b>(39,918)</b>	<b>(115,186)</b>	<b>(155,104)</b>
<b>Carrying value as of 31 December 2020</b>	<b>67,396</b>	<b>73,375</b>	<b>140,771</b>

Depreciation expense of TL 112,711 are accounted in general administrative expenses (31 December 2020: TL 81,682).

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 12 - PROPERTY, PLANT AND EQUIPMENTS

	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
<b>Cost</b>					
Opening balance as of 1 January 2021	657,431	15,116	252,225	209,708	1,134,480
Additions	184,106	2,825	75,055	393,216	655,202
Disposals	-	(122)	-	-	(122)
Transfers from constructions in progress	-	-	-	(665)	(665)
<b>Closing balance as of 31 December 2021</b>	<b>841,537</b>	<b>17,819</b>	<b>327,280</b>	<b>602,259</b>	<b>1,788,895</b>
<b>Accumulated Depreciation</b>					
Opening balance as of 1 January 2021	(138,481)	(13,016)	(80,728)	-	(232,225)
Charge for the period	(61,236)	(3,353)	(47,993)	-	(112,582)
<b>Closing balance as of 31 December 2021</b>	<b>(199,717)</b>	<b>(16,369)</b>	<b>(128,721)</b>	<b>-</b>	<b>(344,807)</b>
<b>Carrying value as of 31 December 2021</b>	<b>641,820</b>	<b>1,450</b>	<b>198,559</b>	<b>602,259</b>	<b>1,444,088</b>
	Plant, machinery and equipment	Motor vehicles	Furniture and fixtures	Construction in progress	Total
<b>Cost</b>					
Opening balance as of 1 January 2020	360,798	15,116	176,536	40,549	592,999
Additions	13,736	-	75,689	170,278	259,703
Transfers from financial assets <sup>(1)</sup>	282,897	-	-	-	282,897
Transfers from constructions in progress	-	-	-	(1,119)	(1,119)
<b>Closing balance as of 31 December 2020</b>	<b>657,431</b>	<b>15,116</b>	<b>252,225</b>	<b>209,708</b>	<b>1,134,480</b>
<b>Accumulated Depreciation</b>					
Opening balance as of 1 January 2020	(61,603)	(8,268)	(39,585)	-	(109,456)
Charge for the period	(76,878)	(4,748)	(41,143)	-	(122,769)
<b>Closing balance as of 31 December 2020</b>	<b>(138,481)</b>	<b>(13,016)</b>	<b>(80,728)</b>	<b>-</b>	<b>(232,225)</b>
<b>Carrying value as of 31 December 2020</b>	<b>518,950</b>	<b>2,100</b>	<b>171,497</b>	<b>209,708</b>	<b>902,255</b>

<sup>(1)</sup> Cost and accumulated depreciation of the investments, which were not accepted by EMRA for the periods between 2015 and 2019, were recorded as TL 282,897 and TL 36,025, respectively.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 12 - PROPERTY, PLANT AND EQUIPMENTS (Continued)

	Useful Life
Plant, machinery and equipment	5-25 years
Motor vehicles	3 years
Furniture and fixtures	5 years

Depreciation expense of TL 108,033 and TL 4,549 are accounted in general administrative expenses and cost of sales, respectively (31 December 2020: general administrative expenses: TL 118,568 and cost of sales: TL 4,201).

#### NOTE 13 - INTANGIBLE ASSETS

	Customer contracts and related relationships	Transfer of operating rights	Goodwill	Computer software	Leasehold improvements	Other intangible assets	Total
<b>Cost</b>							
Opening balance as of 1 January 2021	4,390,673	1,650,121	2,730,031	153,073	4,973	7,758	8,936,629
Additions	-	-	-	73,199	-	41,830	115,029
Transfers from constructions in progress	-	-	-	665	-	-	665
<b>Closing balance as of 31 December 2021</b>	<b>4,390,673</b>	<b>1,650,121</b>	<b>2,730,031</b>	<b>226,937</b>	<b>4,973</b>	<b>49,588</b>	<b>9,052,323</b>
<b>Accumulated Amortization</b>							
Opening balance as of 1 January 2021	(1,307,803)	(434,806)	(752,904)	(79,267)	(1,855)	(2,958)	(2,579,593)
Charge for the period	(152,108)	(56,555)	-	(37,242)	(1,073)	(317)	(247,295)
<b>Closing balance as of 31 December 2021</b>	<b>(1,459,911)</b>	<b>(491,361)</b>	<b>(752,904)</b>	<b>(116,509)</b>	<b>(2,928)</b>	<b>(3,275)</b>	<b>(2,826,888)</b>
<b>Carrying value as of 31 December 2021</b>	<b>2,930,762</b>	<b>1,158,760</b>	<b>1,977,127</b>	<b>110,428</b>	<b>2,045</b>	<b>46,313</b>	<b>6,225,435</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 13 - INTANGIBLE ASSETS (Continued)

	Customer contracts and related relationships	Transfer of operating rights	Goodwill	Computer software	Leasehold improvements	Other intangible assets	Total
<b>Cost</b>							
Opening balance as of 1 January 2020	4,390,673	1,650,121	2,730,031	105,720	4,374	7,452	8,888,371
Additions	-	-	-	46,833	-	306	47,139
Transfers from constructions in progress	-	-	-	520	599	-	1,119
<b>Closing balance as of 31 December 2020</b>	<b>4,390,673</b>	<b>1,650,121</b>	<b>2,730,031</b>	<b>153,073</b>	<b>4,973</b>	<b>7,758</b>	<b>8,936,629</b>
<b>Accumulated Amortization</b>							
Opening balance as of 1 January 2020	(1,155,695)	(378,251)	(752,904)	(49,762)	(964)	(2,390)	(2,339,966)
Charge for the period	(152,108)	(56,555)	-	(29,505)	(891)	(568)	(239,627)
<b>Closing balance as of 31 December 2020</b>	<b>(1,307,803)</b>	<b>(434,806)</b>	<b>(752,904)</b>	<b>(79,267)</b>	<b>(1,855)</b>	<b>(2,958)</b>	<b>(2,579,593)</b>
<b>Carrying value as of 31 December 2020</b>	<b>3,082,870</b>	<b>1,215,315</b>	<b>1,977,127</b>	<b>73,806</b>	<b>3,118</b>	<b>4,800</b>	<b>6,357,036</b>

Amortization expense of TL 246,443 and TL 852 are accounted in general administrative expenses and cost of sales, respectively (31 December 2020: general administrative expenses: TL 239,117 and cost of sales: TL 510).

Customer contracts and related relationships and transfer of operating rights are recognized separately during the business combination according to IFRS 3.

On 31 March 2006 BAŞKENT EDAS and on 24 July 2006, AYEDAŞ and TOROSLAR EDAS signed TOR Agreements with TEDAŞ. In accordance with the TOR agreement, TEDAŞ transferred the operating rights of the distribution system, the distribution facilities, and the other movables and immovable which are crucial for the operation of the distribution facilities to BAŞKENT EDAS until the end of 2036 and to AYEDAŞ and TOROSLAR EDAS until the end of 2042. Based on the future cash flows fair value of the TOR agreements are determined. The residual value of TOR after the portion recognized as financial asset which calculated based on IFRIC 12 (Note 10) is recognized as intangible asset based on IFRS 3.

