

# 2018

## SUSTAINABILITY REPORT





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# ABOUT THE REPORT

The 2018 Sustainability Report, the first sustainability report of Enerjisa Enerji A.Ş.<sup>1</sup>, includes our environmental, social and corporate governance performance in 14 provinces in which we offer electricity distribution and retail sales operations. This Sustainability Report covers the period of January 1, 2018, to December 31, 2018 and has been prepared in accordance with the GRI Standards: Core option.<sup>2</sup>

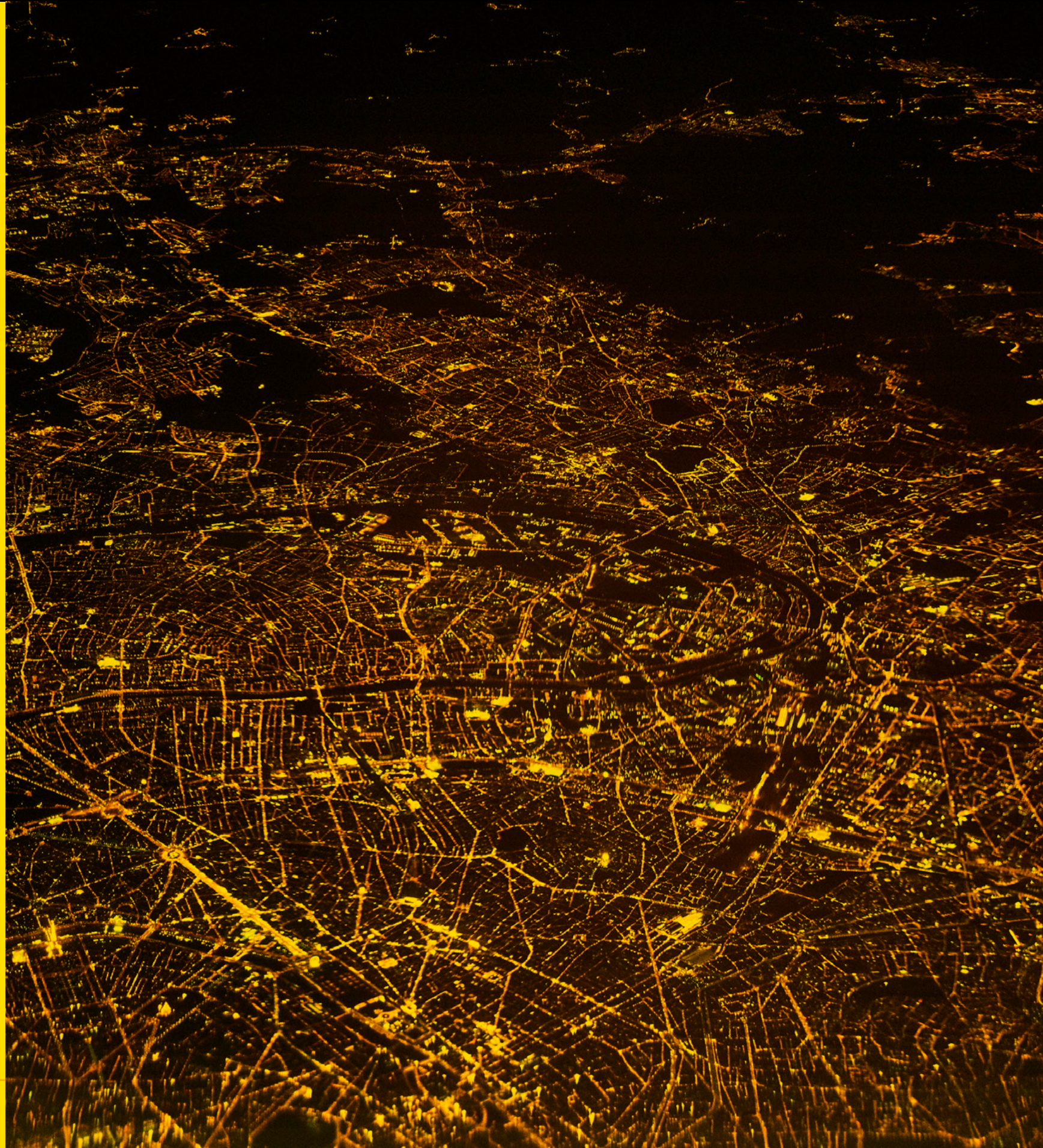
To demonstrate our performance in a substantive, measurable and comparable manner, we provide last 3 years' data for certain areas.

We performed a stakeholder analysis in accordance with the international AccountAbility AA1000 Stakeholder Engagement Standard (AA1000SES) and collected the opinions of both internal and external stakeholders to determine the focus areas of the report. Their insights helped us identify our strategic material issues.

Please send your questions, comments and suggestions regarding the report to [sustainability@enerjisa.com](mailto:sustainability@enerjisa.com)

<sup>1</sup> Electricity distribution and retail activities are carried out by Başkent Elektrik Dağıtım A.Ş., İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., Toroslar Elektrik Dağıtım A.Ş., Enerjisa Başkent Elektrik Perakende Satış A.Ş., Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. and Enerjisa Toroslar Elektrik Perakende Satış A.Ş., which operate under parent company Enerjisa Enerji A.Ş. Additionally, Enerjisa Müşteri Çözümleri A.Ş. was established on December 29, 2017 to operate in the areas of customer solutions and distributed generation.

<sup>2</sup> Global Reporting Initiative







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Yellow box on the navigation indicates the current section you are in.



You can click the section names on the navigation bar to switch.



Orange arrow indicates the clickable texts.



You can go through pages by clicking the arrows.

ORANGE

You can click on the **orange texts** to reach the related sections or external links.



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# CHAIRMAN'S MESSAGE

Dear Stakeholders,

The year 2018 saw the major influence of socio-economic developments and global trends on various industries and the energy industry was no exception. In response to changing market conditions and global trends, we adopt a strategic and solid management approach with a sustainability focus. As the leading player in the industry, we continue to prioritize efficiency and customer satisfaction, focusing on providing the best experience to our customers.

The initial public offering held in the first quarter of 2018 attracted a great deal of interest, especially from international investors. It was a clear indicator of trust in Enerjisa Enerji. As Turkey's leading company in electricity distribution and retail, we take responsibility by ensuring financial sustainability and creating environmental and social value for all our stakeholders to maintain their trust in us.

The digital transformation of energy management and the uninterrupted supply of energy are critical to both society and the industry. We continue our investments to ensure the continuity of energy supply. In addition to technical improvements of all superstructure and infrastructure, we carry out innovative risk management and security practices,

which are an important part of our business. The Sustainable Development Goals set by the United Nations guide us in implementing sustainability.

I am happy to share our sustainability approach and the environmental, social, economic and governance aspects of our activities through our first sustainability report.

We have begun this journey to provide Turkey's Energy and we will continue to add value to our country. I would like to thank all our stakeholders and especially our employees for their significant contributions in our success.

## Kıvanç Zaimler

Enerjisa Enerji Chairman



**“We will continue working to meet the expectations of all our stakeholders and with our belief in the future of Turkey, will keep adding value and energy.”**





# CEO'S MESSAGE

Dear Stakeholders,

By managing Turkey's largest electricity distribution and retail network, we are creating added value in a wide ecosystem. In 2018, we continued our operational and financial growth, leaving behind a successful year behind. However, we believe that our success becomes meaningful with strong sustainability performance beyond the financial performance.

With approximately 10,000 employees, we provide electricity distribution and retail services to 21 million users in 14 provinces, creating social benefits for all our stakeholders and reducing our environmental impacts. In this regard, we are pleased to share our first Sustainability Report, which transparently covers our financial, social, environmental and governance activities.

In 2018, we completed Turkey's biggest private sector public offering. We have achieved significant improvement in transparency and institutionalization with the IPO of the company. In this respect, we have identified our strategic material issues for the first time with a broad stakeholder analysis. We have also established a Sustainability Committee managed by the Executive Leadership Team.

The focus of our operations is on operational excellence and a customer-oriented approach. In 2018, one of our most important areas of focus was digitalization and we implemented the Net Promoter Score (NPS) and Customer Satisfaction (CSAT) systems in order to track end-to-end customer satisfaction.

We respond proactively to the trends affecting our industry, while creating pioneering collaborations and opportunities. In this context, we have acquired the majority stake of Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş., the leading electric vehicle (EV) charging infrastructure and network operation solution provider in Turkey. We have taken an important step in creating value in sustainable transportation and next-generation energy systems.

We carry out projects that contribute to the fight against climate change in the entire value chain and raise awareness. Under the umbrella of next New Generation Energy Solutions, we enable users to reduce energy consumption with products such as Smart Home System and Smart Box. We are preparing our company for the future by conducting research on smart grids which enable compatibility of renewable energy systems with the electrify infrastructure.

With our high growth potential, we aim to become a success story in the Turkish energy industry in the upcoming period and set an example globally. In this respect, we aim to bring new business models to Turkey and the industry to provide the greatest benefit to all of our stakeholders by utilizing the newest technologies. I would like to thank all of our stakeholders, particularly our employees, who always support us on this journey.

## Ziya Erdem

Enerjisa Enerji CEO



**“This successful public offering, which is a milestone for our company, is also a significant step towards the institutionalization and transparency of our sector and yet gives us another responsibility.”**





MANAGEMENT  
MESSAGES

ABOUT  
ENERJİSA

CORPORATE  
GOVERNANCE

OCCUPATIONAL HEALTH  
AND SAFETY

ENVIRONMENTAL  
IMPACTS

STAKEHOLDER  
RELATIONS

EMPLOYEES

CUSTOMERS

SOCIETY

SUPPLY CHAIN  
MANAGEMENT

APPENDICES



# 01

## ABOUT ENERJİSA

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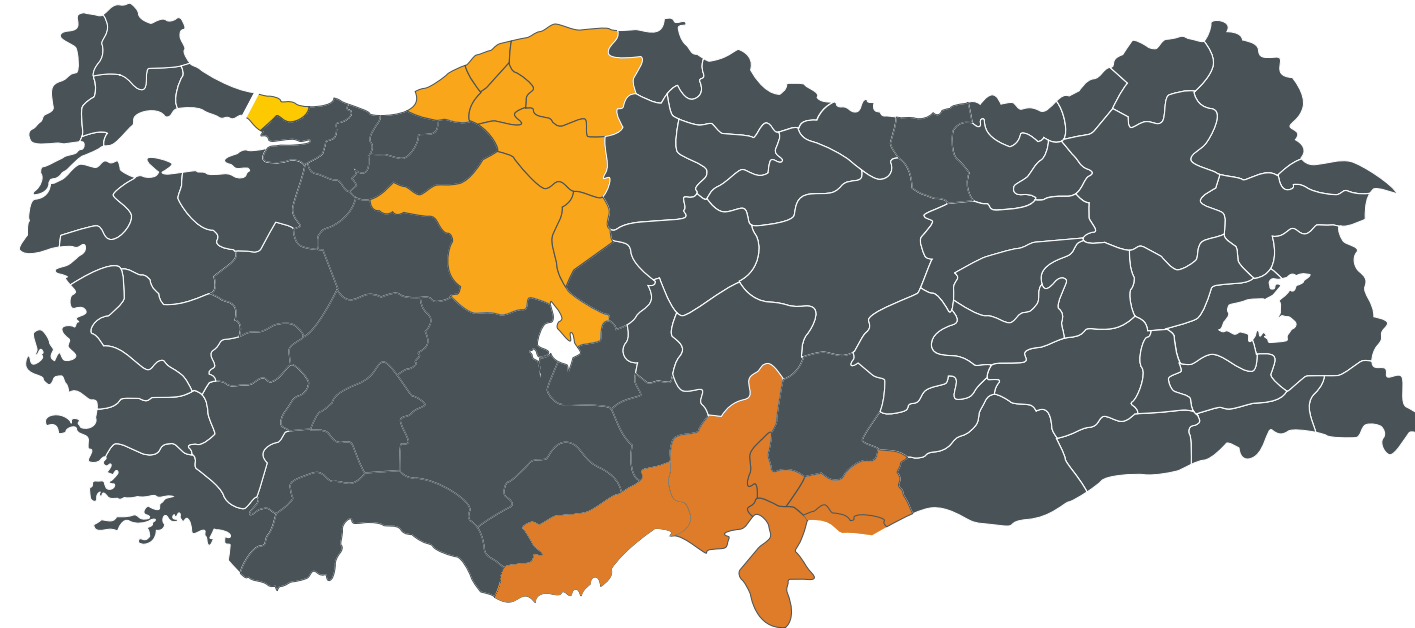
**Our responsibility is  
to provide electricity  
a basic need of daily life,  
to 21 million people in  
14 cities of Turkey.**





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# ENERJİSA AT A GLANCE



Başkent

Ankara, Bartın, Çankırı, Karabük,  
Kastamonu, Kırıkkale, Zonguldak

AYEDAŞ

İstanbul - Anatolia

Toroslar

Adana, Gaziantep, Hatay,  
Kilis, Mersin, Osmaniye

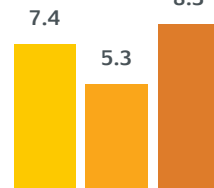
Other  
Regions

POPULATION  
OF TURKEY  
82 MILLION

74.3%  
Other  
Companies



25.7%  
Enerjisa



million

Population

21  
million

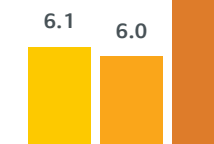
THEFT  
AND LOSS  
AVERAGE

(2017)

Source: TEDAŞ, 2017

15%  
Average T&L  
Rate in Turkey

8.1%  
Enerjisa  
Companies



Theft & Loss

8%  
3 Region  
Theft/Loss Average  
(2018)

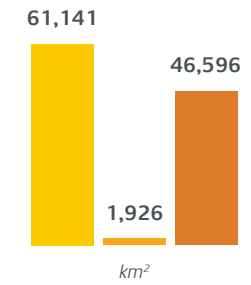
## DISTRIBUTION COMPANIES IN NUMBERS

LAND AREA  
OF TURKEY  
783,562 KM<sup>2</sup>

86%  
Other  
Companies



14%  
Enerjisa



km<sup>2</sup>

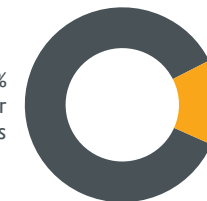
Area

109,663  
km<sup>2</sup>

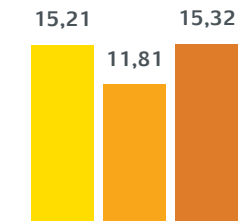
TOTAL  
ELECTRICITY  
DISTRIBUTION  
OF TURKEY  
171,53 TWH

(2017)

76%  
Other  
Companies



24%  
Enerjisa



TWh

Distributed Electricity  
(Net)

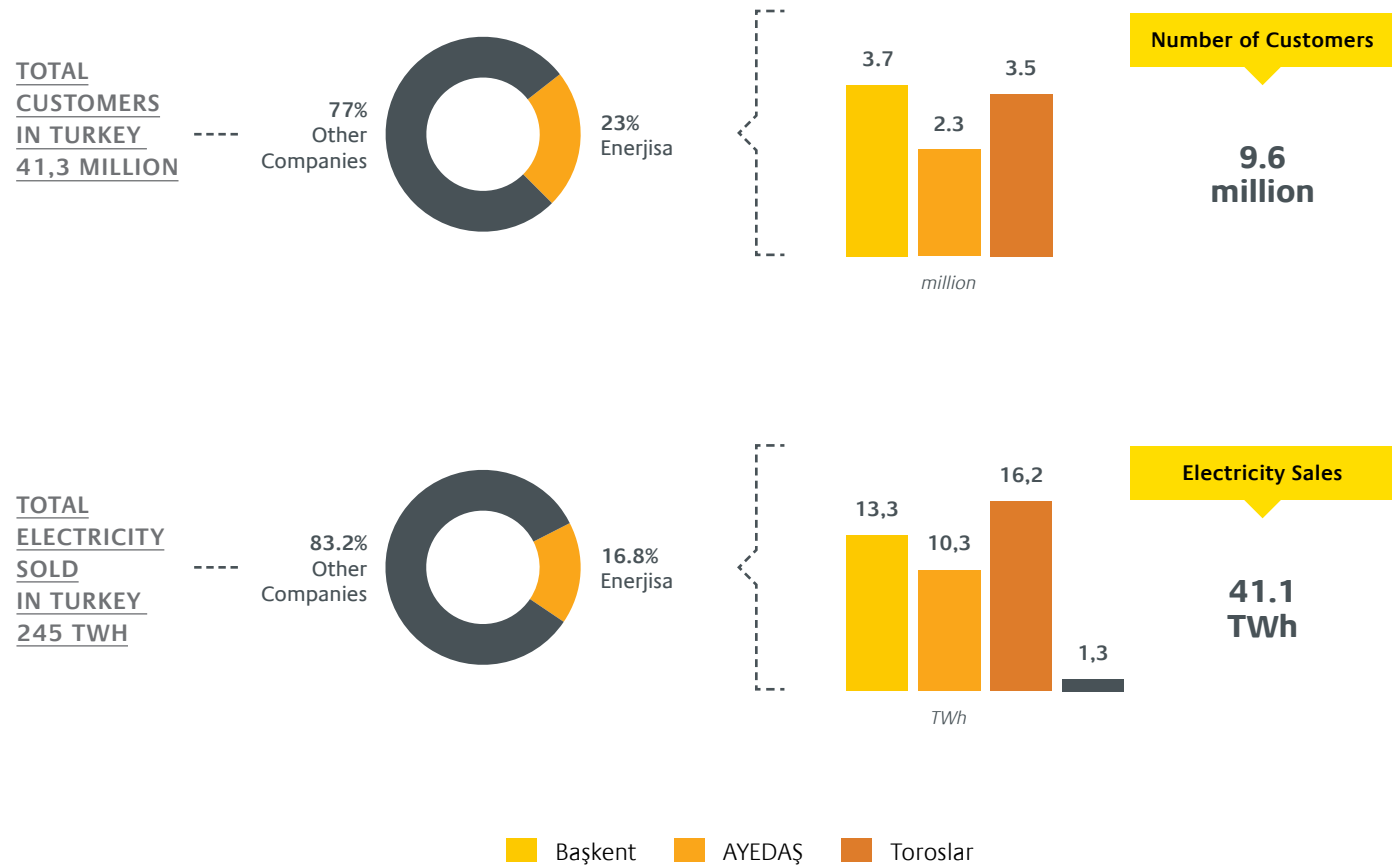
42.4  
TWh



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# ENERJİSA AT A GLANCE

## RETAIL SALES ACTIVITIES



## RECENT HIGHLIGHTS

2017

We successfully completed our corporate restructuring and continued preparations for public offering. As part of this process, we adopted necessary policies and established committees to comply with the corporate governance principles prior to the IPO. We completed preparation of Corporate Governance Compliance Report prior to the legal reporting deadline.