The Group recognized TL 45,787 under other intangible assets, in connection with E-sarj purchase price amounting to TL 46,447 (31 December 2020: TL 3,997 of TL 4,000).

In recognition of customer contracts and related relationships; relationships with the different customer groups are identified and a fair value for retail customers is estimated by Group management.



## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 13 - INTANGIBLE ASSETS (Continued)

Customer contracts and related relationships and TOR amortization is calculated on a straight line basis in a range between 25-30 years and charged to operating expenses.

As of 31 December 2021, there is no impairment on goodwill (31 December 2020: None).

#### NOTE 14 - PROVISIONS

Current Provisions	31 December 2021	31 December 2020
Legal claims <sup>(1)</sup>	292,753	287,416
Other provisions	-	11,708
	<b>292,753</b>	<b>299,124</b>

<sup>(1)</sup> Legal claims are set for the probable cash outflows related to the legal disputes. As of 31 December 2021, the provision amount for the legal claims are determined according to the assessment made by the Group management, considering the probability of legal cases that will be finalized against the Group.

The Group is charging the theft and loss costs to the subscribers in accordance with the tariff determined by EMRA. There are legal cases filed by the subscribers to claim back the theft and loss amounts from the Group claiming that they are unfair. Some cases are finalized against the Group while some others in favor of the Group at local courts and consumer arbitration committees. In June of 2016, statement of "In applications filed in respect of the amounts determined by EMRA within the scope of income and tariff regulations, the authority of the consumer arbitration committees and the courts is limited to the control of compliance with the regulatory procedures of EMRA." has been added to article 17 of Law No. 6446. By this article, it has been determined that in the cases for the theft and loss amounts, the courts can only examine if the theft and loss amounts incurred in accordance with the regulations of the EMRA and it has been ruled that no judgement can be made whether the theft and loss amounts will be collected or not. As of reporting date, the total amount of ongoing cases against the Group is TL 695 (31 December 2020: TL 54,637).

Movements of provisions are as follows:

	Other provisions	Legal claims	Total
Opening balance as of 1 January 2021	11,708	287,416	299,124
Additional provisions recognized	-	50,085	50,085
Reversal of provisions	(11,708)	(44,748)	(56,456)
<b>Closing balance as of 31 December 2021</b>	<b>-</b>	<b>292,753</b>	<b>292,753</b>
	Other provisions	Legal claims	Total
Opening balance as of 1 January 2020	-	247,836	247,836
Additional provisions recognized	11,708	79,409	91,117
Reversal of provisions	-	(39,829)	(39,829)
<b>Closing balance as of 31 December 2020</b>	<b>11,708</b>	<b>287,416</b>	<b>299,124</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 15 - COMMITMENT AND CONTINGENCIES

31 December 2021	TL Equivalent	TL	USD	EUR
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	7,747	7,747	-	-
- Collateral	7,747	7,747	-	-
B. Total amount of CPM given against the subsidiaries included in full consolidation	3,165,843	2,808,310	26,337	430
- Collateral	3,165,843	2,808,310	26,337	430
<b>Total</b>	<b>3,173,590</b>	<b>2,816,057</b>	<b>26,337</b>	<b>430</b>

31 December 2020	TL Equivalent	TL	USD	EUR
A. Total amount of Collateral Pledge Mortgage (CPM) given on behalf of the legal entity	8,131	8,131	-	-
- Collateral	8,131	8,131	-	-
B. Total amount of CPM given against the subsidiaries included in full consolidation	2,220,071	2,143,123	9,955	430
- Collateral	2,220,071	2,143,123	9,955	430
<b>Total</b>	<b>2,228,202</b>	<b>2,151,254</b>	<b>9,955</b>	<b>430</b>

#### Mandatory investments

As the regulated incumbent electricity distribution operator, the Distribution companies have an obligation to make any required expansion investments to the grid infrastructure in order to ensure the security of supply to all customers of the respective region. Such expansion investments are mostly a result of new customer or transmission connection requests as well as new street lighting projects initiated by municipalities that also fall under the regulated activities of Distribution companies.

#### Energy Sales Agreements

Distribution and retail companies signed Energy Sales Agreements ("ESA") with EÜAŞ in order to obtain their energy needs during the year. These energy sales agreements have been established based on regulated prices. During the year, the Group is obliged to purchase the energy quantity stated in these agreements. At the current operating conditions and market structure, the Group's energy needs are higher than the contracted quantities and the Group makes purchases regularly from EPIAŞ. As a result, the Group management does not expect any liability related to the Energy Sales Agreements arising from not fulfilling the requirements of Energy Sales Agreements.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 16 - EMPLOYMENT BENEFITS

<u>Payables Related to Employee benefits</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Social security premiums payable	35,761	25,226
Payable to personnel	46,051	32,713
	<b>81,812</b>	<b>57,939</b>
<u>Short-term Provisions Related to Employee Benefits</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Bonus provisions	76,968	46,423
	<b>76,968</b>	<b>46,423</b>
<u>Long-term Provisions Related to Employee Benefits</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Provisions for unused vacation	70,159	55,656
Provision for employment termination benefits	245,260	168,523
	<b>315,419</b>	<b>224,179</b>

The movement of bonus and unused vacation provisions are as follows:

	<u>Bonus provisions</u>	<u>Unused vacation provision</u>	<u>Total</u>
Opening balance as of 1 January 2021	46,423	55,656	102,079
Additional provisions recognized	72,809	14,503	87,312
Payments	(42,264)	-	(42,264)
<b>Closing balance as of 31 December 2021</b>	<b>76,968</b>	<b>70,159</b>	<b>147,127</b>
	<u>Bonus provisions</u>	<u>Unused vacation provision</u>	<u>Total</u>
Opening balance as of 1 January 2020	41,190	43,567	84,757
Additional provisions recognized	41,994	12,361	54,355
Payments	(36,761)	(272)	(37,033)
<b>Closing balance as of 31 December 2020</b>	<b>46,423</b>	<b>55,656</b>	<b>102,079</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 16 - EMPLOYMENT BENEFITS (Continued)

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 8,284.51 (full digit) (31 December 2020: TL 7,117.17 (full digit)) for each period of service at 31 December 2021.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees. IAS 19 *Employee Benefits* requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying consolidated financial statements as at 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 15.00% and a discount rate of 19.45%, resulting in a real discount rate of approximately 3.87% (31 December 2020: inflation rate of 9.50% and a discount rate of 13.60%, resulting in a real discount rate of approximately 3.74%) Ceiling amount of TL 10,848.59 (full digit) which is in effect since 1 January 2022 is used in the calculation of Groups' provision for retirement pay liability (1 January 2021: TL 7,638.96 (full digit)).

Group management has assessed that the severance payment provisions of electricity distribution companies within the Group can be taken with the revenue requirement according to the changed tariff structure at third tariff period and has accounted accrued income for the severance payment provisions calculated for those companies as of 31 December 2021 and 31 December 2020.

The movement for retirement pay provisions is as follows:

	<u>1 January - 31 December 2021</u>	<u>1 January - 31 December 2020</u>
Opening balance	168,523	123,649
Service cost	67,971	39,868
Interest cost	30,767	16,386
Retirement payments	(22,001)	(11,380)
<b>Closing balance</b>	<b>245,260</b>	<b>168,523</b>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 17 - OTHER ASSETS AND LIABILITIES

##### 17.1 Other Current Assets

	31 December 2021	31 December 2020
Deferred VAT	47,243	6,298
Other	5,311	1,460
	<u>52,554</u>	<u>7,758</u>

##### 17.2 Other Non-current Assets

	31 December 2021	31 December 2020
Other	4,936	390
	<u>4,936</u>	<u>390</u>

##### 17.3 Other Current Liabilities

	31 December 2021	31 December 2020
Taxes and funds payable	335,769	324,471
Other	8,886	5,462
	<u>344,655</u>	<u>329,933</u>

##### 17.4 Other Non-Current Liabilities

	31 December 2021	31 December 2020
Other Non-Current Liabilities	2,716	-
	<u>2,716</u>	<u>-</u>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### NOTE 18 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

##### 18.1 Share Capital

Shareholders	31 December 2021		31 December 2020	
	Share (%)	TL	Share (%)	TL
Hacı Ömer Sabancı Holding A.Ş.	40	472,427,6	40	472,427,6
DD Turkey Holdings S.A.R.L. (E.ON)	40	472,427,6	40	472,427,6
Other	20	236,213,8	20	236,213,8
	100	1,181,069	100	1,181,069
Adjustment to share capital <sup>(1)</sup>		1,954,164		2,416,412
<b>Total share capital</b>		<u><b>3,135,233</b></u>		<u><b>3,597,481</b></u>

<sup>(1)</sup> Adjustment to share capital, refers to the amount of registered capital as a capital reserve in the statutory capital after the merger and separation processes according to the legislation (Note 1). This amount is classified as capital adjustment differences to comply with IFRS requirements.

With the decision of the Board of Directors on 20 April 2017, Enerjisa Enerji A.Ş. merged with Enerjisa Elektrik Dağıtım A.Ş. ("EEDAŞ") and the subsidiaries of EEDAŞ together with all their assets and liabilities with the takeover method. In addition, on 25 August 2017, the Group's electricity generation and wholesale business areas were separated and structured under another company. As a result of these transactions, necessary corrections are made in the registered share capital and the statutory capital after merger and split has been reached.

In the statutory financials prepared in accordance with the tax procedure law, the loss for previous years in amount of TL 462,248 has been netted off with adjustments to share capital (31 December 2020: TL 210,120).

As at 31 December 2021, the capital of the Company comprising 118,106,897 thousand (31 December 2020: 118,106,897 thousand) registered ordinary shares of TL 0.01 each (31 December 2020: TL 0.01 each).

##### 18.2 Earnings per share

Earnings per share for each class of share disclosed in the consolidated statements of profit or loss and other comprehensive income is determined by dividing the profit for the period attributable to ordinary equity holders of the parent entity by the weighted average number of shares that have been outstanding during the year.

	1 January - 31 December 2021	1 January - 31 December 2020
Profit for the period	2,282,368	1,087,683
Weighted average shares	118,106,896,712	118,106,896,712
Earnings per share (kr)	1.93	0.92

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 18 - SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

##### 18.3 Restricted Profit Reserves

	31 December 2021	31 December 2020
Restricted Profit Reserves	394,232	320,115
	<b>394,232</b>	<b>320,115</b>

The Company reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to Turkish Commercial Law, if they do not exceed the capital or issued capital general legal reserves can be used to offset prior year losses or recapitalize the business in case of distress.

#### NOTE 19 - REVENUE

	1 January - 31 December 2021	1 January - 31 December 2020
Revenue from electricity sales and services provided	27,392,863	19,660,061
<i>Retail sales revenue</i>	19,537,891	13,972,087
<i>Regulated revenue</i>	11,928,278	10,228,984
<i>Liberalised revenue</i>	7,609,613	3,743,103
<i>Retail service revenue</i>	599,147	451,943
<i>Distribution lighting sales revenue</i>	432,242	321,686
<i>Distribution service revenue</i>	5,286,633	3,545,569
<i>Transmission revenue</i>	1,536,950	1,368,776
Financial income from service concession arrangements (Note 10, 28)	2,950,583	2,069,123
Other revenue	204,235	28,019
	<b>30,547,681</b>	<b>21,757,203</b>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 20 - COST OF SALES

	1 January - 31 December 2021	1 January - 31 December 2020
Electricity purchases	(20,647,895)	(14,739,617)
<i>Retail energy purchases</i>	(19,081,133)	(13,446,598)
<i>Distribution related energy purchases <sup>(*)</sup></i>	(1,566,762)	(1,293,019)
System usage fee <sup>(**)</sup>	(1,536,950)	(1,368,776)
Depreciation and amortization expenses (Note 12, 13)	(5,401)	(4,711)
Other	(75,608)	(4,727)
	<b>(22,265,854)</b>	<b>(16,117,831)</b>

<sup>(\*)</sup> Includes theft/loss and lighting related electricity purchases.

<sup>(\*\*)</sup> Includes system usage costs reflected as transmission revenue.

#### NOTE 21 - GENERAL ADMINISTRATIVE EXPENSES

	1 January - 31 December 2021	1 January - 31 December 2020
General administrative expenses (-)	(3,382,729)	(2,543,194)
	<b>(3,382,729)</b>	<b>(2,543,194)</b>

Details of general administrative expenses are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Payroll and employee benefit expenses	(1,596,214)	(1,190,912)
Depreciation and amortization expenses (Note 11, 12, 13)	(467,187)	(439,367)
Repair and maintenance expenses	(247,381)	(93,305)
Material expenses	(222,532)	(152,788)
Fleet management expenses	(169,775)	(118,782)
Outsourcing expenses	(78,511)	(68,698)
Rent expenses	(76,702)	(40,223)
Legal and lawsuit provision expenses	(74,376)	(71,659)
Duties, taxes and levies	(70,333)	(63,634)
Insurance expenses	(48,480)	(32,393)
Consulting expenses	(34,022)	(24,337)
Travel expenses	(13,312)	(8,130)
Other expenses	(283,904)	(238,966)
	<b>(3,382,729)</b>	<b>(2,543,194)</b>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 22 - OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

##### 22.1 Other Income From Operating Activities

	1 January - 31 December 2021	1 January - 31 December 2020
Income from operational hedge transactions - net	323,885	249,696
Late payment interest income from electricity receivables	213,924	179,231
Power theft penalties	135,249	136,318
Interest income related to revenue cap regulation - net (Note 28)	56,312	29,918
Rent and advertisement income	20,000	17,121
Lawsuit income	8,778	16
Other income	73,823	33,802
	<b>831,971</b>	<b>646,102</b>

##### 22.2 Other Expenses From Operating Activities

	1 January - 31 December 2021	1 January - 31 December 2020
Provision for doubtful receivables - net (Note 6)	(402,041)	(676,562)
Valuation differences arising from deposits and guarantees (Note 28)	(306,136)	(161,909)
Foreign exchange losses from operating activities	(261,541)	(27,582)
Customer penalty expenses	(85,131)	(49,632)
Donations	(38,572)	(18,382)
Penalty exxpenses	(2,766)	(14,482)
Impairment provision on financial assets (Note 10 <sup>(1)</sup> )	(2,216)	(388)
Other expenses	(118,075)	(55,498)
	<b>(1,216,478)</b>	<b>(1,004,435)</b>

<sup>(1)</sup> As of 31 December 2021, the Group has been recorded additional impairment provision of TL (2,216) for its financial assets, which had been recorded as at 31 December 2020 in the amount of TL (880) in accordance with the amendments in IFRS 9 Financial Instruments Standard (31 December 2020: (388) TL provision).