April 2018

We have acquired the majority stake of Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj), the leading electric vehicle (EV) charging infrastructure and network operation solution provider in Turkey.

June 2018

We were included in the FTSE All-World Index.

February 2018

The company has started trading on Borsa Istanbul in the BIST Stars and BIST 30 indexes. We offered 20% of our shares to the public and with high investor interest during the book-building period, we attracted an oversubscription of 4.8 times. Our IPO has become the largest private sector public offering in Turkey's TRY basis, as well as a first for the private sector in the electricity distribution and retail sector.

November 2018

We were included in the MSCI Small Cap (Turkey) Index.

March 2019

We signed the United Nations' Women's Empowerment Principles.

April 2019

We identified our material sustainability issues with broad stakeholder participation and in accordance with the international standards.

May 2019

We launched the Sustainability Committee.





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# ABOUT ENERJİSA

**We are the leading company in Turkey's electricity sector with two core business areas: electricity distribution and retail. With a team of approximately 10,000 employees, we serve 21 million users in 14 provinces through nearly 300 customer service points, extensive field teams, via internet and on mobile platforms.**

As of December 31, 2018, we have around 11 million network connections, approximately 26% of all network connections in Turkey and 9.6 million customers, about 23% of the Turkish retail electricity market.

Enerjisa Enerji A.Ş. conducts electricity distribution and retail sales through:

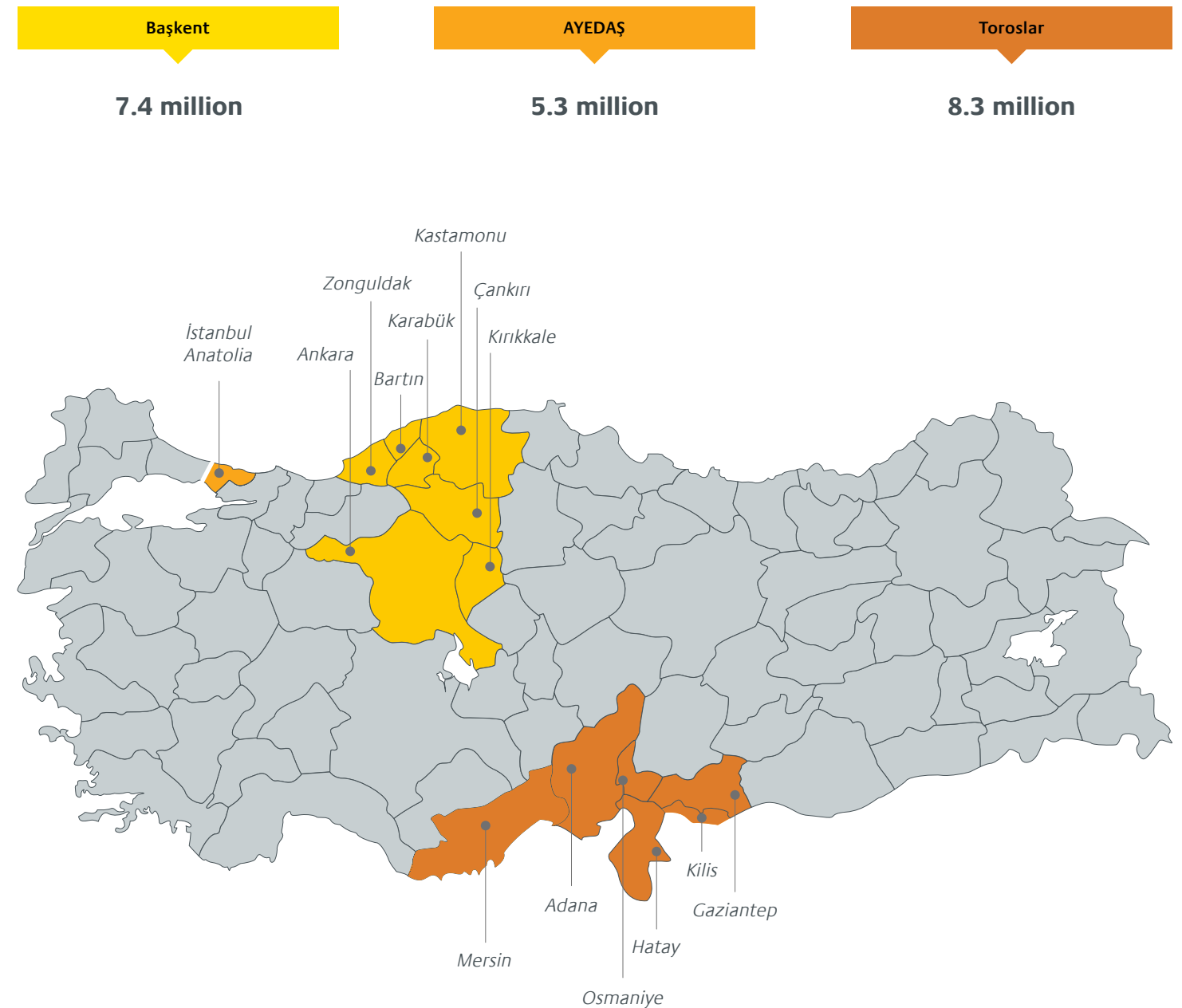
- Başkent Elektrik Dağıtım A.Ş. (Başkent EDAŞ) and Enerjisa Başkent Elektrik Perakende Satış A.Ş. (Başkent EPSAŞ) in the Başkent Region, which covers the provinces of Ankara, Zonguldak, Kastamonu, Kırıkkale, Karabük, Bartın and Çankırı.
- İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (AYEDAŞ) and Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. (AYESAŞ) in the AYEDAŞ Region, which covers districts on the Asian side of İstanbul.
- Toroslar Elektrik Dağıtım A.Ş. (Toroslar EDAŞ) and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. (Toroslar EPSAŞ) in the Toroslar Region, which covers the provinces of Adana, Gaziantep, Mersin, Hatay, Osmaniye and Kilis.

Our electricity distribution operations are managed by Başkent EDAŞ, AYEDAŞ and Toroslar EDAŞ, while electricity retail operations are run by Başkent EPSAŞ, AYESAŞ and Toroslar

EPSAŞ. The electricity distribution companies' operations are limited to their respective regions defined in their licenses. The retail companies, on the other hand, exclusively sell electricity to regulated customers in their regions as their energy supplier, but they can also provide services to eligible customers across Turkey without regional limitations. We operate in the capital Ankara; the Asian side of İstanbul, the largest city in Turkey; and major industrial and commercial cities with high population density, such as Adana, Gaziantep and Mersin.

In addition to electricity distribution and retail sales, in December 2017, we established Enerjisa Müşteri Çözümleri A.Ş. to provide customer-oriented marketing services, develop products and services suitable for the industry and operate in energy management and consultancy.

Enerjisa Enerji became the controlling shareholder of Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj) in 2018 by acquiring the majority of the company's shares. Besides our leadership in distribution and retail sales in the electricity industry, we aim to play an active role in the transformation of the industry with this acquisition, by undertaking an innovative and pioneering role.





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# FINANCIAL PERFORMANCE

**In 2018, we maintained our track record of high earnings growth. Our consolidated operational earnings (EBITDA + CAPEX reimbursements excluding exceptional items) increased by 50% to TRY 3,845 million from 2,565 million.**

We consider profitable and sustainable growth to be strategically important in contributing to sustainable economic development in Turkey. Therefore, we support the local economy and employment in 14 provinces. In 2018, we demonstrated effective financial sustainability performance with operational earnings of TRY 3,490 million in the distribution segment and TRY 389 million in the retail segment. Additionally, our consolidated underlying net income increased 40% compared to last year and reached to TRY 730 million in 2018.

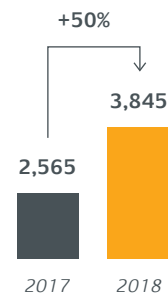
**We completed the largest private sector public offering in Turkey by making 20% of our shares available to the public on February 8, 2018 and started trading on Borsa Istanbul in the BIST Stars and BIST 30 indexes.** We have been included in the FTSE All-World Index in June 2018 and in the MSCI Small Cap (Turkey) Index in November 2018.

In 2017, the Board of Directors decided to distribute TRY 0.30 per share and TRY 354,320,690.14 as dividend in total. This dividend amount corresponds to 68% of the underlying net income, which was TRY 522 million in 2017.

For 2018 fiscal year, the Board decided to distribute cash dividend amounting to TRY 0.40 per share. This dividend payment corresponds to a payout ratio of 65% of the underlying net income of TRY 730 million for the 2018 fiscal year and is therefore in line with the communicated dividend policy of 60-70% of underlying net income.

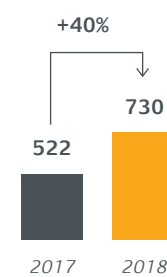
## Consolidated Operational Earnings

(TL million)

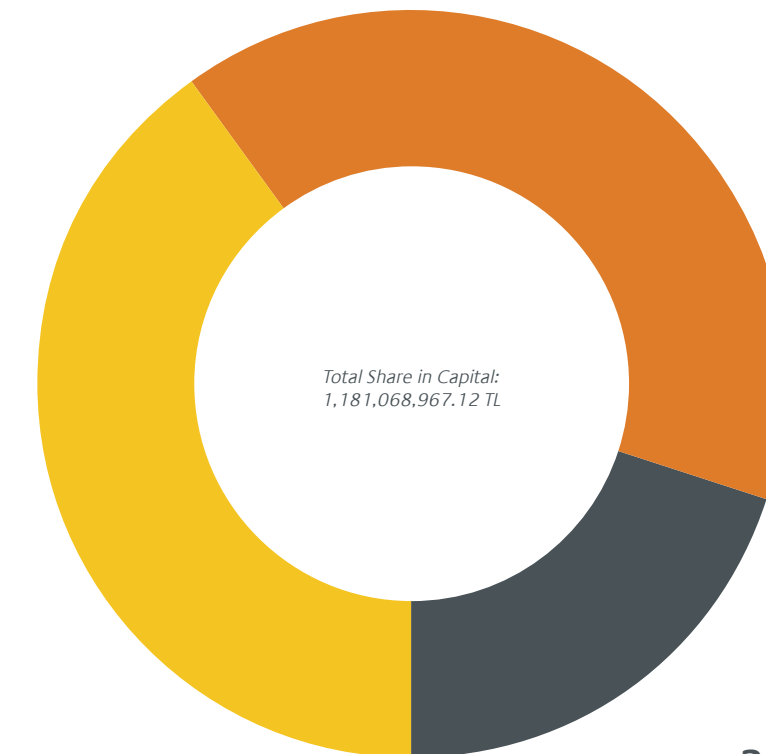


## Consolidated Underlying Net Income

(TL million)



## Shareholder Structure



**40%**  
Hacı Ömer Sabancı  
Holding A.Ş.

Share in Capital: 472,427,587.56 TL  
Voting Right: 40.00%

**40%**  
DD Turkey  
Holdings S.A.R.L.

Share in Capital: 472,427,587.56 TL  
Voting Right: 40.00%

**20%**  
Free Float

Share in Capital: 236,213,792.00 TL  
Voting Right: 20.00%

Sabancı Holding via the legal entity Hacı Ömer Sabancı Holding A.Ş. 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.



# ENERJİSA’S STRATEGIC PRIORITIES

Our top priorities include implementing new innovative ideas that add value to human life, growing with customer-oriented solutions and providing tailor-made services and solutions to customers by closely following the global technological developments.

As a result of the restructuring in 2017, we have revised our strategy and targets to become the first listed electricity distribution and retail company in Turkey. We intend to implement the following strategic initiatives:

- Capitalize on investment opportunities presented by the Turkish electricity distribution market and regulatory framework;
- Focus on operational and financial efficiency with a long-term management perspective;
- Benefit from the liberalization opportunity in the Turkish electricity retail market;
- Leverage our customer base into new services and customer solutions.

Following a successful IPO in February 2018, in line with the

strategies above, we exceeded the targets despite changing and challenging macro-economic conditions.

At Enerjisa, we see sustainability as an important tool in effective strategic management. As the growing population and urbanization boost the demand for electricity and energy, we strive to meet this demand by focusing on quality and customer-oriented service by utilizing the latest technologies. We assess the emerging opportunities that will arise in the future of energy sector with our customer oriented perspective and we focus on the innovations that will contribute to the development of our industry. All of the priority issues we have identified are helping us effectively assess investment opportunities in the electricity distribution market and provide new services and solutions to our customers by utilizing technological developments.

## WE CONTINUE TO INVEST

To ensure sustainable and high-quality energy supply in our distribution regions, we are working to renovate and improve the existing grid, as well as to establish the grids of the future. Our investment plans are determined through network analysis and topological surveys, zoning inspections (horizontal expansion zones, urban transformation, industrial zones, etc.) and field studies. Based on regional characteristics and planning criteria, we determine the short- and medium-term investment needs to improve network weaknesses and topology. In doing so, we perform detailed data analysis on the network's geographic model, current operating conditions, loading, failure, inventory data, zoning plans, regional development indicators and so on.

	2016	2017	2018
Investment Amounts (million TL)	1,599	1,573	1,605

When creating regional investment plans, we first determine urgent and mandatory investments such as meeting energy demands, eliminating threats to life and property, lighting, etc. After planning urgent and mandatory investments, we identify the needs for renovation and improvement in the network. We prioritize renovation and improvement investments based on several indicators such as the size of the assets in the network, their physical condition, total number of subscribers, subscriber growth rates, number and duration of power outages in the network, number of users affected by the outages, voltage drops and network failures.

Creating alternative supply sources, renovating deteriorated network and improving the grid are critical for ensuring uninterrupted energy and network sustainability.

## WE PROVIDE NEW SERVICES AND CUSTOMER SOLUTIONS

Our top priorities include implementing new innovative ideas that add value to human life, growing with customer-oriented solutions and providing tailor-made services and solutions to customers by closely following the global technological developments. In this regard, we are pioneering innovations in digital transformation and making our customers’ lives easier with our mobile applications.

We are exploring digital solutions and new service areas for the energy of the future. To pioneer this great transformation, we use systems that can manage big data and invest in new business models, technologies and innovations. For a more sustainable life, we promote the widespread use of electric and energy-efficient vehicles - the transportation technologies of the future. We also build the infrastructure for electric vehicle charging stations and strengthen our service model.

Our industry is the driving force behind industrial production and therefore, the economy. And we are aware of our responsibilities as a player in this strategic field. Hence, we have set significant goals such as **energy supply security, supply quality, energy competitiveness, predictability and sustainability.**

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# MATERIAL SUSTAINABILITY ISSUES

As a result of identifying priority areas that will guide our sustainability investments through a participatory stakeholder analysis, we put forward our priority issues matrix.

We identified priority areas that will guide our sustainability investments through a participatory stakeholder analysis and in accordance with the AA1000 AccountAbility Stakeholder Engagement Standard. We collected both the expectations of Enerjisa employees and the insights of our external stakeholders, including international organizations, financial institutions, affiliates, business partners and public institutions. We obtained employee opinions through a focus group workshop. To get external stakeholders’ opinions we used an online questionnaire. We then assessed the responses we received from 51% of stakeholders based on the external trends that lead to the energy and distribution/retail sector. Among the external trends we considered the global risks outlined by the World Economic Forum, insights that will define the future of the electricity industry, industry-specific material issues defined by Sustainability Accounting Standards Board (SASB) and Sustainable Development Goals.