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 23 - FINANCE INCOME AND EXPENSES

##### 23.1 Finance Income

	1 January - 31 December 2021	1 January - 31 December 2020
Interest income	108,090	64,091
	<b>108,090</b>	<b>64,091</b>

##### 23.2 Finance Expenses

	1 January - 31 December 2021	1 January - 31 December 2020
Interest expenses of borrowings	(1,377,257)	(1,235,014)
Foreign exchange gains/(losses) - net	(62,761)	(38,758)
Bank commission expenses	(39,549)	(115,458)
	<b>(1,479,567)</b>	<b>(1,389,230)</b>

#### NOTE 24 - TAX ASSETS AND LIABILITIES

	31 December 2021	31 December 2020
<b>Current assets related with current taxes</b>		
Prepaid taxes and funds	187,648	14
	<b>187,648</b>	<b>14</b>
<b>Current tax liability</b>		
Current corporate tax provision	989,969	537,986
Less: Prepaid taxes and funds	(896,814)	(364,911)
	<b>93,155</b>	<b>173,075</b>
<b>Tax expense recognized in profit or loss</b>		
Current tax expense	(989,969)	(537,986)
Deferred tax income relating to the origination and reversal of temporary differences, net	129,223	212,963
<b>Total tax expense</b>	<b>(860,746)</b>	<b>(325,023)</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

##### Corporate tax

The Group is subject to Turkish corporate taxes. A provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting the tax-exempt earnings, other exempt income and other deductions (losses of previous periods, investment incentives utilized).

Valid rate of corporate tax in 2021 is 25% (31 December 2020: 22%).

In Turkey, advance tax returns are filed on a quarterly basis. The advance corporate income tax rate is 20%. In accordance with Provisional Article 13 added to the Corporate Tax Law No. 5520, 25% corporate tax rate will be applied to the profits related to their 2021 tax periods and as 23% corporate tax rate to the profits related to their 2022 tax periods. The amendment will be valid for the taxable corporate income starting from 1 January 2021, beginning with the advance Corporate Tax Declarations which must be declared as of 1 July 2021. The companies apply 25% tax rate over their quarterly profits (23% for the year 2022 and 22% for the year 2023 and onwards) when calculating their temporary tax payables; which they are obliged to declare via Advance Corporate Tax Declaration by the end of the 14th, and pay by the end of the 17th of the 2 month following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the Corporate Income Tax calculated for the same fiscal year. Following the netting-off, if there is still remaining Advance Corporate Tax balance, it can be deducted from any other financial debt owed to the State or can be received in the form of a cash refund.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Losses are allowed to be carried 5 years maximum to be deducted from the taxable profit of the following years. Tax carry back is not allowed.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

##### Income withholding tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied is 10% (31 December 2020: 15%). Undistributed dividends incorporated in share capital are not subject to income withholding tax.

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#### NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

##### Deferred tax

The Group recognizes deferred tax assets and liabilities on the temporary timing differences between the legal books and the financial statements prepared in accordance with IFRS. Such differences generally arise from timing differences of some revenue and expense balances in legal books and financial statements prepared in accordance with IFRS and are explained below.

The corporate tax rate, which is 20% as of 31 March 2021, is determined as 25% for 2021 corporate earnings and as 23% for 2022 corporate earnings. Therefore, for deferred tax calculation as of 31 December 2021, 23% tax rate is used for the temporary differences expected/expected to be incurred in 2022 and 20% tax rate is used for the current differences expected/expected to be incurred in 2023 and onwards.

<u>Deferred tax (assets)/liabilities</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Differences arising from customer contracts and transfer of operational rights	816,969	859,651
Carrying amount differences of property, plant and equipment, intangible assets and concession arrangement difference	428,839	342,506
Carrying amount differences of right of use assets and lease liabilities	(12,661)	(4,147)
Provision for employment termination benefits	(4,649)	(2,712)
Provision for doubtful receivables	(29,760)	(36,720)
Provision for lawsuits	(59,538)	(56,544)
Provision for unused vacation	(15,484)	(10,918)
Effect of revenue cap adjustments	(239,751)	72,416
Late payment penalties	8,364	12,508
Carry forward tax losses	(403,375)	(212,906)
Income accruals	509,052	89,989
Derivative financial instruments	334,178	(9,500)
Other	(146,177)	(38,670)
	<b><u>1,186,007</u></b>	<b><u>1,004,953</u></b>

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#### NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

##### Deferred tax (Continued)

	<b>31 December 2021</b>	<b>31 December 2020</b>
Deferred tax (asset)	(318,901)	(362,026)
Deferred tax liability	1,504,908	1,366,979
<b>Deferred tax (asset)/liability, net</b>	<b>1,186,007</b>	<b>1,004,953</b>
Movement of deferred tax (assets)/liabilities is as follows:		
	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Opening balance	1,004,953	1,233,828
Charged to statement of profit or loss	(129,223)	(212,963)
Charged to other comprehensive income/expense	310,277	(15,912)
<b>Closing balance</b>	<b>1,186,007</b>	<b>1,004,953</b>
<b>Tax Reconciliation:</b>		
	<b>1 January - 31 December 2021</b>	<b>1 January - 31 December 2020</b>
Profit from operations before tax	3,143,114	1,412,706
	<b>25%</b>	<b>22%</b>
Tax at the domestic income tax rate of 25% (2020: 22%)	785,779	310,795
Tax effects of:		
- revenue that is exempt from taxation	(12,306)	(4,050)
- expenses that are not deductible in determining taxable profit	39,644	12,397
- previously unrecognised and unused tax losses now recognised as deferred tax assets	-	(508)
- other	47,629	6,389
<b>Income tax expense recognised in profit or loss</b>	<b>860,746</b>	<b>325,023</b>

Deferred tax assets may only be recognized to the extent it is probable that sufficient taxable profit will be available in the future. In case of a probable tax advantage, deferred income tax asset is calculated for unused carry forward tax losses and unused investment incentive.

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#### NOTE 24 - TAX ASSETS AND LIABILITIES (Continued)

##### Deferred tax (Continued)

At 31 December 2021, the Group recognized deferred tax assets amounting to TL 403,375 for unused carry forward tax losses amounting to TL 2,016,874 since it was considered as probable that there would be sufficient taxable income in the subsequent periods to utilise such assets based on the forecasts made (31 December 2020: TL 212,906 and TL 1,064,529 respectively).