While evaluating the priority of each area for Enerjisa, we addressed the strategy and targets of Enerjisa Enerji together with the strategies of its main shareholders, Sabancı Holding and E.ON and asked the opinions of the senior management, consisting of Enerjisa Enerji A.Ş. Leadership Team members. In addition, we draw upon impact analysis methodology, which is recommended by SASB in determining priority issues, allowing us to address each issue in terms of various impacts and opportunities. We evaluated significant risks and opportunities concerning finance, law, innovation and competition using this method, which is important for an integrated approach.

As a result of the study, we put forward our priority issues matrix, comprising high priority and very high priority issues.

THE SCOPE OF STAKEHOLDER ANALYSIS			
Stakeholder Group	Stakeholders	Tools	Methodology
External Stakeholders	<ul style="list-style-type: none"><li>Analysts</li><li>Press</li><li>Credit Rating Agencies</li><li>Think Tanks</li><li>Financial Institutions</li><li>Shareholders</li><li>Public Institutions and Regulatory Authorities</li><li>Customers</li><li>Competitors</li><li>Unions</li><li>NGOs</li><li>Suppliers and Business Partners</li><li>International Organizations</li><li>Universities</li><li>Investors</li><li>Local Governments</li></ul>	Stakeholder Analysis External Trend Analysis	<ul style="list-style-type: none"><li>Active Consultation (online surveys, research, etc.)</li><li>Literature Review</li></ul>
Internal Stakeholders	<ul style="list-style-type: none"><li>Employees</li><li>Subsidiaries</li><li>Senior Management</li></ul>	Analysis of Enerjisa Enerji Strategy and Targets Analysis of Sabancı Holding Strategy Analysis of E.ON Strategy SASB Four Factor Impact Analysis	<ul style="list-style-type: none"><li>One-on-one Meetings</li><li>Focus Groups</li><li>Online Surveys</li></ul>





# MATERIAL SUSTAINABILITY ISSUES

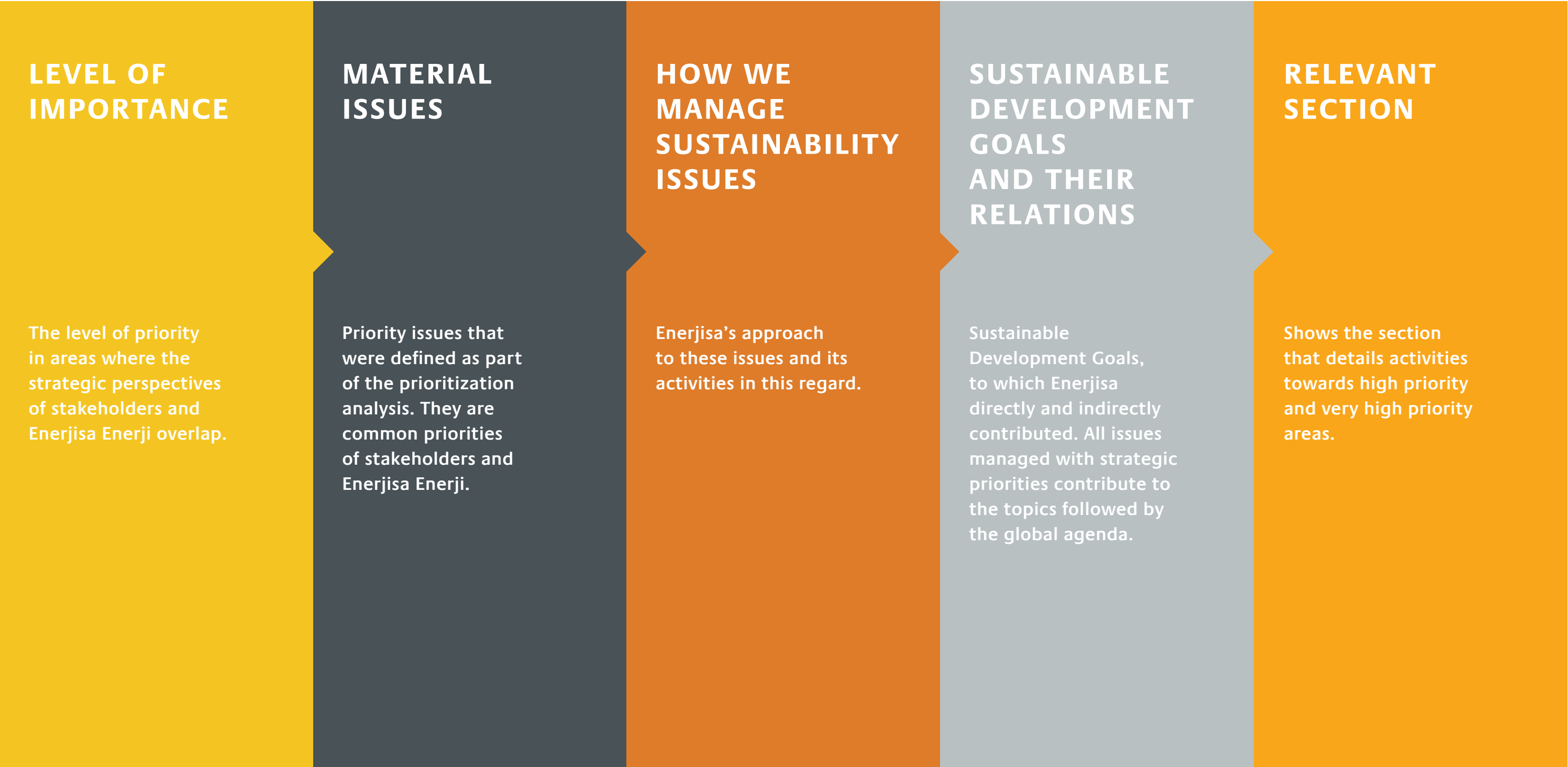


- 1. Uninterrupted Energy
- 2. Risk Management and Security in Energy Supply
- 3. Occupational Health and Safety
- 4. Financial Performance

- 5. Accessible Energy
- 6. Smart Technologies
- 7. Customer Satisfaction and Customer Orientation
- 8. Mobile Solutions
- 9. Talent Management
- 10. Stakeholder Communication
- 11. Electricity Theft & Loss
- 12. Climate Change and Carbon Management
- 13. Stakeholder Collaboration
- 14. Ethics and Transparency
- 15. Data Security
- 16. Countering Bribery and Corruption
- 17. Supporting Local Development
- 18. Employee and Human Rights
- 19. Waste Management
- 20. Employee Satisfaction and Loyalty
- 21. Water Management
- 22. Transparency in Energy Pricing
- 23. Gender Equality
- 24. Biodiversity







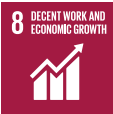
# MATERIAL SUSTAINABILITY ISSUES





# MATERIAL SUSTAINABILITY ISSUES

 In the text, you can click on the **ORANGE** phrases to reach the related section.

LEVEL OF IMPORTANCE	MATERIAL ISSUES	HOW WE MANAGE SUSTAINABILITY ISSUES	SDGs AND THEIR RELATIONS	RELEVANT SECTION
Very High Priority Areas	Uninterrupted Energy	<p>Continuous energy supply is at the heart of our business.</p> <p><b>Network Investments:</b> To ensure continuity in the energy supply, we make technical improvements in the entire infrastructure and superstructure.</p> <p>- To meet the energy demand mostly from renewable energy sources connected to the distribution network, we invest in new networks; - and modernize our current networks.</p> <p><b>New Technologies:</b> We develop projects to offer safe and uninterrupted energy to our customers by using the opportunity of innovative technologies.</p> <p><b>Storage Systems:</b> The need for intermediate storage systems in sources such as solar and wind energy directly concerns uninterrupted energy. We strive to establish storage systems for different purpose, structure and capacity in the distribution network and operate in accordance with their objectives.</p>	  	<p>We provide an uninterrupted energy supply with a customer-oriented approach. You can find out how we manage this process with our network investments, new technologies and innovative products and services in the <b>CUSTOMERS</b> section.</p>
	Risk Management and Security in Energy Supply	<p>Any problem that may arise in the electricity supply poses an important risk for our business and directly affects the lives of our customers.</p> <p><b>Risk Management:</b> We make risk assessments to avoid any problem that may interrupt the energy supply, such as safety issues at transformers.</p> <p><b>Innovative Applications:</b> We are developing innovative projects and applications using digitalization. We also make energy supply sustainable with smart meters and smart networks. Additionally, we also contribute to the urban infrastructure of the future.</p>		<p>We benefit from digitalization and implement the technologies of the future to prevent any problems that may arise in the electricity supply. You can find our risk management approach and our activities in this area in the <b>CORPORATE GOVERNANCE</b> and <b>CUSTOMERS (Innovative Applications)</b> sections.</p>
	Financial Performance	<p>A strong financial structure and performance are essential for us to implement our strategic priorities. We achieve financial sustainability by setting medium- and long-term goals, creating value for our investors and shareholders.</p>		<p>As a leading company in the industry, we strive to make our strong financial performance sustainable. You can find the economic value we create in the <b>ABOUT ENERJİSA</b> and <b>CORPORATE GOVERNANCE</b> sections.</p>
	Occupational Health and Safety	<p>Electricity delivery to end users poses high risks with regard to Occupational Health and Safety (OHS). Therefore, we consider OHS management as a natural and crucial part of our business and take measures to identify the factors that may lead to an accident. We promote our OHS culture among employees as well as contractors and business partners. We also ensure that all our equipment and processes comply with the international standards.</p>		<p>We consider OHS as an integral part of our business. You can find our OHS performance, which we continuously improve, in the <b>OCCUPATIONAL HEALTH AND SAFETY</b> section.</p>



MATERIAL SUSTAINABILITY ISSUES

In the text, you can click on the **ORANGE** phrases to reach the related section.

LEVEL OF IMPORTANCE	MATERIAL ISSUES	HOW WE MANAGE SUSTAINABILITY ISSUES	SDGs AND THEIR RELATIONS	RELEVANT SECTION
High Priority Areas	Accessible Energy	In parallel with the growing population and demand for electricity, we increase the amount delivered by strengthening our electricity infrastructure. We strive to ensure that all segments of society benefit from energy. Therefore, we deliver electricity to every point in our distribution regions. To meet each new demand, we expand our distribution network and our retail services across the country.		You can find our activities concerning access to electricity across Turkey in the <b>ABOUT ENERJİSA</b> and <b>CUSTOMERS</b> sections.
	Smart Technologies	Digital transformation and technologies are one of our most important strategic steps. We established a Digital Transformation Office to benefit from leading smart technologies such as augmented reality, artificial intelligence, block chain and chatbots. We carry out significant modernization and improvement works, especially in our distribution networks, thanks to our investments in smart technologies. We are also among the stakeholders of Turkey Smart Grids 2023 Vision and Strategy Roadmap, <a href="https://www.akillisebekelerturkiye.org/hakkinda">https://www.akillisebekelerturkiye.org/hakkinda</a>		You can find the improvements we achieved with smart technologies in the <b>CUSTOMERS</b> section.
	Customer Orientation and Customer Satisfaction	Building a customer-oriented culture and satisfying customer needs have become increasingly important with the advancing technology and increasing customer expectations. On top of that, people can now freely choose their supplier in the electricity retail industry. Therefore, we aim to offer the best services to our customers by continuously improving our products and services. With our customer-focused approach, we are developing exclusive services and products that keep up with the digitalizing world and utilize the cutting-edge technology.		You can find all our initiatives to improve customer satisfaction in the <b>CUSTOMERS</b> section.
	Mobile Solutions	We are contributing to new applications that stand out in the energy industry, such as energy storage systems, electric transportation and charging infrastructure. We closely follow the innovations in electric vehicle charging stations, electricity storage systems and systems that help consumers produce their own electricity.		You can find the products and services we develop for innovative business areas in the <b>CUSTOMERS</b> section.
	Talent Management	We give all employees the opportunity to discover, understand and appreciate themselves and use their skills in the most accurate and efficient way in support of self-actualization. We aim to develop our existing qualified employees and bring new talent to the company.		You can find the talent management programs we have developed to attract and retain talents at Enerjisa in the <b>EMPLOYEES</b> section.
	Stakeholder Communication	IPO process increased the importance of managing the requests and expectations of the stakeholders effectively. Following the public offering, we established the Investor Relations Department in 2018 to manage and strengthen the relationships with shareholders.  We obtain the insights of our stakeholders in all our processes. We also strive to strengthen our communication with communities in the regions we operate.		You can find our activities to protect the rights of shareholders in the <b>CORPORATE GOVERNANCE</b> section.  You can also read about the stakeholder communication tools that we use to manage the stakeholder dialogue in the <b>STAKEHOLDER RELATIONS</b> section.



# 2019 AND THE FUTURE OUTLOOK

As part of our stakeholder analysis, we discussed the trends that shape the industry with our stakeholders and identified the areas that affect the industry most. They also guide our future investments and are pivotal in our strategic approach.

Energy is an indispensable resource that allows us to sustain an uninterrupted, comfortable and modern life that accompanies every stage of our lives and is the most important leverage of socio-economic development in this sense. The use of electricity in many different areas, including education, health, transportation, infrastructure and agriculture, assigns a critical role to the electricity distribution and retail industries.

Technological developments, improving social welfare, increasing population and the growing middle class are stimulating the demand for energy around the world. The current world population of 7.6 billion is expected to reach 9.8 billion in 2050 according to the United Nations (UN).<sup>3</sup> Moreover, research shows that global energy consumption will increase by 28% by 2040.<sup>4</sup>

For the last 15 years, the Turkish energy industry has been undergoing restructuring and an intensive investment process. This process aimed to fulfill soaring energy demands in a productive and cost-effective manner while benefiting from dynamics such as economic growth, urbanization and young population.

During this period, in the distribution business the total network length has been increased by 68%, while the improvement on loss rates and supply quality have been maintained. In the retail business, the theoretical market openness rate has increased to 90% and the last resource supply tariff has been introduced for large consumers.

With the National Energy Efficiency Action Plan<sup>5</sup> announced at the beginning of 2018, an estimated saving of USD 30.2 billion is expected until 2033. This will be achieved through a total of 55 actions defined in six categories by evaluating the efficiency potential of all stages of the energy value chain, including consumption. Today, there are significant improvement areas

and opportunities to help us reach a more efficient, competitive, yet environmentally, socially and financially sustainable industry, which has great potential for demand growth and energy efficiency.

Global practices are becoming more widespread in the energy industry as in many others, in parallel with the globalization of markets. Particularly international energy transmission networks; energy storage systems, the digital transformation of energy management, infrastructure for electric cars, smart distribution networks and urbanization practices have become prominent global trends that will affect the future of the energy industry. These groundbreaking innovations influence the ecosystem in which we operate. They also guide our future investments and are pivotal in our strategic approach.

## MEGA TRENDS AFFECTING INDUSTRY

- ▶ Population Increase
- ▶ Data Security
- ▶ Alternative Energy
- ▶ R&D and Innovation
- ▶ Energy Storage Solutions
- ▶ Climate Change
- ▶ IoT & Smart Technologies
- ▶ Electrification
- ▶ Machine Learning & Advanced Analytics

## TRENDS AFFECTING INDUSTRY

Therefore, as part of our stakeholder analysis, we discussed the trends that shape the industry with our stakeholders and identified the areas that affect the industry most.

### 1. UNINTERRUPTED ENERGY

To deliver electricity to consumers in an adequate, continuous and safe manner, it is critical that the network infrastructure is healthy in terms of size, efficiency and quality and that network flexibility is high. Moreover, long-term infrastructure development plans should be published regularly to improve grid performance, energy supply security, resource diversity and economic efficiency. These plans should take account of several indicators on supply security and competition, as in advanced energy markets. To ensure sustainable and high-quality energy supply in our distribution regions, we as Enerjisa Enerji are working to improve the existing grid and prepare for the future.

In addition to this, other issues that determine the future of the industry are the integration of energy storage systems and distribution networks to balance energy supply and demand more efficiently and to ensure uninterrupted energy supply and lower prices; and the integration of energy transmission networks and multi-purpose telecommunication networks as part of smart energy infrastructures. At Enerjisa Enerji, we evaluate the potential impacts of these issues.

Theft and loss due to technical or commercial reasons in the distribution network is among major problems in Turkey. Reducing theft and loss rates can considerably support both consumers and the economy. Ideally, the withdrawal of this ratio to OECD<sup>6</sup> levels in Turkey also means efficiency for our company.

### 2. SMART TECHNOLOGIES

Smart networks have stood out as an important trend in the industry since they optimize energy demand and supply through integrated methods, enabling fast and easy communication between producers and consumers. We contributed to the Turkey Smart Grids 2023 Vision and Strategy Roadmap<sup>7</sup> to help develop smart distribution networks by creating implementation and support mechanisms.

The retail market liberalization and recent technological advances necessitate us setting important strategies to gain competitive edge. It becomes important to understand customers well and to develop solutions that are suitable for their needs by analyzing their behavior. To this end, we intend to develop products and services utilizing digitalization and technology.