The expiration dates of previous years' losses on which deferred tax asset was recognized are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Expiring in 2021	-	124
Expiring in 2022	255	2,207
Expiring in 2023	184,835	184,835
Expiring in 2024	356,841	357,564
Expiring in 2025	513,306	519,799
Expiring in 2026	961,637	-
	<b>2,016,874</b>	<b>1,064,529</b>

The expiration dates of previous years' losses on which deferred tax asset was not recognized are as follows:

	<b>31 December 2021</b>	<b>31 December 2020</b>
Expiring in 2021	-	191,541
Expiring in 2022	-	-
Expiring in 2023	381,702	381,702
Expiring in 2024	186,989	186,989
	<b>568,691</b>	<b>760,232</b>

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#### NOTE 25 - FINANCIAL INSTRUMENTS

##### 25.1 Financial Liabilities

	<u>31 December 2021</u>	<u>31 December 2020</u>
Short-term borrowings	1,040,267	1,098,798
Short-term portion of long term lease liabilities	114,711	68,840
Short-term portion of long term bonds issued	677,098	857,501
Short-term portion of long-term borrowings	4,503,061	646,776
	<u>6,335,137</u>	<u>2,671,915</u>
Long-term borrowings	2,721,771	6,232,333
Long-term lease liabilities	173,609	94,432
Long-term bonds issued	1,485,703	763,620
	<u>4,381,083</u>	<u>7,090,385</u>
<b>Total financial liabilities</b>	<b><u>10,716,220</u></b>	<b><u>9,762,300</u></b>

The borrowings and bonds issued are repayable as follows:

	<u>31 December 2021</u>	<u>31 December 2020</u>
To be paid within 1 year	6,220,426	2,603,075
To be paid between 1-2 years	3,745,104	4,715,879
To be paid between 2-3 years	371,526	1,956,905
To be paid between 3-4 years	90,844	278,725
To be paid between 4-5 years	-	44,444
	<u>10,427,900</u>	<u>9,599,028</u>

As of 31 December 2021 and 31 December 2020, the Group has not given any collateral for the loans obtained.

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#### NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

##### 25.1 Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020 the movement of borrowings and bonds issued are as follows:

	<u>Borrowings and Bonds issued</u>
Opening balance as of 1 January 2021	9,599,028
Additions	16,479,807
Payments	(15,562,845)
Change in interest accruals	(174,658)
Foreign exchange movements	86,568
<b>Closing balance as of 31 December 2021</b>	<b><u>10,427,900</u></b>
	<u>Borrowings and Bonds issued</u>
Opening balance as of 1 January 2020	8,904,815
Additions	14,075,458
Payments	(13,465,549)
Change in interest accruals	84,304
<b>Closing balance as of 31 December 2020</b>	<b><u>9,599,028</u></b>



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#### NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

##### 25.1 Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020, details of short and long term financial borrowings in terms of interest and currencies are as follows:

Currency	Weighted average effective interest rate	31 December 2021	
		Current	Non-current
TL		5,329,731	2,721,771
Over night	27.39%	682,574	-
Fixed rate	9.50%	4,184,548	1,307,094
TLREF indexed	TLREF + 1.55%-2.40%	462,609	1,414,677
EUR <sup>(1)</sup>	2.10%	213,597	-
		<b>5,543,328</b>	<b>2,721,771</b>
Currency	Weighted average effective interest rate	31 December 2020	
		Current	Non-current
TL		1,618,179	6,232,333
Over night	0.00%	18,012	-
Fixed rate	9.22%	1,232,326	5,266,000
TLREF indexed	TLREF + 1.70%-2.00%	367,842	966,333
EUR <sup>(2)</sup>	2.89%	127,395	-
		<b>1,745,574</b>	<b>6,232,333</b>

<sup>(1)</sup> Foreign currency risk associated with the EUR denominated borrowing of the Group are fully hedged through foreign currency swap instrument.

<sup>(2)</sup> The Group has invested on EUR government bond with the same maturity of EUR bank loan borrowed on the same date. There is no foreign currency risk related to this transaction.

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#### NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

##### 25.1 Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020, details of bonds issued are as follows:

Currency	Weighted average effective interest rate <sup>(1)</sup>	31 December 2021	
		Current	Non-current
TL		677,098	1,485,703
CPI indexed	CPI + 4.8%-5.0%	647,044	285,703
TLREF indexed	TLREF + 1.40%	30,054	1,200,000
		<b>677,098</b>	<b>1,485,703</b>
Currency	Weighted average effective interest rate <sup>(1)</sup>	31 December 2020	
		Current	Non-current
TL		857,501	763,620
CPI indexed	CPI + 4.8%-5.0%	857,501	763,620
		<b>857,501</b>	<b>763,620</b>

<sup>(1)</sup> As of 31 December 2021, the interests are variable indexed to TLREF and CPI; and the annual real coupon rates are 1.40% for TLREF-indexed bond and varies from 4.8% to 5% for CPI-indexed bonds (31 December 2020: 4.8% to 5.0%).

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#### NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

##### 25.1 Financial Liabilities (Continued)

As of 31 December 2021, the principal valuation of bonds is TL 418,430 (31 December 2020: TL 591,867).

As of 31 December 2021 and 31 December 2020, details of lease liabilities are as follows:

<u>Short-term portion of long term lease liabilities</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Buildings	26,061	18,537
Vehicles	88,650	50,303
	<b>114,711</b>	<b>68,840</b>
<u>Long-term lease liabilities</u>	<u>31 December 2021</u>	<u>31 December 2020</u>
Buildings	43,416	57,876
Vehicles	130,193	36,556
	<b>173,609</b>	<b>94,432</b>
The lease liabilities are repayable as follows:		
	<u>31 December 2021</u>	<u>31 December 2020</u>
To be paid within 1 year	114,711	68,840
To be paid between 1-2 years	103,789	46,047
To be paid between 2-3 years	62,328	31,798
To be paid between 3-4 years	6,970	12,404
To be paid between 4-5 years	429	4,057
To be paid after 5 years and over	93	126
	<b>288,320</b>	<b>163,272</b>

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#### NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

##### 25.1 Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020, the movement of lease liabilities is as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Opening balance as of 1 January 2021	76,413	86,859	163,272
Additions	6,550	212,958	219,508
Interest expense	13,128	32,332	45,460
Variable lease payment adjustments	8,596	-	8,596
Payments	(35,210)	(113,434)	(148,644)
Foreign exchange movements	-	128	128
<b>Closing balance as of 31 December 2021</b>	<b>69,477</b>	<b>218,843</b>	<b>288,320</b>
	<u>Buildings</u>	<u>Vehicles</u>	<u>Total</u>
Opening balance as of 1 January 2020	63,419	102,244	165,663
Additions	29,357	45,834	75,191
Interest expense	13,003	17,568	30,571
Variable lease payment adjustments	1,042	739	1,781
Payments	(30,408)	(80,025)	(110,433)
Foreign exchange movements	-	499	499
<b>Closing balance as of 31 December 2020</b>	<b>76,413</b>	<b>86,859</b>	<b>163,272</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

##### 25.2 Other Financial Liabilities

	31 December 2021	31 December 2020
Other current financial liabilities	118,387	68,743
Other non-current financial liabilities	457,604	340,383
	<u>575,991</u>	<u>409,126</u>

The other financial liabilities are repayable as follows:

	31 December 2021	31 December 2020
To be paid within 1 year	118,387	68,743
To be paid between 1-2 years	63,405	70,559
To be paid between 2-3 years	60,058	37,789
To be paid between 3-4 years	68,799	39,442
To be paid between 4-5 years	71,807	41,166
To be paid after 5 years and over	193,535	151,427
	<u>575,991</u>	<u>409,126</u>

As of 31 December 2021 and 31 December 2020, details of short and long term other financial liabilities in terms of currencies are as follows:

Currency	Weighted average effective interest rate	31 December 2021	
		Current	Non-current
EUR	4.70%	118,387	457,604
		<u>118,387</u>	<u>457,604</u>
Currency	Weighted average effective interest rate	31 December 2020	
		Current	Non-current
EUR	4.70%	68,743	340,383
		<u>68,743</u>	<u>340,383</u>

After the acquisition of distribution regions, payment obligations of TEDAŞ denominated in EUR, which are in scope of loan agreements with European Investment Bank and World Bank have been transferred to the Group. Other financial liabilities are composed of EUR payment obligations of distribution companies to TEDAŞ in this scope.

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#### NOTE 25 - FINANCIAL INSTRUMENTS (Continued)

##### 25.2 Other Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020, the movement of other financial liabilities is as follows:

	Other Financial Liabilities
Opening balance as of 1 January 2021	409,126
Payments	(45,377)
Foreign exchange movements	212,242
	<u>575,991</u>
	Other Financial Liabilities
Opening balance as of 1 January 2020	353,898
Payments	(54,312)
Foreign exchange movements	109,540
	<u>409,126</u>

#### NOTE 26 - DERIVATIVE INSTRUMENTS

The Group utilizes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, electricity purchases, unit price investments and foreign currency denominated other financial liabilities. Furthermore, in order to mitigate the foreign exchange risk arising from foreign currency denominated bank loan, the Group entered foreign currency swap transaction. The details and fair values of the agreements as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021			Assets	Liabilities
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)		
Forward exchanges	389,557	36,808	5,747,717	1,543,676	(46,136)
Foreign exchange swap	-	14,300	215,741	66,840	-
	<u>389,557</u>	<u>51,108</u>	<u>5,963,458</u>	<u>1,610,516</u>	<u>(46,136)</u>
	31 December 2020			Assets	Liabilities
	Contract Amount (USD)	Contract Amount (EUR)	Contract Amount (TL)		
Forward exchanges	253,282	55,099	2,355,543	36,129	(141,679)
	<u>253,282</u>	<u>55,099</u>	<u>2,355,543</u>	<u>36,129</u>	<u>(141,679)</u>

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#### NOTE 26 - DERIVATIVE INSTRUMENTS (Continued)

As of 31 December 2021 and 31 December 2020, movements of fair value of derivative financial instruments are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Opening balance	(105,550)	(57,866)
Derivative financial (liabilities)/assets at fair value designated through income/expense	310,479	30,148
Derivative financial (liabilities)/assets at fair value designated through other comprehensive income/expense <sup>(1)</sup>	1,359,451	(77,832)
<b>Total derivative financial (liabilities)/assets</b>	<b>1,564,380</b>	<b>(105,550)</b>

<sup>(1)</sup> As of 31 December 2021, fair value differences amounting to TL 1,359,451 consist of the effective portion of fair value differences of forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, electricity purchases and unit cost investments.

<sup>(1)</sup> As of 31 December 2020, fair value differences amounting to TL 77,832 is netted off with the foreign exchange losses from borrowings amounting to TL 1,681, and the net amount, TL 76,151 is accounted to other comprehensive income before tax.

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### 27.1 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and reserves.

The Group management considers the cost of capital and the risks associated with each class of capital. The management of the Group aims to balance its overall capital structure through new share issues, and by issue of new debt or the redemption of existing debt.

	31 December 2021	31 December 2020
Total borrowings (Note 25)	11,292,211	10,171,426
Less: cash and cash equivalents (Note 28)	(411,992)	(588,571)
Less: Financial investments	-	(126,108)
Less: derivative instruments (Note 26)	(1,564,380)	105,550
Net debt	9,315,839	9,562,297
Total equity	9,351,022	7,153,306
Total capital	18,666,861	16,715,603
<b>Net debt/Total capital ratio (%)</b>	<b>50</b>	<b>57</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the finance department. The finance department identifies and evaluates financial risks in close co-operation with the Group's operating units.

##### 27.2.1 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risks mainly arise from trade receivables. The Group manages this risk by the guarantees received from customers. Trade receivables, are evaluated based on the Group's policies and procedures and as a result presented net of doubtful provision in the consolidated financial statements. In accordance with the requirements of IFRS 9 introducing a new impairment model based on expected credit losses, the Group has modified impairment calculation method for trade receivables. The Group recognizes the impairment of trade receivables, weighting the lifetime expected credit losses by default (Probability of Default) for all trade receivables on each customer basis and including non-overdue receivables.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors (Continued)

###### 27.2.1 Credit risk management (Continued)

Trade receivables consist of a large number of customers, spread across diverse industries within several different provinces. Credit risk of the financial instruments is as the follows:

##### Credit risk exposure based on financial instrument categories

	Receivables				Bank deposits	Financial assets excluding cash	Derivatives	Financial investments
	Trade receivables		Other receivables					
	Related party	Other	Current	Non-current				
<b>31 December 2021</b>								
Maximum net credit risk as of the balance sheet date <sup>(1)</sup>	34,942	5,537,863	1,193,566	685,077	411,992	12,853,639	1,610,516	-
The part of maximum risk under guarantee	-	3,729,657	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired <sup>(2)</sup>	34,942	4,560,642	1,193,566	685,077	411,992	12,853,639	1,610,516	-
B. Net book value of financial assets that are due but not impaired <sup>(2)</sup>	-	977,221	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross book value)	-	3,010,235	3,123	-	-	-	-	-
- Impairment (-)	-	(3,010,235)	(3,123)	-	-	-	-	-
- Not due (gross book value)	-	131,431	-	-	-	-	-	-
- Impairment (-)	-	(131,431)	-	-	-	-	-	-
D. Credit risk factors off balance sheet	-	-	-	-	-	-	-	-

##### Maturity of Expected Credit Loss

	Not due	Overdue Up to 1 months	Overdue 1-3 months	Overdue more than 3 months	Total
<b>31 December 2021</b>					
Balance at period end	4,727,015	615,830	280,698	3,090,928	8,714,471
Credit loss rate (%)	3%	5%	40%	93%	36%
Expected credit losses	(131,431)	(31,401)	(112,407)	(2,866,427)	(3,141,666)

<sup>(1)</sup> The factors such as collaterals received, that increase the credit reliability, have not been taken into consideration in determination of the amount.

<sup>(2)</sup> Amounts have been subjected to impairment in accordance with IFRS 9.