### Trends for Energy Network Operators

Energy network operator		Holistic system provider
Single layer infrastructure (energy)	▶	Infrastructure ecosystem
Physical linear network	▶	Decentral, connected multi-layer infrastructure
Centralized system	▶	More (semi) autonomous local energy systems

### 3. EMOBILITY SOLUTIONS

Another item on the agenda - a focus of customer demand - is the increasing electrification of machines and systems, especially in the automotive industry. With increasing urbanization, the environmental impact of transportation is becoming a critical issue. The need for charging stations and vehicles is increasing in parallel with the development of electric vehicles, which will make a difference in sustainable transportation. In this context, we have become the majority shareholder in Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj), the leading electric vehicle (EV) charging infrastructure and network operation solution provider in Turkey. Eşarj also promotes the widespread use of electric vehicles with low environmental impact as part of another global trend: the fight against climate change. Eşarj contributes to the expansion of electric vehicles with Turkey's most extensive electric charging station infrastructure. And through digitalization, Eşarj also develops software solutions that will shape the future, such as charging station network management.

3 World Population Prospects, <https://www.un.org/development/desa/en/news/population/world-population-prospects-2017.html>  
4 Outlook 2018: Energy, <https://assets.kpmg/content/dam/kpmg/tr/pdf/2018/02/sektorel-bakis-2018-enerji.pdf>  
5 National Energy Efficiency Action Plan 2017-2023, <http://www.eyoder.org.tr/UlusalEVEP.pdf>  
6 OECD Theft and loss rates, <https://data.worldbank.org/indicator/eg.elc.loss.zs>  
7 Turkey Smart Grids 2023 Vision and Strategy Roadmap, <https://www.akillisebekelerturkiye.org/hakkinda>





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# 02

## CORPORATE GOVERNANCE

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**We stand with our  
customers to facilitate their  
life in major industrial and  
commercial cities.**





# CORPORATE GOVERNANCE

**We operate with a transparent, accountable, fair and responsible corporate management approach. We strengthen our compliance with corporate governance principles and share developments transparently through our annual Corporate Governance Principles Compliance Report.**

 Please click to reach our [Corporate Governance Principles Compliance Report](#).

Following the public offering, we established the Investor Relations Department in 2018 to manage and strengthen our relationships with shareholders. This department plays an active role in protecting and facilitating the exercise of shareholders’ rights, in particular the right to obtain and review information, and ensures continuous communication between the management and the shareholders.

The highest governing body of the Company, the Board of Directors has 8 members, including two independent board

members. 25% of the Board of Directors are women. The Chairman and the CEO positions are held by different people. The Audit Committee, the Early Risk Detection Committee and the Corporate Governance Committee operate under the Board of Directors.

In line with our vision and mission, we continuously review and update the business processes that we identified through a comprehensive Process Model. To increase the effectiveness of our corporate governance, we determine and monitor performance indicators, risks, and opportunities under the leadership of process owners, and implement necessary improvements.

## ETHICAL RULES

Enerjisa Code of Business Ethics, titled Enetik, sets a framework for employees to act with common values in all business processes. With the Code of Business Ethics, we undertake that the employees will demonstrate honest and ethical behavior in their relations with public institutions, customers, shareholders, competitors, suppliers, dealers, authorized dealers and service providers. The code covers the principles concerning written and visual media and social media; conflicts of interest, political activities; association memberships, accepting and giving money, gifts and donations; external duties; dress code; those who work together with their relatives; occupational health and safety and environmental protection; and substance use.

The Ethics Committee is responsible for the implementation of the code and follow-up of the compliance process. Additionally, the Human Resources Department appoints Ethics Consultants to guide employees on compliance with the code. These consultants inform employees about issues that may violate business ethics and monitor the actions taken. They also support ethical monitoring activities carried out by the



Internal Audit Department regarding the violation of work ethics. The consultants also follow the effectiveness of business ethics training and practices within the company.

All employees and other stakeholders of Enerjisa can report cases of non-compliance with the code of ethics to Enerjisa Enetik via various channels. Email: ENETIK@enerjisa.com, ethics notification form at [www.enetik.enerjisa.com](http://www.enetik.enerjisa.com), by phone: +90 (312) 573 55 55, by fax: +90 (312) 573 55 55, or by mail: P.K. 2 06510 Emek/Ankara. You can also notify us via the Sabancı Holding line. The head of the Internal Audit Department is the only person authorized to access notifications and is responsible for the security, confidentiality and management of all notification channels. The Internal Audit Department, Ethics and Inspection Office independently and thoroughly examine Enetik notifications received via telephone, e-mail, fax, or mail. The results are reported to the senior management and to the Disciplinary Board when deemed necessary and the Audit Committee is informed about the issue. In 2018, we received 107 notifications about ethical

issues. The main corruption issues were bribery, using company resources for private purposes, improper transactions to the detriment of the company, and theft.

This year, we provided online training to foster employees’ awareness of the Code of Business Ethics and distributed Enerjisa Business Ethics booklets. In 2018, 1,455 employees,

of whom 249 were in management positions, participated in these training sessions.

 Please click to reach [Enerjisa Ethics Notification Line](#).  
 Please click to reach [Sabancı Holding Ethics Notification Line](#).

 You can access the Enerjisa Code of Business Ethics on [our website](#).

## COUNTERING BRIBERY AND CORRUPTION

Countering bribery and corruption plays a vital role in ensuring that all industrial activities and business relationships adhere to ethical principles and adopt a fair and transparent manner. The Enerjisa Anti-Bribery and Anti-Corruption Policy details the anti-bribery and anti-corruption approaches in the Code of Business Ethics. The Board of Directors is responsible for implementing and updating the policy. However, certain duties have been assigned to the Corporate Governance Committee, the Internal Audit Department and the Ethics Committee.

This policy is binding upon people and organizations (business partners) acting on behalf of Enerjisa, including all employees, goods and service providers and their employees, suppliers, consultants, lawyers and external auditors.

As part of Business Ethics training, a total of 1,455 hours of

online training has been provided to employees about the fight against bribery and corruption. The Enerjisa Code of Business Ethics and the Collective Bargaining Agreements signed between employer representatives established strict anti-bribery rules and defined the sanctions to be imposed by the Disciplinary Committees. In this context, a sanction is imposed if a violation is reported by the Internal Audit and communicated to the Disciplinary Committees.

In 2018, we received 55 notifications regarding the violations of anti-bribery and anti-corruption rules. All cases were inspected and ethics violations were confirmed in 30 cases. Accordingly, 50 employees received disciplinary action. There are also five ongoing public prosecutions concerning corruption.

 Please click to reach [Enerjisa Anti-Bribery and Anti-Corruption Policy](#).

## RISK MANAGEMENT

The energy industry is quickly affected by economic and political conditions at the local and global levels. Due to the nature of the electricity distribution and retail business, Enerjisa is exposed to various risks, but also finds various opportunities throughout the value chain. We believe that it is important to determine these in advance and take the right steps towards sustainability.

The Risk Management system aims to identify, evaluate and classify all risks and opportunities that may affect our operational, strategic and financial plans and mitigate those risks. With this system, we ensure transparency and influence decision-making processes with regular reporting.

The Enerjisa Board of Directors has appointed the Early Risk Detection Committee to manage risks. The Committee consists of members appointed from the Board of Directors and is directed by an independent Board member. The central

Risk Management Department at the group level reports directly to the Chief Financial Officer (CFO) of Enerjisa.

Based on their sources, we classify risks and opportunities into five main categories: Regulatory risks and opportunities, market risks and opportunities, credit risks and opportunities, liquidity risks and operational risks.

For each risk and opportunity, best and worst cases are simulated with their probability. The risks that cannot be expressed in numerical terms, but can cause negative outcomes in the company’s strategic and operational activities are regarded as qualitative risks. These risks are monitored and prioritized according to their potential impact levels and recorded with risk-reducing practices. Quantifiable risks that have financial impact are reported after sensitivity analysis. These analyses are regularly reported to the managing bodies and the Early Risk Detection Committee by the Enerjisa Group Risk Management Department, which operates under the CFO.



# CORPORATE GOVERNANCE

 Please click to access detailed information about the [Early Risk Detection Committee](#).

## RISK MANAGEMENT

Types of Risk	Definition of Risk	How We Manage Risk
Regulatory Risks and Opportunities	<p>The electricity distribution and retail businesses are regulated under the supervision of the Energy Market Regulatory Authority (EMRA) and are governed by the Electricity Market Law and relevant secondary regulations.</p> <p>EMRA determines the items of the National Tariff for each tariff period. As the majority of Enerjisa's revenues is generated from our electricity distribution operations and retail sales to regulated customers, which are both subject to regulated tariffs set by EMRA, any change on these tariff components means a significant deviation from Enerjisa plans. Additionally, the regulations issued by EMRA impose organizational and operational restrictions and requirements with respect to our electricity distribution and retail sales operations. These requirements and restrictions are audited by regulatory authorities and any non-compliance detected upon these audits may have an adverse effect on Enerjisa financial and operational plans.</p>	<p>We consult with industry players regularly and constructively to monitor regulatory risks and opportunities. Additionally, we, as the market leader, actively seek discussion with all market players through transparent reports and systematic projects.</p>
Market Risks and Opportunities	<p>Our Company is affected by fluctuating interest rates because of our financial debts and by exchange rate ups and downs because of the Renewable Energy Resources Feed in Tariff Mechanizm (YEKDEM).</p> <p>Additionally, our retail sales operations are influenced by over-the-counter price and volume fluctuations in commodity markets due to our sourcing strategy and by other fluctuations in commodity prices due to our raw material procurement for the distribution business.</p>	<p>We discuss hedging strategies and their effectiveness regularly in finance and commodity committees.</p>

Types of Risk	Definition of Risk	How We Manage Risk
Credit Risks and Opportunities	<p>Our company is exposed to counterparty credit risk because of our sales to regulated and liberalized customers. We are also exposed to another credit risk because of our transactions with financial counterparties (mainly lenders).</p> <p>Moreover, Enerjisa Distribution companies also exposed to counterparty credit risk due to their distribution system users, such as municipalities and provincial special administrations, which are in their distribution regions and use the general illumination. However, as distribution companies receive reimbursements for overdue receivables from EMRA within two years, the credit risk from our distribution business has an adverse impact only on our cash flow, not revenues.</p>	<p>We manage credit risks by requiring security deposits from regulated customers and letters of guarantee or other forms of securities from liberalized customers to secure present and future invoices. Timely invoicing, efficient receivable management and credit scoring of large customers enable us to mitigate credit risk as much as possible.</p> <p>For the mitigation of financial counterparty credit risks, apart from reporting and monitoring activities, we are exclusively engaging with counterparties that have a rating of no more than two notches below the Turkish sovereign rating. Moreover, we ensure the diversification of banks in our portfolio of financial hedging instruments and cash deposits.</p>
Liquidity Risk	<p>Our company is exposed to liquidity risk due to our ongoing funding needs for distribution network investments. While we expect that these funding needs can be covered by external debt capital providers, some market conditions may disturb conventional liquidity sources.</p>	<p>We manage liquidity risks by actively seeking to extend average tenors of the loan portfolio as well as to develop alternative sources of debt capital (e.g. corporate bonds). Furthermore, we regularly forecast our short- and mid-term funding needs to identify our liquidity needs in time and prepare and act accordingly.</p>
Operational Risks	<p>All processes in our main business lines are exposed to operational risks related to Information Technology, Occupational Health and Safety (mostly in the distribution business) and Environment and Reputation.</p>	<p>For all types of operational risks, we devise procedures and policies, which are published in the company's quality systems. Additionally, several committees are assigned to review the probability of risk occurrence and to monitor existing mitigation actions.</p>



# CORPORATE GOVERNANCE

## BUSINESS CONTINUITY MANAGEMENT (BCM)

Business continuity is the ability of an organization to sustain its products and services at an acceptable level after the interruption incident (ISO 22301). We attach great importance to business continuity with its responsibility to provide a service that touches the lives of approximately 21 million users in its energy distribution and retail business lines. In this framework, we have been maintaining Business Continuity Management System applications for an organizational aim that is resistant to potential interruptions and crises in Enerjisa Enerji A.Ş. and subsidiaries since 2015. We as the Group Risk Management under the Control and Investor Relations Directorate of the CFO organization are following global BCM standards, prepare all documentation with this approach and put into effect for Enerjisa Enerji A.Ş. and 3 Retail Companies since the BCM project which was completed in 2015.

We create Enerjisa BCM documentation in accordance with ISO 22301 standards and update annually with the contribution of all related stakeholders of the process. In order to spread Business Continuity Management System standards to the whole organization, with the decision of the senior management, we took the step to ensure that retail companies have ISO 22301 certification in order to use e-invoice and e-Archive infrastructure.

**We manage Business Continuity under ISO 22301, an international standard.**

(Within the scope of the related certification, 3 retail companies are certified. Our distribution companies receive support from private integrator companies for the use of e-invoice and e-Archive infrastructures.)

The spine of business continuity infrastructure is the durability of the technological infrastructure. We touch on 60 critical business units, taking into account the business units and corporate functions across the organization. The risk coordinators of retail and distribution companies carry out

the coordination of all meetings and actions to be held within the scope of BCM, arrange briefings for critical business about the annual update period and organizational (or unit based) changes which are shared with the Group Risk Management. Updates of critical business units are received through BIA (Business Impact Analysis) documents and in light of this information, Business Continuity and Crisis Management Plans are updated.

### CRITICAL BUSINESS UNITS

Critical units are business units that have the process/process as long as they need to be up and running even if they are at critical level until the end of the first month of the crisis. On the other hand, it may be possible that the critical processes of these units affect Enerjisa in general.

### EDUCATION

5 Annual Business Continuity Briefing Sessions were organized with the participation of all critical business unit managers in İstanbul and Ankara. During these sessions, the participants were informed about the changes made within the year and reminded about the preparation methodology of BIA documents for the upcoming annual update process.

In BIA documents, Critical Units share the information below;

- Critical processes
- IT applications used in critical processes
- RTO (Recovery time Objective), RPO (Recovery Point Objective), MTPOD (Maximum Tolerable Period of Disruption) scores of critical processes
- Internal and external dependencies on critical processes
- Printed or virtual critical document information
- Critical personnel list and contact information
- 1 to 3 disruption scenarios and 2 alternative solution steps (This information was started to be asked as of January 2019)

### COORDINATION

We selected the facilities that meet the standards during field assessments in 3 regions for Crisis Command and/ or Alternative Work Location to be used in the scenarios of potential interruption or crisis. In order to keep these locations physically ready, we work with the cooperation of Location Managers and the Department of Administrative Affairs representatives. We determined 12 alternative locations for 3 regions and updated the plans according to this work. On the other hand, the units that are expected to support the crisis management team in these types of crises and are defined in the crisis organization schemes are shown below;

- Corporate Communications Group Management
- Legal
- Occupational Health and Safety Management
- Information Technology Operations Management
- Directorate of Human Resources Administrative Affairs
- Group Risk Management

As a development that started for the first time in 2019 with the participation of the function managers, we established the Business Continuity Committee and held our first meeting. The committee meets twice a year with moderation of Group Risk Management even if any incidents occurs or not. The first meet is held following the audit of ISO 22301, which takes place in February each year and the agenda includes sharing of audit outputs and quality improvement recommendations for the BCM structure. The second meeting is planned to be based on a review of the improvement level according to workplan in November.

On the other hand, a briefing is presented to the CEO, the natural leader of the crisis management team and the absolute crisis manager in case of potential crises every year in April (following the completion of the first meeting of the certification audit and Business Continuity Committee). Within the context of this session, the CEO is informed about his role and responsibilities within the crisis management organization and also the updates in the relevant plans are presented. The first presentation of 2019 has been completed in April for Mr. Ziya Erdem who has started working for Enerjisa recently.

### DRILLS AND EXERCISES

In the context of the revolts, we follow two methods to assess how much the scenarios and predictions in our consolidated plans will respond to real-life needs;

1. Scenario-based table exercise: with the participation of all the representatives of the crisis management team and support functions under the chairmanship of the CEO once a year, we perform scenario-based table exercise and share the final report of this exercise with the auditors during the ISO 22301 certification audit conducted every year as well as the process stakeholders. We invite members of the board of Directors from both Sabancı Holding and E.ON.

2. Disaster Recovery Testing: we perform disaster recovery tests with the leadership of IT Department, without a break for around 24 hours in November of each year. It is the responsibility of the Group Risk Management team to participate in the test study as observer and archive the result reports. We share the result report with the audit company during the ISO 22301 certification audit. All IT applications used in Enerjisa are simultaneously disabled during the drill in parallel with a real disaster scenario. We then measure the RTO (Recovery Time Objective), RPO (Recovery Point Objective) and MTPOD (Maximum Tolerable Period of Disruption) timings as defined in our BCM plans. After completion of the exercise, we synchronize the data obtained in IT and Group Risk Management documents, co-ordinate the arrangements and share radical differences with relevant business units if any occurred. We successfully carried out the latest test which the Group Risk Management Team participated as an observer in November 2018.



# CORPORATE GOVERNANCE

## INTERNAL AUDIT

We ensure efficient and effective operations through internal audit. As part of Internal Audit activities, the Board of Directors ensures that Enerjisa and its subsidiaries operate in accordance with the laws and other applicable legislation and internal procedures. The Board also aims to guarantee the efficiency of risk management systems through internal audit. To improve business processes and add value to the corporation, insights and suggestions are offered for taking preventive measures, protecting corporate assets and increasing operational efficiency.

The Internal Audit Department reports directly to the Audit Committee, which consists of independent board members of the Board of Directors. The internal audit plan is updated annually. And following its approval by the Audit Committee and the Board of Directors, the audit is carried out in accordance with international standards. In 2018, this compliance was certified by an independent quality assurance assessment.