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors (Continued)

###### 27.2.1 Credit risk management (Continued)

##### Credit risk exposure based on financial instrument categories (Continued)

	Receivables				Bank deposits	Financial assets excluding cash	Derivatives	Financial investments
	Trade receivables		Other receivables					
	Related party	Other	Current	Non-current				
<b>31 December 2020</b>								
Maximum net credit risk as of the balance sheet date <sup>(1)</sup>	17,796	2,925,872	588,922	933,739	588,571	11,469,960	36,129	126,108
The part of maximum risk under guarantee	-	2,892,816	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired <sup>(2)</sup>	17,796	2,189,458	588,922	933,739	588,571	11,469,960	36,129	126,108
B. Net book value of financial assets that are due but not impaired <sup>(2)</sup>	-	736,414	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-	-
- Past due (gross book value)	-	2,683,854	3,123	-	-	-	-	-
- Impairment (-)	-	(2,683,854)	(3,123)	-	-	-	-	-
- Not due (gross book value)	-	66,666	-	-	-	-	-	-
- Impairment (-)	-	(66,666)	-	-	-	-	-	-
D. Credit risk factors off balance sheet	-	-	-	-	-	-	-	-

##### Maturity of Expected Credit Loss

	Not due	Overdue Up to 1 months	Overdue 1-3 months	Overdue more than 3 months	Total
<b>31 December 2020</b>					
Balance at period end	2,273,920	455,603	300,991	2,663,674	5,694,188
Credit loss rate (%)	3%	10%	41%	94%	48%
Expected credit losses	(66,666)	(45,547)	(123,940)	(2,514,367)	(2,750,520)

<sup>(1)</sup> The factors such as collaterals received, that increase the credit reliability, have not been taken into consideration in determination of the amount.

<sup>(2)</sup> Amounts have been subject to impairment in accordance with IFRS 9.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors (Continued)

###### 27.2.2 Liquidity risk management

The Group aims to maintain an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The maturities of the financial liabilities determined with respect to the contracts including the expected interest payments as of 31 December 2021 and 31 December 2020 are as follows:

Maturity analysis of non-derivative financial liabilities	31 December 2021						
	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Payable on demand (I)	Less than 3 months (II)	3-12 months (III)	1-5 years (IV)	More than 5 years (V)
<b>Non-derivative financial liabilities</b>							
Financial liabilities	10,716,220	15,128,469	-	4,056,426	4,228,256	6,843,787	-
Trade payables	3,981,140	3,981,140	-	3,981,140	-	-	-
Other payables	2,888,202	2,888,202	2,439,314	448,888	-	-	-
Other financial liabilities	575,991	575,991	-	41,794	76,593	264,069	193,535
<b>Total liabilities</b>	<b>18,161,553</b>	<b>22,573,802</b>	<b>2,439,314</b>	<b>8,528,248</b>	<b>4,304,849</b>	<b>7,107,856</b>	<b>193,535</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors (Continued)

###### 27.2.2 Liquidity risk management (Continued)

Maturity analysis of non-derivative financial liabilities	31 December 2020						
	Carrying value	Total cash outflow according to contract (I+II+III+IV)	Payable on demand (I)	Less than 3 months (II)	3-12 months (III)	1-5 years (IV)	More than 5 years (V)
<b>Non-derivative financial liabilities</b>							
Financial liabilities	9,762,300	15,256,665	-	1,291,750	2,495,176	11,469,739	-
Trade payables	1,914,357	1,914,357	-	1,914,357	-	-	-
Other payables	2,579,077	2,579,077	2,085,433	493,644	-	-	-
Other financial liabilities	409,126	409,126	-	24,580	44,163	188,956	151,427
<b>Total liabilities</b>	<b>14,664,860</b>	<b>20,159,225</b>	<b>2,085,433</b>	<b>3,724,331</b>	<b>2,539,339</b>	<b>11,658,695</b>	<b>151,427</b>

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors

##### 27.2.3 Market risk management

##### 27.2.3.1 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed by adjusting the unit price/tariff of the energy sold.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is disclosed below.

	31 December 2021		
	Total TL equivalent	USD TL equivalent	EUR TL equivalent
Cash and cash equivalents	212,389	174,250	38,139
Trade receivables	10,367	5,238	5,129
<b>Total assets</b>	<b>222,756</b>	<b>179,488</b>	<b>43,268</b>
Financial liabilities <sup>(1)</sup>	(213,597)	-	(213,597)
Other financial liabilities	(575,991)	-	(575,991)
Trade payables	(675,513)	(571,348)	(104,165)
<b>Total liabilities</b>	<b>(1,465,101)</b>	<b>(571,348)</b>	<b>(893,753)</b>
Net foreign currency asset position of off-balance sheet derivative	1,184,172	413,119	771,053
<b>Net foreign currency asset position</b>	<b>(58,173)</b>	<b>21,259</b>	<b>(79,432)</b>
Cash flow hedging <sup>(2)</sup>	4,779,286	4,779,286	-
<b>Net foreign currency position after cash flow hedging</b>	<b>4,721,113</b>	<b>4,800,545</b>	<b>(79,432)</b>

<sup>(1)</sup> Foreign currency risk associated with the EUR denominated borrowing of the Group are fully hedged through foreign currency swap instrument.

<sup>(2)</sup> Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost, unit price investments and USD denominated energy purchases which are highly probable in the future. Since it will arise with the realization of highly probable FIT cost, unit price investments and USD denominated energy purchases in the future, relevant trade payables amounts are not included in this table. The total of those forward exchange contracts amounting to TL 4,779,286 is included at cash flow hedging in the foreign currency position table.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors (Continued)

##### 27.2.3 Market risk management (Continued)

##### 27.2.3.1 Foreign currency risk management (Continued)

	31 December 2020		
	Total TL equivalent	USD TL equivalent	EUR TL equivalent
Cash and cash equivalents	17,009	8,235	8,774
Trade receivables	4,684	3,207	1,477
Advances given	126,108	-	126,108
<b>Total assets</b>	<b>147,801</b>	<b>11,442</b>	<b>136,359</b>
Financial liabilities <sup>(1)</sup>	(127,395)	-	(127,395)
Other financial liabilities	(409,126)	-	(409,126)
Trade payables	(282,751)	(241,693)	(41,058)
<b>Total liabilities</b>	<b>(819,272)</b>	<b>(241,693)</b>	<b>(577,579)</b>
Net foreign currency asset position of off-balance sheet derivative	929,787	433,461	496,326
<b>Net foreign currency (liability) position</b>	<b>258,316</b>	<b>203,210</b>	<b>55,106</b>
Cash flow hedging <sup>(2)</sup>	1,425,756	1,425,756	-
<b>Net foreign currency position after cash flow hedging</b>	<b>1,684,072</b>	<b>1,628,966</b>	<b>55,106</b>

<sup>(1)</sup> The Group has invested on EUR government bond with the same maturity of EUR bank loan borrowed on the same date. There is no foreign currency risk related to this transaction.

<sup>(2)</sup> Cash flow hedging includes forward exchange contracts in order to mitigate foreign exchange rate risk arising from FIT cost and USD denominated energy purchases which are highly probable in the future. Since it will arise with the realization of highly probable FIT cost and USD denominated energy purchases in the future, relevant trade payables amounts are not included in this table. The total of those forward exchange contracts amounting to TL 1,425,756 is included at cash flow hedging in the foreign currency position table.

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors (Continued)

##### 27.2.3 Market risk management (Continued)

##### 27.2.3.1 Foreign currency risk management (Continued)

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and EUR.

The following table details the Group's sensitivity to a 10% increase and decrease in the TL against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss before taxation on income where the TL strengthens against the relevant currency.

	1 January - 31 December 2021			
	Profit/Loss		Other Comprehensive Income and Expense	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(39,186)	39,186	-	-
Hedged items (-)	41,312	(41,312)	477,929	(477,929)
<b>USD net effect</b>	<b>2,126</b>	<b>(2,126)</b>	<b>477,929</b>	<b>(477,929)</b>
Change in EUR against TL by 10%				
EUR net assets/liabilities	(85,049)	85,049	-	-
Hedged items (-)	77,105	(77,105)	-	-
<b>EUR net effect</b>	<b>(7,944)</b>	<b>7,944</b>	-	-

## ENERJISA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors (Continued)

##### 27.2.3 Market risk management (Continued)

##### 27.2.3.1 Foreign currency risk management (Continued)

	1 January - 31 December 2020			
	Profit/Loss		Other Comprehensive Income and Expense	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
USD net assets/liabilities	(23,025)	23,025	-	-
Hedged items (-)	43,346	(43,346)	142,576	(142,576)
<b>USD net effect</b>	<b>20,321</b>	<b>(20,321)</b>	<b>142,576</b>	<b>(142,576)</b>
Change in EUR against TL by 10%				
EUR net assets/liabilities	(44,122)	44,122	-	-
Hedged items (-)	49,633	(49,633)	-	-
<b>EUR net effect</b>	<b>5,511</b>	<b>(5,511)</b>	-	-

##### 27.2.3.2 Interest rate risk management

As of 31 December 2021 and 31 December 2020, the Group has no floating interest rate risk although the Group has CPI indexed bond obligation since the revenues under the concession agreement are also indexed to CPI.

As of 31 December 2021, the Group has TLREF indexed loans and bond with floating interest rate risk. Interest rate risk arising from those loans are managed through perpetually monitoring and analyzing market interest rates and carrying out sensitivity analysis for interest rate changes in order to monitor possible cost changes within the scope of risk management activities.

##### Fair value of financial instruments

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.

##### Categories of financial instruments and fair values

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values.



## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 27 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

##### 27.2 Financial risk factors (Continued)

##### 27.2.3 Market risk management (Continued)

##### Categories of financial instruments and fair values (Continued)

The carrying values of cash and cash equivalents are estimated to be at their fair values since they have short term maturities and have little impairment risk.

The carrying value of trade receivables and other receivables which are both discounted and provided provision for doubtful receivables are estimated to be at their fair values.

The amortized cost of financial liabilities with fixed interest rate are considered to approximate their carrying values. The fair value of financial liabilities with variable interest rates are considered to be equivalent to the carrying amount due to the expectation that the floating interest rate will change accordingly with the market interest rates.

Discounted values of trade payables and other payables are assumed to approximate their respective carrying values.

In the consolidated financial statements, derivative instruments are the only item that is recognized at fair value. The fair value of derivative instrument is determined by using valuation technique, which can be regarded as Level 2.

##### 27.2.3.2 Interest rate risk management

##### Assets and liabilities subject to valuation and fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The classification of the Group's financial assets and liabilities at fair value is as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

In the consolidated balance sheet, derivative financial instrument is recognized at fair value. The fair value of derivative financial instrument is determined by using valuation technique, which can be regarded as Level 2.

The following table gives information about how the fair values of financial instruments subject to valuation are determined.

Financial assets/ (Financial liabilities)	Fair value/revalued amount		Fair value hierarchy	Valuation technique and key input	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2021	31 December 2020				
	Derivative financial instruments	1,564,380				

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
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#### NOTE 28 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS

	31 December 2021	31 December 2020
Cash at banks	411,992	588,571
Demand deposits	193,317	171,715
Time deposits	218,675	416,856
	<b>411,992</b>	<b>588,571</b>

As at 31 December 2021, TL 122,917 of the Group's demand deposits are blocked at different banks (31 December 2020: TL 126,729). These blocked deposits are related to the collections made through bank branches which are made available for use by banks 1 or 2 days after the collection depending on the agreements with related banks.

As at 31 December 2021 time deposits consist of short term TL 69,390 and USD 11,200 balances (31 December 2020: TL 410,551 and EUR 700) with maturities between 3 - 5 days (31 December 2020: 4 - 7 days). The weighted average effective interest rates of TL and USD time deposits are 20.94% and 0.60% respectively as at 31 December 2021 (31 December 2020: weighted average effective interest rate 18.65% and 0.10% respectively).

Details of "Other adjustments to reconcile profit/(loss)" that presented on cash flow statement as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Adjustments related to interest (income)/expense based on revenue cap regulation (Note 22)	(56,312)	(29,918)
Adjustments related to financial income from service concession arrangements (Note 10, 19)	(2,950,583)	(2,069,123)
Adjustments related to revaluation differences arising from deposits (Note 22)	306,136	161,909
	<b>(2,700,759)</b>	<b>(1,937,132)</b>

## ENERJİSA ENERJİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts expressed in thousands of Turkish Lira ("TL"), unless otherwise indicated.  
(Currencies other than TL are also expressed in thousands unless otherwise indicated.)

#### NOTE 28 - EXPLANATORY NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

Details of "Other cash in-flows generated from operating activities" that presented on cash flow statement as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Net collections from financial assets related to service concession arrangements	4,364,519	2,254,395
Capital expenditures reimbursements (Note 10)	2,555,978	1,341,622
WACC reimbursements (Note 10)	1,808,541	912,773
Collections from doubtful trade receivable (Note 6)	165,828	177,479
	<b>4,530,347</b>	<b>2,431,874</b>

Details of "Other cash-out flows from investing activities" that presented on cash flow statement as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Capital expenditures related to service concession arrangements	(2,749,691)	(1,845,241)
	<b>(2,749,691)</b>	<b>(1,845,241)</b>

#### NOTE 29 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/INDEPENDENT AUDIT COMPANY

The Group's explanation regarding the fees for the services rendered by the independent audit firm, which is prepared based on the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA)'s Board Decision published in the Official Gazette on 30 March 2021, and the preparation principles of which are based on the letter of POA dated 19 August 2021 are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Audit services	1,220	946
Other assurance services	72	63
	<b>1,292</b>	<b>1,009</b>

Fees are determined by including all subsidiaries' statutory audit and other related service fees.

#### NOTE 30 - EVENTS AFTER THE REPORTING DATE

Applicable from 1 January 2022, EMRA has announced that single-time retail sales tariff reflected to the end user according to customer groups in national tariff has been increased between 68% - 184% and distribution tariff to be applied to all customer groups has been increased by 24.3%. The final tariff reflected to the end user has been increased between 50% - 125%.

Applicable from 1 January 2022, EMRA has announced that the graded national tariff is applicable for the residential tariff group. The average daily consumption limit considered as 5 kWh is revised as 7 kWh as of 1 February 2022, and there has been no change in the unit prices.

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## TRADE REGISTRY INFORMATION

### TRADE REGISTRY NUMBER

800865

### TRADE NAME

ENERJİSA ENERJİ ANONİM ŞİRKETİ

### ADDRESS

Barboros Mahallesi, Begonya Sok. Nida Kule,  
Ataşehir Batı Sitesi, No: 1/1, Ataşehir 34748  
İstanbul-TURKEY

### PAID IN CAPITAL

TL 1,181,068,967.12

### REGISTERED PAID IN CAPITAL

TL 4,000,000,000.00

### TRADE REGISTRY DATE

21/12/2011

### MERSIS NO

0335042909900015