## SUSTAINABILITY MANAGEMENT STRUCTURE

To manage sustainability strategically we established an organizational structure comprising of Board of Directors, Sustainability Committee and Sustainability Working Group. The Enerjisa Enerji Board of Directors defines sustainability strategy and has overall responsibility for sustainability performance. The Sustainability Committee (comprising of Executive Leadership Team - ELT members) oversees the sustainability practices across the company and informs the Board of Directors about important sustainability initiatives, developments and key performance indicators (KPI) on a quarterly basis.

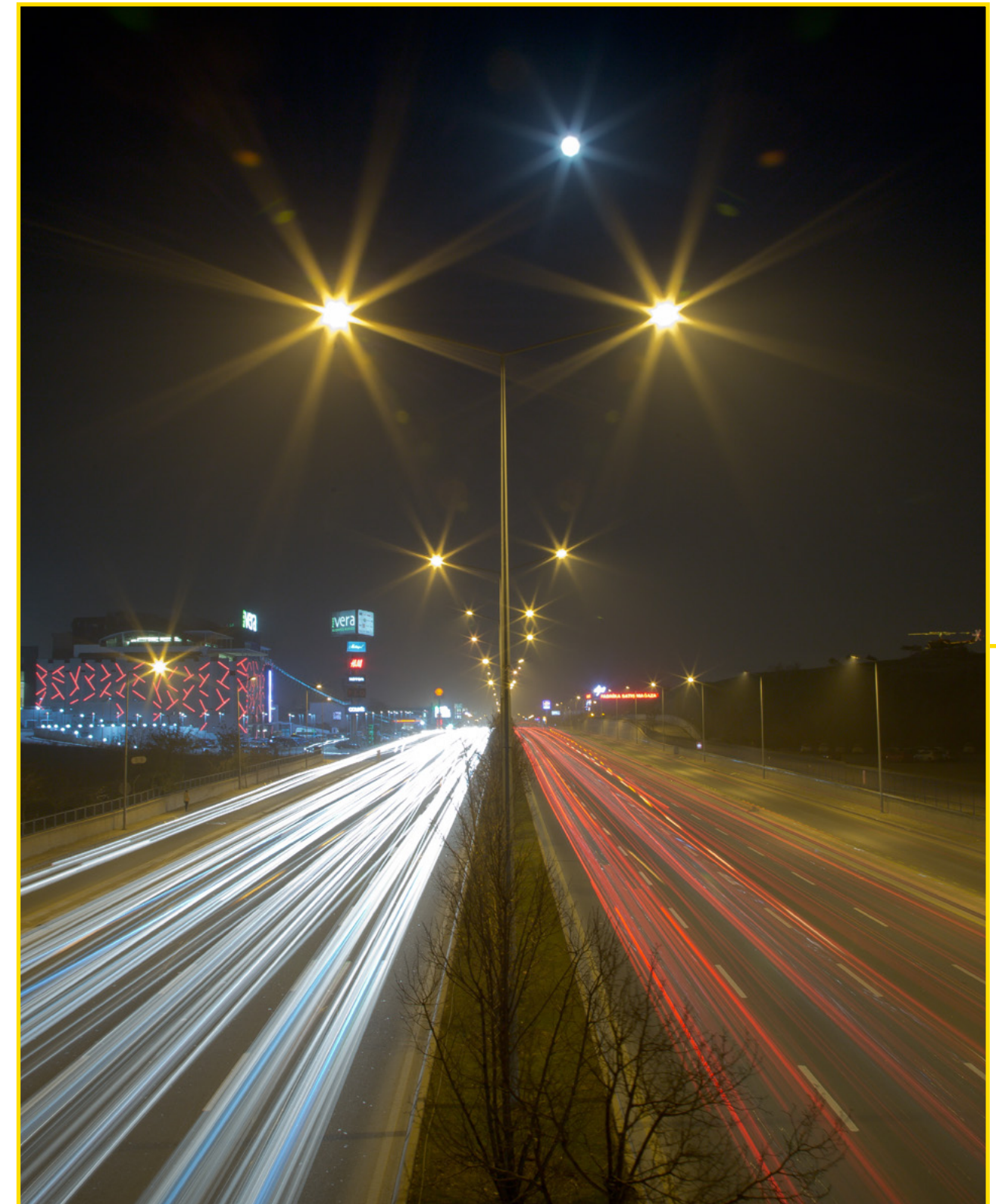
Sustainability Working Group comprising representatives from all key Business functions and units, is responsible for following key actions delegated by the Sustainability Committee. The Sustainability Working Group coordinates the planning and implementation of sustainability initiatives and monitor their progress; collects sustainability data and conduct materiality analysis and sustainability reporting; ensures compliance with sustainability indexes' reporting requirements. Working Group reports to Sustainability Committee on a quarterly basis.

### BOARD OF DIRECTORS

### SUSTAINABILITY COMMITTEE

*Under the presidency of CEO it comprises ELT members: CEO and Chief Officer, Sales (CSO) (Acting), CFO, Chief Officer, HR and Information (CHRIO), Chief Officer, Strategy and Business Development (CSBDO) and Chief Officer, Distribution Business Unit (GM)*

### SUSTAINABILITY WORKING GROUP







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# 03

## **OCCUPATIONAL HEALTH AND SAFETY**

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**Occupational health and safety is at the center of our business making. We spread the health and safety culture to our employees, business partners and beyond.**





# OCCUPATIONAL HEALTH AND SAFETY

**To manage OHS in a strong and systematic way, we established an OHS-E Department in two distribution companies and OHS Team Management Offices in seven regions. We also selected OHS captains in three distribution companies and initiated a reward scheme for employees who made the highest number of notifications about OHS risks.**

 Please click to reach our [Occupational Health and Safety Policy](#).

Electricity supply to end users through our distribution business has high Occupational Health and Safety (OHS) risks. Consequently, we consider OHS management as a crucial part of our business and take measures to identify the factors that may lead to an accident. We centrally manage our operations in the three distribution regions and invest in maintenance, environmental security, lighting, rehabilitation, renewal and expansion capex. In 2018, we increased our OHS investments by 75% compared to the previous year.

At Enerjisa, OHS is executed at the management level. The Occupational Health and Safety Manager of the distribution reports to the Head of the Distribution Business Unit, who reports to the CEO and is responsible for the three distribution regions.

We are striving to integrate OHS in our corporate culture and we continuously evaluate possible risks. With the participation

of employees, occupational safety specialists and the workplace physician, we use the Fine-Kinney method and we divide risks into very high, high, important, possible and low categories. As an outcome of these practices, we set monthly and annual targets for the long-term development of OHS culture within our company, improving operational discipline, developing contractor OHS management and increasing our OHS competency.

We attach importance to OHS communication to allow all our employees and business partners to adopt OHS. We organize events to raise OHS awareness in every region in which we operate during the OHS Week (May 4-10).

**We manage OHS in accordance with the international OHSAS 18001/ISO 45001 standard.**

## TRAINING

Training sessions informing employees about safe working conditions play an important role in OHS management. In 2018, OHS training comprised 40% of total employee training. In the past two years, the average OHS training hours per employee increased by 29%.

**Average OHS Training Hours Per Employee**



- **Contractor Leadership Training:** As part of our OHS culture development, we provided OHS leadership training to the contractor company owners, coordinators and site managers together with our senior and mid-level managers and engineers.
- **Engineer Development Academy:** We aim to increase the technical capacities of our engineers and prevent occupational accidents.
- **Accident Investigation Training:** Occupational accidents can have grave consequences in the electricity distribution business. Therefore, the process of reviewing and inspecting these accidents is vital to learn from them and prevent any recurrence. To improve the efficiency of this process further, we have improved our competency by organizing accident

review and inspection training for certain managers in 2018 with the support of a professional team.

- **Environmental Training:** We provided ISO 14001:2015 Overview and Internal Auditor training for 300 employees across three regions. We also organized training sessions pertaining to environmental and waste management for 2,827 employees within three regions.
- **Internal Training:** The director, manager and OHS-E Team were given incident investigation training; and blue-collar and white-collar employees were given safe driving training. We also provided working at height training to our employees in network operations and built a mobile training vehicle to enable technical training to reach all regions.

## WORKPLACE ACCIDENTS AND IMPROVEMENT ACTIVITIES

Regardless of the reason, we consider fatal accidents completely unacceptable and we care for the health of our employees and contractors.

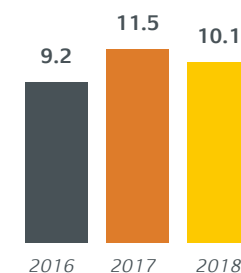
Occupational health and safety is one of our strategic material issues and it is at the heart of our business. As part of this, we focus on the causes of fatal accidents and make improvements. Consequently, we identified various accident reasons such as failing to check energy status or acquire the relevant work permit, non-compliance with the rules of working at height, or private property generator's reverse current. We reviewed all our current measures and adopted significant new ones. For example, we started to use new generation push-to-talk devices (videophone system) to check if necessary measures are taken before doing a critical work and give approval based on images. Additionally, to understand the underlying causes of critical unsafe employee behaviors and to correct these behaviors, we carry out extensive research with a team of academics from the Department of Psychology at Middle East Technical University.

We regularly monitor our OHS performance based on Total Recordable Injury Frequency (TRIF) and Lost Time Incidents Severity Rate (LTISR). In 2018, TRIF was 10.1 with an improvement of 12% compared to the previous year and lost time incident rate decreased by 10% to 85.1.

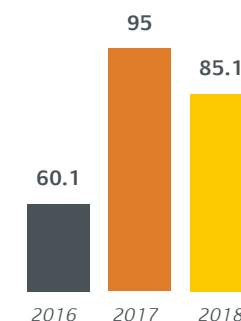
5 TRIF: 
$$\frac{\text{Total recordable number of accidents}}{\text{Working hours in the last 12 months}} \times 10^6$$

6 LTISR: 
$$\frac{\text{Total number of person/days lost due to accidents}}{\text{Working hours in the last 12 months}} \times 10^6$$

**TRIF**  
(Total Recordable Injury Frequency)



**LTISR**  
(Lost Time Incidents Severity Rate)





# OCCUPATIONAL HEALTH AND SAFETY

We aim to prevent occupational accidents by taking preventive actions and developing innovations.

### Visual Validation System

Especially in critical work undertaken in our distribution networks, compliance with the rules of working at height, checking energy status before starting work and using arc flash personal protective equipment, are vital for occupational health and safety. Thanks to the visual validation system, we can more effectively control whether employees comply with these rules.

To minimize risks during a maneuver, we have implemented a new generation of push-to-talk system. Thanks to this, we prevent possible accidents with the help of a second colleague monitoring the maneuver.

### E.ON Visit

In 2018, we visited E.ON's distribution company in Germany. During this visit, we compared their operational safety with our own processes and collected data for further improvement.

### Field Reporting

We digitalized our pre-job risk analysis form, which was previously in paper form. This form must be completed every time before working in the field to ensure safety. This allows us to digitally monitor compliance with Personal Protective Equipment (PPE) rules at the beginning of each shift. Thus, we accelerated the processes and imposed an obligation for contractor firms to undergo an OHS check and approval procedure before starting work in the field.

### OHS Simulation Development

We aim to test certain situations that may be hazardous for employees under safe conditions and create an awareness of the risks involved. As part of the EDSIS project launched in 2016, we have reviewed the electricity distribution processes, analyzed the risks and assessed their impact and created scenarios based on high-risk and high-impact situations. For these scenarios we have also developed software for virtual reality and augmented reality devices. For instance, to create a realistic work environment, we replicated the platform on vehicles with lift buckets. We also integrated this platform with software to enable the person wearing the virtual reality goggles to feel every motion on the platform. The project is supported by TÜBİTAK 1501 and Energy Market Regulatory Authority (EMRA) R&D funds.

### Safe Climbing

In order to minimize work-related accidents during maintenance work performed on the wooden poles, which connect the overhead lines in a power grid, we have conducted field tests and applied comparative analysis on different technologies used to test the poles before workers climb the poles. Also, to prevent the wooden poles breaking or toppling during maintenance work, we developed a locally designed pole support device within the project scope and constructed a prototype and tested it in the field.





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# 04

## ENVIRONMENTAL IMPACTS

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**Environmental responsibility is placed at the core of our decision making on our 109,663 km<sup>2</sup> distribution area.**





# ENVIRONMENTAL IMPACTS

**At Enerjisa, we are aware that if limited natural resources are not managed properly and necessary measures against climate change are not taken, irreversible impacts on environment and economy will be created.**

 Please click to reach the [Environmental Management System Framework](#).

Today, the effects of anthropogenic environmental problems such as climate change, environmental pollution and biodiversity losses are felt more severely everywhere around the world. Environmental risks are increasing with the rising population and consumption. The Global Risks Report<sup>10</sup>, published annually by the World Economic Forum, states that environmental risks, both in terms of likelihood and impact area, pose a greater threat than economic, geopolitical, societal and technological risks. At Enerjisa, we are aware that if limited natural resources are not managed properly and necessary measures against climate change are not taken, irreversible impacts on environment and economy will be created.

In all our activities, we act with respect and responsibility for the environment. To this end, we aim to reduce our carbon footprint, consume less natural resources and create minimum amount of waste through effective waste management. We are making every effort to minimize our environmental impact via continuously improving our environmental performance. We focus on opportunities which may develop solutions against environmental risks and we actively seek opportunities in innovative business areas such as Smart Home Systems.

**In 2017, we have been certified with ISO 14001 Environmental Management System Standard.**

We follow a systematic and risk-based approach on environmental management which is also based on compliance with the regulations. We proactively manage the environmental risks we have identified, including hazardous and non-hazardous waste generation, resource consumption, leakage-based environmental pollution and gas leaks in line with our OHS and Environmental Policy, **ISO 14001** Environmental Management System Standard certification that we hold in all distribution companies and the Environmental Management System Framework. In this context, we are continuing to set our environmental goals and targets for 2019.

To improve our environmental performance, we continue to increase our environmental investments and expenditures. In 2018, our environmental expenditures reached TRY 2.9 million. In addition, we attach importance to employees' awareness of environmental issues. In 2018, we provided 5,540 person-hours of training on Environmental Information and Waste Management to our employees.

## CLIMATE CHANGE AND ENERGY

Climate change and extreme weather events are among the most important global threats of today and the future. It is critical to reduce greenhouse gas emissions and keep the global average temperature increase below 2°C in line with the Paris Agreement.

Although we are a company that focuses solely on electricity distribution and sales, as the energy industry is heavily dependent on fossil fuels, greenhouse gas and air pollution are among the significant environmental impacts of the industry in which we operate. At Enerjisa, we are aware of our role in combatting climate change. In this regard, we aim to reduce our direct and indirect impacts throughout energy's journey.

By regularly monitoring our energy consumption, we identify areas for improvement and invest in efficiency. In 2018, due to operational growth our total energy consumption was 191,000 GJ and our total Scope 1 and 2 greenhouse gas emissions were 25,500 tons CO<sub>2</sub>e. In this respect, we aim to reduce greenhouse gas emissions by introducing innovative applications. Some of our projects we launched in this respect are summarized below:

**Beni AI Application:** With our corporate car sharing mobile platform Beni AI (Pick Me Up), we supported vehicle sharing within the company and reduced the fuel consumption and greenhouse gas emission of our employees. The Beni AI mobile application has been one of our candidates for Sabancı Holding's Altın Yaka (Golden Colar) Awards.

**Energy Performance and Efficiency Management:** We provide financial benefits by optimizing electricity tariffs for our corporate customers. Thus, we provide returns on behalf of both our customers and Enerjisa without any investment. As part of our efforts towards energy efficiency, we help our customers reduce their greenhouse gas emissions by implementing lighting transformation projects that reduce their electricity consumption. We also provide financial solutions to our customers with the ESCO model to ensure the required investment for the project.

**New Generation Energy Solutions:** In addition to reducing energy consumption and greenhouse gas emissions resulting from our direct operations, we help our customers and stakeholders reduce their own environmental impact. We encourage our customers to reduce their consumption and protect Turkey's resources with climate-friendly innovative

products and services. All our products covered under New Generation Energy Solutions serve this purpose. Our Smart Home System and Smart Box allow users to monitor their energy consumption - lighting, heating and cooling. By preparing special reports, we evaluate the major causes of their energy consumption and help our customers avoid excessive consumption.

**The Smart Box project was awarded the second prize in the Innovation category and the fourth prize in the IoT category of the 2018 IDC Turkey Awards.**

In our projects on smart grids, we examine networks in which the electrical infrastructure is compatible with the renewable energy systems of the future. We also study integrated networks where energy storage systems with electric mass transportation and charging infrastructure are managed holistically. In these pilot projects, where urban management is conducted on software, we intend to boost energy efficiency and reduce greenhouse gas emissions. Besides, we are developing smart meters and automatic meter reading systems to detect faulty meters and prevent energy losses. We also help prepare electricity networks to meet the needs of the future in the transition to a low-carbon economy with our projects on electric vehicle infrastructures.

In addition to our future-oriented investments in smart technologies, we focus on fostering our stakeholders' awareness of energy consumption and climate change. Thanks to our social responsibility projects and various applications such as Enerjisa Mobile, I'm Protecting My Energy and PEAKApp, we ensure that all our customers, especially the younger generations, are aware of the importance of energy efficiency. We have taken an important step in this direction by bringing PEAKApp and Smart Box together under the roof of Your Energy Project. The project allows users to track their consumption and compare it with past consumption levels. In addition, they can compete with friends and benefit from discounts by earning points in line with their energy saving objectives. The project also provides users with real time guidance.


<sup>10</sup> World Economic Forum, The Global Risks Report 2019 [http://www3.weforum.org/docs/WEF\\_Global\\_Risks\\_Report\\_2019.pdf](http://www3.weforum.org/docs/WEF_Global_Risks_Report_2019.pdf)



# ENVIRONMENTAL IMPACTS

**Reducing Electricity Theft and Loss:** We prevent wasting energy by detecting both technical and non-technical losses as part of our theft and loss reducing activities. In this way, we control energy consumption at the macro level and enable economic gains and efficient use of resources.

Theft & Loss Rates	2016	2017	2018
Başkent	6.98%	6.05%	6.11%
AYEDAŞ	6.78%	6.10%	6.04%
Toroslar	12.12%	11.35%	11.85%

 You can find detailed information about the products that help our customers improve their environmental performance in the [Innovative Products and Applications section](#).

## NATURAL RESOURCES AND WASTE MANAGEMENT

Unsustainable use of limited natural resources causes adverse effects on the environment. In this context, we prioritize the effective use and management of water, waste and wastewater. We manage natural resources with an efficiency-based approach. In this regard, we utilize natural resources, waste and wastewater in compliance with the relevant legislation, OHS and Environmental Policy and international standards. We ensure that water emissions are discharged with no adverse effects on the environment. We are also trying to reduce the waste generated by our operations at the source. Additionally, we ensure that recycling, reuse and disposal is done without any harm on the environment.

We established our Waste Management System in 2017 in accordance with **ISO 14001**. Accordingly, our network waste undergoes Material Quality Control processes. And by recycling suitable materials, we reduce the amount of waste. We have invested TRY 500,000 in test devices and equipment to help

us determine whether materials coming to our Recycling Test Center can be reused and to make damaged materials reusable. Thus, we have achieved significant gains in terms of both resource utilization and waste reduction. In 2018, we recycled approximately 3,700 tons of scrap materials and reduced our environmental impact.

With a similar approach, we reduce waste generation in our buildings by systematically monitoring our use of natural resources. Furthermore, we have prevented environmental pollution arising from storage by organizing temporary hazardous waste storage areas in accordance with the legislation.

Our water consumption in 2018 was under 100,000 m<sup>3</sup> and the total amount of recycled waste (hazardous and non-hazardous) was approximately 22,000 tons.

## PROTECTING BIODIVERSITY

With our goal to reduce negative impact on natural life, we aim to protect biodiversity with our practices. In developing biodiversity protection projects, we focus on distribution lines which pass through areas which potentially have high impact on biodiversity. By installing distribution networks in forests and woodlands in accordance with the legislation, we prevent the negative effects of fires caused by electric sparks on flora and fauna. In addition, since migration routes of various bird species pass through Turkey, we are taking additional measures in the distribution network lines.

With the aim to reduce bird deaths and injuries, especially storks, we launched the **Stork Conservation Project** in 2014 to invest in the isolation of energy transmission lines across the Başkent EDAŞ distribution region. As part of the project,

we focused on the lines on stork migration routes, covering conductors with insulation materials and installing platforms on which storks can build their nests. In the first phase of the project, with a total of TRY 100,000 investment, we reduced impacts to birds as well as failures and power outages caused by electrocution of birds on distribution lines. Hence, we reduced outage duration and the penalties paid for power outages and improved customer satisfaction.

As part of this long-term project, we made an investment of TRY 200,000 in the Toroslar EDAŞ region covering Adana, Gaziantep, Hatay, Kilis, Mersin and Osmaniye. Thus, while reducing our negative impact on biodiversity, we advanced in our path towards providing uninterrupted and high-quality energy to our customers.





# 05

## STAKEHOLDER RELATIONS

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**We prioritize open and transparent communication based on trust with each stakeholder who are both affected by our activities and also have a strong impact on our success.**





102-40, 102-42, 102-43, 102-44

# STAKEHOLDER RELATIONS

Stakeholder Group	Stakeholder Communication Platforms and Methods	Communication Frequency	The Topics Highlighted in Stakeholder Analysis
Analysts	Meetings, conferences, phone calls, quarterly investor teleconferences, analyst informing activities, podcasts, webcasts, Investor Relations website	Continuously	<ul style="list-style-type: none"><li>Increasing transparency</li><li>Informing market about company</li><li>Company valuation reports reflecting the fair value</li><li>Increasing company credibility</li><li>Financial sustainability</li></ul>
Press	Sponsorships and sectoral events	Year-round	<ul style="list-style-type: none"><li>Informing public accurately</li><li>Increasing company reputation and brand value</li></ul>
Employees	IKON, mobile applications, Intranet, employee engagement focus groups, Team Leaders information meetings, CEO briefing meetings, management meetings, Human Resources Meetings (Happy Hour), Trend Talks	Continuously	<ul style="list-style-type: none"><li>Attracting qualified talent</li><li>Broadening the knowledge and skills of employees, primarily blue-collar employees</li><li>Increasing employee loyalty</li><li>Investing in smart technologies</li><li>Increasing OHS investments</li></ul>
Credit Rating Agencies	Meetings, conferences and phone calls	Once a year	<ul style="list-style-type: none"><li>Increasing transparency</li><li>Generating a fair value for the company's equity</li><li>Increasing company credibility</li><li>Financial sustainability</li></ul>
Financial Institutions	Meetings, conferences and phone calls	Continuously	<ul style="list-style-type: none"><li>Increasing transparency</li><li>Increasing company credibility</li><li>Financial sustainability</li></ul>
Shareholders	Board of Directors meeting, committee meeting, quarterly investor teleconferences, General Assembly, Investor Relations website	Continuously	<ul style="list-style-type: none"><li>Managing sustainability risks</li><li>Adopting a target-oriented management approach</li><li>Sharing environmental performance transparently</li><li>Compliance with Corporate Governance Principals</li><li>Financial sustainability</li></ul>
Subsidiaries	Meetings, Board meetings	Continuously	<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>



102-40, 102-42, 102-43, 102-44

# STAKEHOLDER RELATIONS

Stakeholder Group	Stakeholder Communication Platforms and Methods	Communication Frequency	The Topics Highlighted in Stakeholder Analysis
Government Agencies and Regulatory Bodies	Meetings, conferences, sectoral meetings and phone calls	Continuously	<ul style="list-style-type: none"><li>Improving stakeholder engagement</li><li>Increasing transparency in customer communication</li><li>Financial sustainability</li></ul>
Customers	Customer Service Centers (CSC), Enerjisa Operation Centers (EOC), alternative sales channels, call centers, digital channels (Mobile application, website), customer representatives social media channels	Continuously	<ul style="list-style-type: none"><li>Developing customer-oriented solutions</li><li>Increasing customer satisfaction</li><li>Enabling a continuous supply of energy from renewable energy sources</li><li>Ensuring data security</li><li>Increasing smart technologies</li></ul>
Unions	Face-to-face interview	Once a year	<ul style="list-style-type: none"><li>Providing uninterrupted and accessible energy</li></ul>
Non-Governmental Organizations	Conferences, management meetings, focus group activities	Continuously	<ul style="list-style-type: none"><li>Ensuring leadership on energy efficiency and increasing awareness</li></ul>
Suppliers and Business Partners	Joint projects	Continuously	<ul style="list-style-type: none"><li>Establishing alternative supply infrastructures for uninterrupted energy in distribution regions</li><li>Ensuring customer satisfaction and continuous energy supply</li></ul>
International Organizations and Initiatives	Joint projects	Continuously	<ul style="list-style-type: none"><li>Ensuring leadership on energy efficiency and increasing awareness</li></ul>
Universities	Joint projects	At least 4 times a year	<ul style="list-style-type: none"><li>Stakeholder collaboration</li><li>Attracting qualified talents</li><li>Investment on R&amp;D</li></ul>
Investors	Roadshows, meetings, teleconferences, quarterly investor teleconferences, podcasts, webcasts, General Assembly, Investor Relations website	Continuously	<ul style="list-style-type: none"><li>Managing sustainability risks</li><li>Adopting a target-oriented management approach</li><li>Sharing environmental performance transparently</li><li>Compliance with Corporate Governance Principals</li><li>Financial sustainability</li></ul>
Local Governments	Whatsapp Muhtar Support Line	Continuously	<ul style="list-style-type: none"><li>Building stakeholder dialogue</li><li>Transparency in customer communication</li></ul>





102-40, 102-42

# STAKEHOLDER RELATIONS

At Enerjisa, we define our stakeholders as people and organizations that are influenced by our activities and who influence our success. We believe in the importance of open, transparent and honest communication with stakeholders and care about their opinions and expectations. We continuously communicate with our stakeholders through various channels.

Government agencies, regulatory bodies and local governments are the main stakeholders that directly affect our business. As the leading company in the industry, we are aware that the development of a regulatory framework is necessary to encourage investments, efficiency and quality in an effort to ensure a reliable and cost-effective network infrastructure in Turkey. With this awareness, we contribute to the process by keeping in touch with government agencies and regulatory bodies. Our relations with the public are based on the principles of transparency, equality and impartiality. Our relationships with public institutions are independent of any political view and managed as required by our corporate identity.

## RELATIONS WITH LOCAL GOVERNMENTS

We care about establishing bilateral communication based on trust with our stakeholders. As part of the annual Enerjisa Local Governments Communication Plan, we pay regular visits to governors, district governors, municipalities and Muhtar (local authority: officially elected neighborhood representative) in our service regions. As a result of our face-to-face interviews, we obtain information about the expectations of public institutions and we have the opportunity to improve our business processes through their requests and opinions. In this respect, we organized meetings with stakeholders in the regions we operate, in particular with local authorities (Muhtar), in 2017 and 2018.

Member Organizations
Association of Distribution System Operators - ELDER
Turkish Industry and Business Association - TÜSİAD
International Investors Association - YASED
Solar Energy Investors Association - GÜYAD
Turkey Cogeneration Association - TÜRKOTED
Business Council for Sustainable Development Turkey - SKD
Global Investor Relations Associations - TÜYİD
EUROGIA2020

**We hold meetings with local administrations and local authorities (Muhtar) who act as intermediaries in our communication with the people we serve. In these meetings, we listen to the requests of not only public institutions but also the people in our operation regions.**







# 06

## EMPLOYEES

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**Our human resource  
are the essential factor  
for sectoral leadership.  
Their skills and  
competencies enable  
our long-term success.**





# EMPLOYEES

**Our strategic priorities are to attract and retain talent by improving our corporate reputation and to ensure organizational excellence to increase stakeholder loyalty and satisfaction.**

Our human resources are one of the most important assets that make us the leader in the industry. We aim to ensure the sustainability of our business and to attract well-equipped individuals to the industry with the vision of becoming the most desirable employer. From this point of view, we offer our employees a positive work environment where they can work confidently and improve themselves. The foundation of Enerjisa human resources management is to get strengthen by drawing upon our employees' strengths in order to provide excellent service continuously.

We intend to develop a positive organizational climate, communication and culture within our company in line with our human resources practices. Therefore, we focus on issues such as developing the leadership qualities of employees and providing training and development, and offering equal opportunities to all employees.

We develop practices based on the opinions of our employees on areas that we need to improve on, and we support them to develop their leadership skills as part of corporate entrepreneurship. Our strategic priorities are to attract and retain talent by improving our corporate reputation and to ensure organizational excellence to increase stakeholder loyalty and satisfaction.

**To gain a competitive advantage in the industry and offer outstanding service, we are strengthened by our employees and we give strength to them with the development opportunities we offer.**

## WORKING ENVIRONMENT AT ENERJISA

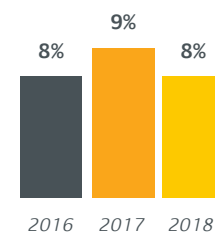
At Enerjisa, we place employee satisfaction at the center of our business and improve working conditions to attract and retain talent and become the most preferred employer. We care about providing an equal and fair work environment for all of our employees and help develop their talents and skills. We continue to support the development of our employees through reward systems that recognize and appreciate their success and offer them benefits.

Almost 800 new employees joined us in 2018, bringing the number of employees working at Enerjisa to over 9,700. The employee turnover rate was 8% in 2018.

Employees per Category



Employee Turnover Rate



We consider it completely unacceptable to discriminate against employees on the grounds of language, race, color, gender, political opinion, beliefs, religion, sect, age, physical disability, and similar reasons. We support gender equality in the workplace as in all areas of life. In line with our conscious efforts, we are among the signatories of the 2019 United Nations Women's Empowerment Principles.

The ratio of female employees in Enerjisa top management has increased from 17% to 25% in the past three years, while the ratio of female employees under the age of 30 in management positions has remained unchanged at 50%. 99% of male and female employees who were on maternal and parental leave returned to their jobs after the end of their leave.

We conduct employee satisfaction surveys annually to measure employee satisfaction and ensure that we provide the best working conditions. The employee satisfaction score in 2018 was 71%.

It is important for us that our employees maintain a healthy work-life balance, and we support them accordingly. In this scope, we have taken steps in order to implement flexible working model, dress code and remote working in our headquarters. In 2018, we launched the flexible working model in our headquarters that our employees can be able to pick their working hours. We have implemented a pilot scheme for remote working model.

With this model, we intend to increase employee productivity. We are also planning to implement this model in our other headquarters. We launched Avita Employee Support Program in 2018, and through this program, we ensure that employees and their families receive counseling on psychological, medical, financial, and legal matters.

Employees by Gender



Board of Directors



Managers Under the Age of 30







# EMPLOYEES

## TALENT MANAGEMENT

Our qualified workforce is one of the most important elements of our success. We support our employees to develop the talents and skills required by their positions and train them to increase their professional capacity in line with our right person for the right job approach. As well as contributing to employee development, we play an important role in bringing qualified labor to the industry.

We see talent management as a way to create value by giving all employees the opportunity to discover, understand and appreciate themselves and use their skills in the most accurate and efficient way in support of their self-actualization.

With almost 10,000 people from across four generations working side by side, we invest heavily in the diversity of

our employees. Trusting that every employee is a talent, we follow new global trends for diverse employee profiles in many different areas and introduce new approaches to support their priorities.

With talent management practices that support our vision to become the most attractive employer, we aim to recruit qualified young people and experienced professionals and improve the skills of our employees. We believe that individual achievement is the basis of organizational success and we use different talent management systems to determine and evaluate employee performance and competencies.

## PERSONAL DEVELOPMENT PROGRAMS AND TOOLS

Program Name	Scope
YOA Mentoring and YODA Reverse Mentoring Program	In 2017, we created a platform for different generations in Enerjisa to learn from each other. The first group of participants completed the YODA mentoring program in 2018. In the YODA Reverse Mentoring program, which is one of the firsts in the industry, the new generation of employees had the opportunity to mentor the Senior Management at Enerjisa.
Wings Up Program	The Wings Up program aims to ensure the leaders at Enerjisa, men and women, embrace an equitable approach to life in all its aspects. The program reached 142 female staff in 2018. The Wings Up journey for men started with 110 male leaders.
EnAkademi	Our development platform EnAkademi provides individual development tools to everyone at Enerjisa to help them fulfill their career goals. The program continues to be a highly effective development tool.
Personal Awareness Journey Platform	We aim to help Enerjisa employees discover their potential and strengths with the Personal Awareness Journey platform. Development of the platform started in 2018 and it is expected to be launched in 2019. We will offer tools such as e-learning, video and articles for potential development areas via EnAkademi. With the help of this platform, employees will be able to plan one-on-one meetings with their managers for goal-setting and organize future training for their development areas.

## LEADERSHIP DEVELOPMENT PROGRAMS AND TOOLS

Program Name	Scope
Leadership Acceleration Program (LEAP)	We developed this training program for our top leaders to learn the most up-to-date tools and methods needed to cope with the business challenges of today and tomorrow and to accelerate the leadership development processes. Designed with the experiential learning method, the first group of 16 participants in the program graduated in October 2018.
STEP Program	In collaboration with Sabancı University, we designed the STEP Program to develop the leadership skills of our mid-level managers. The first group of 15 people completed the program.
JUMP Program	The JUMP development program was designed for Enerjisa employees appointed to managerial positions. The program aims to increase the effectiveness of participants in their current roles and to develop their leadership skills. Designed with the combined learning method, JUMP offers flexible, social and individual development opportunities through different learning techniques such as remote learning, workshops and simulations. Four hundred participants enrolled in the program will be completing their self-development journey soon. Their participation rate of over 90% is very high.
Young Energy Program	The Young Energy program was designed to support and accelerate the development of young, high-potential Enerjisa staff who are at the beginning of their careers. The fourth-generation participants completed the program at the end of 2018. The Young Advisory Board was formed from among these participants.

## PROFESSIONAL DEVELOPMENT PROGRAMS AND TOOLS

Program Name	Scope
Advanced Data Analytics Academy	17 Enerjisa employees enrolled in Sabancı Advanced Data Analytics Academy, founded by Enerjisa, Sabancı Holding, Sabancı University and Sabancı Executive Development Unit (EDU). Out of a class of 62 Sabancı Group employees who attended this 2.5-month program, five of the Enerjisa employees who completed the program were awarded prizes for their successful work.
Future Forums	Five employees participated in the Future Forums 2018, one of the Holding's development programs, which was initiated in order to support the mental transformation that will enable us to think beyond the industry and market boundaries.
I-Champ	Three of our employees graduated from the I-Champ program, which aims to build critical thinking skills for proper implementation of innovation projects.
In-house Trainer Program	The In-house Trainer Program was launched in 2018 to help Enerjisa staff exchange knowledge, know-how and experience at the Sales School. This was done through the development programs aimed at improving sales skills and customer focus. Enerjisa staff who want to be an in-house trainer have to complete an intensive training program.



# EMPLOYEES

## OTHER PROGRAMS

Formed to energize and inspire the organization with the passion, perspective, potential and diversity of the young Enerjisa employees, the Young Advisory Board will support our leadership team as an advisory body. The board members will be assigned in January 2019 will meet with the Enerjisa Leadership Team several times during the year, taking part in various projects and assignments.

Enerjisa managers also participated in the leadership development programs organized by Sabancı Holding. Two of Enerjisa's senior executives started the X-CELERATE leadership development program. And four of our employees graduated from the Young Sabancı Program.

In 2018, three Enerjisa employees participated in the leadership development program, which consists of training, mentoring, coaching and networking sessions. The program was organized by the Yenibirlider Association in collaboration with Boğaziçi University.

With the introduction of the **Enter** project, our new generation talent management program, seniors and graduate students in electrical/electronics engineering were offered the opportunity to get a glimpse of the energy industry as well as the Enerjisa Distribution processes. During this one-year period, future engineers were assigned to different tracks (investment, customer and grid) and had the opportunity to experience and learn about the engineering processes involved in the power distribution business. They were mentored by talent coaches and explored individual areas of interest. In 2018, 24 future engineers started their one-year industry journey in three regions.

Distribution Company development program **Pusula** offers employees an opportunity to participate in personal, professional/technical development and OHS trainings.

The Engineering Development School aims to develop the skills of engineers who work at Enerjisa's distribution companies. The school started its theoretical and practical training at the beginning of 2018. The Engineering Development School also intends to improve the technical capacity and efficiency of

Enerjisa engineers and to prevent occupational accidents by creating a training system for the distribution operations. In 2018, 237 engineers took part in this training.

The **Our Clients** training was designed for our employees in the field who perform the distribution operations. This training helped Enerjisa take a major step towards improving customer satisfaction, one of Enerjisa's key priorities. More than 5,500 employees have participated in the training programs organized by the Sabancı University Executive Development Unit since January 2018.

Another training program to improve customer experience was the two-day **Smiling Customer** program, organized in collaboration with the Customer Relations, Call Center and Human Resources departments for our Call Center employees. The two-day customer representative training is aimed at providing quality service experience.

The Customer Operations Group conducted process training as part of the Pusula professional development training. Nearly 1,000 customer operations field employees participated in the training programs aimed at increasing process efficiency and work quality.

We organized the **Purchasing Academy** program for our employees involved in strategic procurement and logistics processes in distribution companies. Sixty employees participated in the training, which was offered on eight different topics.

The Distribution **Mobile Training Center** continued to provide mobile training programs in 2018, in support of our employees' continuous development and visited various operations centers in the Toroslar region, providing technical training for our employees in field operations. Also, Enerjisa signed the Vocational Training Collaboration Agreement with the Ministry of Education and organized basic electrical training for more than 1,000 vocational high school/academy students during 2017. The Company introduced them to the electricity distribution industry at its technical training centers as well as at the Mobile Training Center.

In the **Vocational High School Coaches Program**, which is a voluntary program organized through the Ministry of Education and Vocational and Technical Education Directorate with the participation of private companies since 2012, Enerjisa's volunteer employees have been coaching 10<sup>th</sup> and 11<sup>th</sup>-grade students from vocational high schools. This two-year program covers different personal development topics in each session and aims to increase the awareness level of vocational high school students. Through this interaction, volunteer Enerjisa coaches share the satisfaction of fulfilling social responsibilities. Within the scope of the program, 61 coaches reached 214 students in Ankara, Istanbul and Adana.

Enerjisa collaborates with universities because the Company believes that the scientific potential of universities adds value to the distribution industry and that Enerjisa's technological potential adds value to the universities. An example of these projects is the **Design Factory** course, offered as part of a collaboration with the METU. Enerjisa contributed to the electrical and energy topics in the course, which included students from different disciplines. The Company provided mentoring to students in sub-projects in order to produce innovative solutions.

The **En-Biz Project** for people with disabilities was conceived as a social responsibility project by the Human Resources team. Within the scope of this project, personal development training programs are organized to encourage individuals with disabilities to participate more in social life. The Company provides employment to participants of this program in certain cases. In the second cycle of the program, which was completed in 2018, 54 people from three regions received training and 13 of them were hired.

In 2018, the Company continued to support the professional and personal development of Enerjisa employees with technical and professional training programs. These include master's programs, online foreign language courses and training courses on information security, competition law and ethics, among others.

### Trend Talks

We organize trend talks to discuss the effects of changes, latest technologies and trends in Turkey and the world on our way of doing business. In this way, we aim to raise awareness and understanding in our organization about recent developments and trends and to increase corporate

competence and performance by incorporating these developments into our mindsets and ways of doing business. We provide live broadcasts so that all Enerjisa employees can watch. All employees can ask questions live via the mobile application.

### Digital Transformation for Human Resources Management

We are constantly renewing and improving our processes by focusing on digitalizing all human resource management processes. We get faster results with our digitally streamlined workflow, focusing more on operational excellence by reducing time-consuming operational work.

In February 2018, the Digital Human Resources Platform IKON went live. IKON ensures that 10,000 employees in different regions are on the same page at all times about developments in the Company. Formed as part of the IKON platform, our appreciation system **You're Worth It** allows our employees to recognize and reward each other for their achievements instantly. In addition, we can get employees' opinions and suggestions at any time by conducting instant surveys through IKON, which also provides information about Enerjisa and our human resources processes.

Launched at the end of 2018 in collaboration with Sabancı Group Human Resources and Sabancı DX, the Human Resources Digital Transformation project focuses on the feedback and user experience of all relevant stakeholders, primarily employees and managers. We aim to launch our digital transformation to add value to our Company by effectively using the latest technologies with a user-friendly, practical and faster approach. We intend to fulfill the expectations of the modern-day world and the generations to come by being flexible and agile. We will process our data more effectively and quickly and integrated them into our decision support mechanism. To this end, we will make use of web and mobile-based systems and applications.

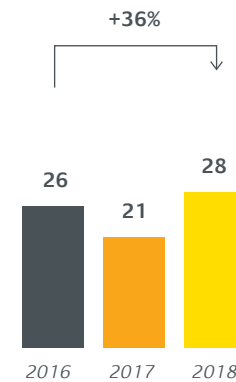
We use online resume databases, online interviews and online tests during the recruitment phase, depending on the requirements of the position. This way, we can accelerate the hiring process and cut costs while reaching candidates in different locations.



# EMPLOYEES

**Enerjisa's annual average training hours per employee increased by 36% over the past three years.**

Average Annual Training Hours Per Employee



## PERFORMANCE ASSESSMENT

We have a system consisting of three basic stages: goal setting, interim performance assessment and year-end assessment. In 2018, 31% of employees are assessed for their regular performance and career development. And the number of employees who are assessed in the last three years increased by 9%.

## EMPLOYEE VOLUNTEERING

We support the voluntary participation of employees in our social responsibility projects, which aim to benefit society. We see these projects as a way of increasing employee motivation as well as strengthening our corporate perception. In 2018, a total of 425 employees voluntarily took part in social responsibility projects.



You can read about the social responsibility projects in which our volunteer employees participated in the [Society section](#).

## CORPORATE ENTREPRENEURSHIP AND LEADERSHIP

Strengthening our management structure by supporting intrapreneur leaders and encouraging employee development by taking their talents to the next level is an important part of our talent management approach.

### CORPORATE ENTREPRENEURSHIP PROGRAM

NAR, the Corporate Intrapreneurship Program launched by Enerjisa to promote corporate intrapreneurship, completed its fourth season in 2018. Designed to develop creative solutions in energy and related fields, the program has attracted great interest from employees and continues to expand every year.

Out of the 68 applications made for the fourth season of NAR, 22 projects were awarded Startup acceleration training at Istanbul Technical University (ITU) Çekirdek. 7 projects were presented to the jurists from the Energy Leadership Team on the NAR investment day in 2018 and 5 of these were granted approximately TRY 2.5 million worth of investments.

Enerjisa Enerji won two top awards in the Big Data Analytics and Disruptive Technologies categories in the 2018 International Data Corporation (IDC) IoT, Big Data, Analytics & AI Conference for its **Add Value Call Center Speech Analytics** project, which has received a grant.

Additionally, projects such as Add Value and Pick Me Up (Company Vehicle Sharing Platform) were selected to represent Enerjisa Enerji at Sabancı Holding's Golden Collar Awards.

## EMPLOYEE PARTICIPATION IN MANAGEMENT

Employee participation in management involves attendance at regular meetings, annual goal setting and performance evaluation meetings. Employees take part in decision-making mechanisms, committees and various projects pursuant to their authority and responsibilities. Employees can also share their requests, suggestions and views through various channels such as intranet, mobile applications (IKON) and other software, communication forms, suggestion systems (Fikir Kumbarası), 360 and 180 feedback systems and surveys. In Enerjisa, we evaluate employees in line with the Suggestion, Recognition and Appreciation systems and reward them. We especially encourage high-potential employees to participate in management decisions.

To allow employees to contribute to management, we inform them about the overall standing of the company through the meetings our CEO holds with all our management teams as well as other annual management meetings.





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# 07

## CUSTOMERS

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**We prepare for the future of energy supply from today by developing customized services and products in line with the digitalized world.**





# CUSTOMERS

We shape our products and services according to the needs and expectations of our customers and adopt a customer-focused approach in all our operations.

Electricity is of great importance for the social, economic and cultural development of society. From daily household needs to large-scale industrial production, social activities to healthcare, energy is indispensable in all areas of human life. Thus, we consider access to energy as a natural human right.

We aim to provide the best service in energy supply by continuously enhancing our products and services. We provide energy to more than 21 million customers in our energy distribution and sales operations. With our customer-focused approach, we develop exclusive services and products that keep up with the constantly digitalizing world and utilize the cutting-edge technology. By doing so, we prepare the energy supply practices of the future while we offer services that provide a high level of customer satisfaction.




With our retail customers in three distribution regions and 14 provinces across Turkey, we reach out a very large segment of the country. As of the end of 2018, we serve 9.6 million customers through 10.9 million network connections as part of our sales operations.

With the rapidly improving private sector and increasing population, both the number of customers and the amount of energy we provide are increasing. We play a significant part in the development of Turkey with the energy we deliver to rapidly developing industrial regions, particularly Ankara, the Anatolian side of Istanbul, Adana, Gaziantep, and Mersin. At Enerjisa Enerji, we are constantly developing ourselves to meet fast increasing customer needs, provide the highest level of service for our customers, and achieve a high level of customer satisfaction.

**With our products and services, we reach out to more than 21 million people and 9.6 million customers through our 10.9 million network connections and sales channels across our distribution regions.**

We manage customer satisfaction and communication in line with our internal policies and international standards. With the **ISO 10002** Customer Satisfaction standard that we have adopted, we provide services at international standards. In this context, we provide training to enable our employees to respond to customer expectations in the fastest and most efficient way. In 2018, we provided training to more than 450 employees in the areas of customer orientation and customer satisfaction.

We have created individual customer satisfaction policies for each of our distribution regions:

-  Please click to reach the [AYEDAŞ Customer Satisfaction Policy](#).
-  Please click to reach the [Toroşlar EDAŞ Customer Satisfaction Policy](#).
-  Please click to reach the [Başkent EDAŞ Customer Satisfaction Policy](#).

## CUSTOMER ORIENTATION

We shape our products and services according to the needs and expectations of our customers and adopt a customer-focused approach in all our operations. In this way, we can satisfy their needs in the fastest way while effectively solving the problems that they face.

**Service Ticket Data Enhancement Project:**  
We carry out field analysis to understand the changing demands of different customer segments and update our products and services accordingly. In this regard, we launched the Service Ticket Data Enhancement Project as part of the improvement of our customer database. Within the scope of the project, we analyzed customer needs based on the data collected through customer requests and improved our database content. Considering the unstable market conditions and industry development, we are constantly working to offer the most advantageous prices for our customers.

We improve our product and service channels by modeling and analyzing various processes from the customer perspective. As part of this, we organize meetings where top executives meet customers with complaints.

**Querying Journey:**  
As part of this customer journey, we reviewed all our processes to better understand the expectations of customers when they have a request. All units who are dealing with customer processes came together and evaluated the process from the customer's perspective and made improvements accordingly. We created action plans to manage customer requests better and increase customer satisfaction score.




**End-to-End Customer Journey:**  
At Enerjisa Enerji, we have redefined and redesigned the entire customer journey and taken actions to improve every single experience. We made use of customer experience analytics and data/root cause analysis to ensure that the right actions were performed at the right time. We then started to measure customer satisfaction real-time, end-to-end, at every point. In addition, as part of the **After a Power Blackout** project, we organized a two-day workshop with the participation of related stakeholders to better understand the problems that customers experience after a power outage. At the workshop, we identified customer problems and implemented action plans accordingly.

## CUSTOMER INFORMATION SECURITY

In recent years, the data on energy supply and customers have been considerably growing due to a significant increase in both our network connections and the amount of energy we supply. In the regions we serve, we protect the confidentiality of 21 million people with the Enerjisa Enerji guarantee. In addition to our internal policies, we manage information security in line with international standards. Additionally, we carried out an audit of technical compliance certification for the renewal of our **ISO 27001** certificate. We also established a Personal Data Protection Committee, which ensures the full compliance of our operations with the LPPD.

All notifications about the policy are delivered to our customers through call centers, websites, and through announcements and disclosures at company buildings and operation centers.

We have created individual customer confidentiality policies for each of our distribution regions:

-  Please click to read the [AYEDAŞ Customer Confidentiality Policy](#).
-  Please click to read the [Toroşlar EDAŞ Customer Confidentiality Policy](#).
-  Please click to read the [Başkent EDAŞ Customer Confidentiality Policy](#).





# CUSTOMERS

## CUSTOMER COMMUNICATION AND SATISFACTION

In parallel with the growing population and developing industry, the number of our customers is increasing. As part of our customer satisfaction activities, we include not only our customers, to whom we directly sell electricity, but also the whole population in all regions where we are responsible for supplying energy in connection with our public services. We provide services in a wide range of areas that concern all the residents in the region, including technical and non-technical losses, operational problems and lighting of public areas. We aim to improve service quality in all areas where we operate.

As part of customer relations and to increase customer satisfaction, we summarize our approach under four headings:



**We Understand  
the Customer**



**We Foresee  
Customer Needs**



**We Develop  
Request  
Management**



**We Measure  
and Ensure  
Customer  
Satisfaction**

**We aim for a high level of quality  
and customer satisfaction in all  
regions where we operate.**

Since communication is a priority to ensure satisfaction, we communicate with our customers through a variety of channels. We increase communication channels and update them according to the needs of our customers in order to resolve their issues and complaints as soon as possible. Accordingly, we make use of traditional communication channels such as petition, e-mail, registered e-mail (KEP), telephone and internet, as well as our mobile application Mobile 186, Twitter support accounts, corporate Facebook accounts, corporate şikayetvar.com account and WhatsApp Mukhtar Support Line.

We have a wide service network with 68 customer service centers, 84 transaction centers and a 24/7 call center. We manage 2 million transactions per year, including subscription, invoices, applications and complaints. In addition to the diversity of the communication channels we create for our customers, we also bring our services to our customers' doorsteps. We have mobile service vehicles in the Başkent and Toroslar regions for use in areas that are far away from the transaction centers.

To ensure continuous energy supply in the most efficient manner, we closely monitor power outage statistics. The improved power outage data helped us upgrade our measurement system. Previously, SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index) were calculated manually.

In 2017, we made improvements by automating the fault logging and management system, thus preventing incorrect data entry problems.

Since 2014, we have enhanced data quality with operational system improvements. We have also increased the number of communication channels for customers to report power outages.

Customers can participate in management through monthly qualitative customer satisfaction surveys and net promoter score surveys. We share the survey results with all stakeholders within the company through the Customer Experience Committee, which includes the Company's senior management. After receiving their insights and recommendations, we set priorities and launch relevant projects.

Customers can participate in management through monthly qualitative customer satisfaction surveys and net promoter score surveys. The results of these surveys are shared with all stakeholders within the company through the Customer Experience Committee, which includes the Company's senior management, and are prioritized and implemented based on feedback.

We regularly measure customer experience. As part of the end-to-end customer satisfaction model, which we developed in 2018, we started measuring customer satisfaction instantly at more than 25 points where customers come into contact with Enerjisa. As a result of these measurements, we improved our processes at customer contact points.

Additionally, to measure customer satisfaction consistently, we conduct an automatic survey through EEDAŞ. The survey includes different questions according to the channel where the customer receives service. The results of the assessment, which is carried out at most one day after contact with the customer, show that our satisfaction score increased to 3.67 out of 5 in 2018, up from 3.07 in 2017.

**We increased our customer  
satisfaction score by 20%  
compared to the previous year.**

Continuous Energy Supply		
EDAŞ	2018	
	SAIDI (hours)	SAIFI (number of power outages)
AYEDAŞ	6.9	3.9
Başkent	21.4	10.5
Toroslar	30.2	9.9

# CUSTOMERS

We aim to increase our customer satisfaction score in the upcoming period with our proven projects.

Customer Call Center Operation Project	Mobile 186 Application	Enerjisa Mobile	The 186 Call Center	Enerjisa Online Services Center (OSC)	Add Value Project	Electronic Document Management System	X-TRANSFORMERS
As part of the Customer Call Center Operation Project, we established a portal to improve communication between the customer center and field teams concerning all complaints filed by customers. With the portal, which ensures communication between the field operations unit and the call center operator, we continuously deliver the most up-to-date information from the field to the customer. In case of power outages, we share the estimated restoration times and changes in estimated times, if any, via SMS.	We re-designed our Mobile 186 Application for our customers. The application allows customers to make various transactions such as meter transactions, connection-disconnection, index, new connection and failure logging. The push notification feature lets customers receive feedback about any faults, connection-disconnection and index status, without the need to log into the mobile application. Customers can report problems by sharing the location and adding photographs through the application. In this way, we receive complaints and recommendations in a wide range of areas.	The Enerjisa Mobile Application allows users to make transactions digitally instead of the physical channels. With the application, users can pay online and find suggestions for saving energy. The application allows users to monitor planned power outages and compare past electricity consumption with the consumption of the users in the same region. By the end of 2018, the application was downloaded by more than half a million users.	The 186 Call Center employs 800 people in total in Ankara, Adana and Rize. It received 13.1 million notifications in 2018. Due to the expansion of our operations, the number of notifications increased significantly compared to 2016. While the number of notifications increased by 250%, the response rate was 97.4%. In 2018, repeated calls were analyzed, reasons for these calls were identified and action plans were made to reduce repetitive calls.	Through Enerjisa Online Services Center (OSC), we provide a wide range of services at online. enerjisa.com.tr. By the end of 2018, the number of Enerjisa OSC users reached 644,000, an increase of 39% compared to the previous year.	With the Add Value Project, calls to the 186 Call Center were converted to text and analyzed. As part of the project, all calls are converted to text in real time. This allows us to act quickly based on certain keywords in the texts and communicate urgent issues quickly with the relevant teams.	We now use the Electronic Document Management System, which allows digital approval of customer communication, application and response texts via e-signature. In this way, we are able to follow up paperwork electronically and customers can track their application online through the task record created.	Customer Experience Management Strategies were redefined under the categories Discovery/Design, Measurement, Improvement Cycle and Business Model and all customer journeys were redesigned end-to-end. With the X-TRANSFORMERS project, we created an interactive structure for the Measurement, Improvement Cycle and Business Model categories in the first quarter of 2018.






# CUSTOMERS

## INNOVATIVE PRODUCTS AND APPLICATIONS

We aim to offer the best experience for more than 21 million people across Turkey to whom we provide services and products. To this end, we develop products and services for the future of energy supply, from health and urbanization to digital applications and energy storage. We constantly improve our company in line with the global trends we follow, integrate innovative approaches into our distribution system and make it available for the people. In this way, we help create a clean, inexpensive and uninterrupted energy network whose importance and demand will increase further in the future.

The quality of electricity is as important as the distribution of electricity. The amount of electricity produced from renewable energy sources such as wind and solar energy in the distribution network increases every day. Since the supply from these resources is intermittent during the day, intermediate storage systems are necessary. At Enerjisa, we attach importance to supplying energy at an optimum cost and increasing the share of renewable-energy power plants, which are integrated with energy storage systems, in electricity production. We are working on establishing storage systems in our distribution network which will serve for various purposes with varying structures and capacities.

 You can find the details about global trends and issues that shape the future of the industry in the [2019](#) and the [Future Outlook](#) section.

### *Mobile SCADA Control Center*

In order to provide uninterrupted and quality energy, the Mobile SCADA Control Center was designed and commissioned as an alternative to the current SCADA Control Centers. In all cities that have Mobile SCADA Control Centers, energy is monitored continuously. A first in the industry, the-state-of-the-art Mobile SCADA provides uninterrupted energy, especially in crisis, disaster and emergency situations.

### *PEAKApp Mobile Application*

The application aims to encourage residential customers to use clean and affordable energy. The application was funded by the European Union Horizon 2020 program and received the TÜBİTAK Achievement Award.

### *Patient Project*

As part of this project, we ensure that transformer stations serving patients in need of uninterrupted energy are identified and any power outages in these transformers are resolved with utmost priority. In this way, we endeavor to minimize the effects of power outages on patients. The project is in operation in all 3 distribution regions.

### *Automatic Meter Reading System (AMR)*

As part of the transformation that will take place in the smart distribution network, we are increasing the number of **Automatic Meter Reading System** points, which allow meters to be read remotely and instantly. As a result of the project, we can now read 60,000 meters remotely and monitor index data instantly. In the coming period, we will gradually increase this number and include more meters in the integrated smart grid system.

Smart grids, energy storage systems, electric vehicles and charging stations - and integration of these into renewable energy production - are issues that concern the future of the energy industry. At Enerjisa Enerji, we design the future of energy supply with our projects and investments.

### *KRITA Gaziantep Smart City Project*

In cooperation with Gaziantep Metropolitan Municipality, the project contributes to the development of integrated urban management software in many fields such as installation of solar energy systems, smart lighting systems, energy storage applications, electric vehicle charging stations and urban energy automation in addition to the improvement of electricity infrastructure and renewal works.

### *Smart Energy Aware Systems (SEAS)*

We are collaborating with 33 stakeholders from seven countries including France, Finland, Spain, Portugal, Romania, Belgium and Turkey as part of the project, which is funded by the European Union ITEA. The infrastructure of smart network applications on a micro-network scale was created with the Internet of Things (IoT) platform, which enables the integrated operation of solar power plants, electric vehicle charging stations, power quality devices, smart meter measurement systems and all other systems.

### *Unmanned Aerial Vehicle Project*

With the support of the EMRA R&D fund, we have enabled the use of unmanned aerial vehicle (UAV) technology in the electricity distribution industry with the Unmanned Aerial Vehicle Design and Prototype Production project, which is specific to electricity distribution operations. Thanks to the project, **we can monitor faults and leaks and identify repair and maintenance requirements.**

UAV is able to send faults as a snapshot to the ground control station with its vertical take-off and landing and 360-degree observation capabilities. This design is the first of its kind in Turkey for the distribution industry. We intend to increase the use of UAV technology in network operations to boost operational efficiency.





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# 08

## SOCIETY

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**We create value  
for widespread  
ecosystem by investing  
in communities.**





# SOCIETY

## By the projects; I Protect the World's Energy, Vocational Training Support Through Mobile Training Center, Vocational High School Coaches and EN-BİZ, we raise the awareness of children and young people.

At Enerjisa, we serve almost 9.6 million households and 21 million users in 14 provinces with 10.9 million network connections. Therefore, we have the opportunity to create value in a wide ecosystem with social investments. With the goal of becoming a regional power in the energy distribution industry, we strive to create value for society and contribute to local economies. We focus on raising the awareness of children and young people to make energy sustainable by protecting natural resources while creating social investment programs.

### I PROTECT THE WORLD'S ENERGY

A vital topic in the field of energy in Turkey is efficiency. We aim to create and expand an awareness for energy saving among the public and especially primary school students, whom we see as the ambassadors of the future.

As part of the project, Enerjisa volunteers, the Energetic Volunteers, train primary school students on energy efficiency and together with professional actors perform theater plays. Launched in 2010, the project has reached children in Zonguldak, Bartın, Karabük, Çankırı, Kastamonu, Ankara, Adana, Gaziantep, Hatay, Mersin, Kırıkkale, Ankara, Mersin and Istanbul so far. Children can also learn about the world's energy sources and how to protect these limited natural resources through animations and voice-overs that are specially prepared for them through the website [www.enerjimikoruyorum.org](http://www.enerjimikoruyorum.org).

In 2015, we were awarded the 'Best CSR Project Award' in the social responsibility projects competition organized by Junior Chamber International (JCI) and in 2016 we received the 'Social Responsibility Project of the Year Award' in the Stevie Awards program. In 2017, we received the 'Responsible Consumption and Production Award' organized by Turkey Corporate Social Responsibility Association (TKSSD) under the theme of Corporate Social Responsibility and Sustainable Development Goals. In 2018, we won the 'Golden Compass Grand Award', Turkey's most prestigious awards in the field of

public relations, organized by the Turkish Association of Public Relations Agencies (TÜHİD) and the 'Best Energy Management Award' at the International CSR Excellence Awards organized with the slogan Companies With Heart.

In 2018, we trained more than 250,000 students from 550 schools in 14 provinces and in the coming years, we aim to reach more students by expanding the project.

With the mobile game *I'm Protecting My Energy*, we reach children in different provinces and aim to enable children learn about energy sources in the world and protecting the world's limited resources through play.

**In 2018, we trained more than 250,000 students from 550 schools in 14 provinces and we aim to reach more students in the coming years.**

### VOCATIONAL TRAINING SUPPORT THOUGH THE MOBILE TRAINING CENTRE

Vocational high schools and vocational schools for higher education are among the educational institutions providing qualified employees to the energy distribution industry. To increase the education level of the labor force in the energy distribution industry as well as the number of young people in the industry, we have implemented the Vocational Training Support through the **Mobile Training Centre** project. The project was launched in 2017 and is a first in the industry. We intend to contribute to the qualifications of students and teachers in the field of electric-electronic technology. As part of the project, the Mobile Training Centre is equipped with up-to-date equipment and technology used in the energy industry and capable of

providing all the theoretical and practical technical training required in field operations. It also supports the development of technical skills for vocational high school students and educators.

We have reached 1,517 students in 14 different cities (Ankara, Bartın, Çankırı, Karabük, Kastamonu, Kırıkkale, Zonguldak, Istanbul Anatolian Side, Adana, Osmaniye, Gaziantep, Mersin, Kilis and Hatay) under the Vocational Training Collaboration Agreement signed with the Ministry of National Education. The Agreement will continue until the end of 2020. In 2019, we aim to carry out in-service programs for teachers and to support the curriculum.

### VOCATIONAL HIGH SCHOOL COACHES

Coaching is a process that enables individuals to improve their learning processes and performance and acquire various skills. Coaching relationships also help employees to improve their competencies.

vocational high schools in the future. We also aim to create permanent collaborations between the private sector and vocational high schools.

The project has been launched in 2017 and will last for two years. Under the project scope, 61 coaches have reached 214 students in Ankara, Istanbul and Adana by end of 2018. As part of the project, we aim to continue the coaching practice by reaching vocational high school students in other provinces in the years to come.

In addition to the coaching program, we participated in the Design Factory project with the Middle East Technical University. As part of the project, we contributed to the electrical and energy topics in the Design Factory course, which included students from different disciplines. We also provided mentoring to students in sub-projects in order to produce innovative solutions.

### EN-BİZ

According to World Health Organization data, over 1 billion people worldwide have some form of disability. Among this, more than 100 million are children and 80% of individuals with disabilities live in developing countries. The Sustainable Development Goals focus on empowering individuals with disabilities for inclusive, fair and sustainable development and pledge to leave no one behind by 2030<sup>12</sup>.

Enerjisa distribution human resources team implemented the En-Biz to evaluate the perspectives of disabled people in business and development processes. The project aims to strengthen the social integration of individuals with disabilities

through personal development and training programs. At the end of the program, the Enerjisa provides employment in certain cases. Currently, 96 people have participated in these personal development programs. The third round of the program started in 2018. We provided training to 54 people in three regions and 13 of them were hired.

With the project, we intend to provide trainings for people with disabilities in other cities on Communication Skills and Communication Awareness and Preparing an Effective CV and Tips for a Successful Interview.

<sup>12</sup> Sustainable Development Goals, <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>





# 09

## SUPPLY CHAIN MANAGEMENT

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**With the principle of operational excellence in the supply chain, we follow technological developments and continuously improve our performance.**





# SUPPLY CHAIN MANAGEMENT

## Our relationships with suppliers are based on the Enerjisa Code of Business Ethics.

As Enerjisa, we serve almost 9.6 million retail customers in 3 distribution regions and 14 provinces with 10.9 million network connections and provide the infrastructure for electricity distribution for almost 21 million people to have access to electricity. This includes cities with high population density such as Ankara, Istanbul Anatolian side, Gaziantep, Mersin, Hatay and Adana. To provide sustainable and high-quality energy in the regions, we make investments based on operational excellence while continuously renewing and improving our distribution grids. We closely follow technological developments and incorporate these into our value chain in order to strengthen our leading role in the electricity distribution industry.

Our suppliers help us construct power plants, improve and strengthen our distribution network, get administrative services, construct and renovate buildings and maintain and repair our materials and software.


In 2018, all our 599 suppliers were local. We provide training to certain suppliers who are critical to our operations about regulation changes and technical issues regarding procurement. We also offer training and organize meetings before inviting tenders to decrease any uncertainty our suppliers may be experiencing as a result of changes in our procurement processes, regulations (EMRA Regulation on Procurement) or our company policy.

Our business units can buy goods and services at their discretion, up to a certain amount. The purchasing department consolidates such orders each year to buy from fewer suppliers at more affordable prices.

Our relationships with suppliers are based on the Enerjisa Code of Business Ethics. In line with these principles:

- In the supplier selection processes, we avoid any actions to gain an advantage for ourselves, our relatives and/or third parties.
- We do not share financial information of our suppliers with unauthorized third persons outside of working purposes.
- Enerjisa employees do not accept gifts and b advantages from suppliers, business partners, or other companies with which our companies have commercial business relationships.
- To protect the company's reputation, we fully comply with the Competition Law. We also take into account the economic foundations and practical applications in our communication with suppliers, especially with whom we cooperate on electricity retailing.

In 2018, we designed our supply chain flow to make our procurement processes more systematic, to increase internal customer satisfaction and to ensure that supply chain processes are faster, more efficient and in compliance with procedures and regulations. With this system, we aim to make our supply chain more transparent and measurable, ensuring that all documents required by the procurement processes can be checked by the relevant units with the help of control points specified by the system.

 Please click to find details on [Enerjisa Code of Business Ethics](#).

## STRATEGIC SUPPLY & PLANNING AND LOGISTICS

To promote local and international customer satisfaction and improve corporate processes, we determine several material purchasing strategies and ensure that the right product is in the right place and in the right amount and is of the right quality by managing the procurement of necessary materials. We are managing and improving our supply processes by actively communicating with the 599 suppliers in our ecosystem.

In 2018, we provided TRY 632.3 million worth of materials to be used for the maintenance, repair and construction projects of the 3 companies.

We continuously monitor our stocks to decrease financial and storage costs. We intend to lower our stock levels by launching various projects and preparing extensive reports. Consequently, we decreased the imperfect stocks in the main warehouses of our 3 companies by TRY 5.5 compared to the beginning of 2018.

We pay sufficient attention to the occupational health and safety and the environment. Therefore, we store waste and disconnected materials from the network and dispose of them in accordance with the regulations. Our companies disposed of TRY 20.3 worth of material in 2018.

We designed numerous systemic improvements to streamline planning and logistics implementations in 2018. These are:

**YUKA Project:** We can monitor and order follow-ups and reports through the SAP system.

**MRP:** We can calculate the amount of necessary materials for the network and investments.

**Fleet Management SAP Transition:** We track our fleet through SAP.

Additionally, we carried out testing for the automatic shipment of material orders to suppliers with an e-signature on SAP, the implementation of shipment plans and quality control processes on SAP and the application of penalties for order delays through the system.

We continuously improve our fleet management processes to better serve our customers. In this regard, we control our fleet and produce reports through the SAP system. We manage malfunction, repair, maintenance and fuel supply orders of 3,229 vehicles in total.

Moreover, we periodically renew our vehicles and add new

vehicles to our fleet to operate more efficiently. We also keep track of how often we service our vehicles to improve our fleet's efficiency.

In 2018, we added 170 new vehicles to our fleet, 83 of which were company-owned heavy-duty vehicles and renewed 976 rental cars. The vehicles were serviced 14,700 times and servicing lasted 0.7 days on average and if it lasted longer, replacement vehicles were provided to avoid any interruptions.

To determine a target price, we conducted a supply chain value analysis and monitored international commodity markets. In 2018, we visited 24 different firms and their factories to lay the basis for target pricing. We prepared supply chain value analyses for 56 commodity groups in total.

We then created procurement strategies and determined the contract types and trading terms and improved our purchasing planning and methods. After reviewing our procurement agreements, we simplified our packaging agreements. In addition to providing operational convenience we saved almost TRY 1.2 million.

**After reviewing our procurement agreements, we simplified our packaging agreements, saving around TRY 1.2 million and streamlining our operations.**

Additionally, we conducted three different projects on the materials supplied to our company. We saved nearly TRY 24,000 with the project aimed at completing missing materials and TRY 36,000 with the substitute material project. We also aim for TRY 12 million contribution annually with our commodity project, which has started in 2018.

Furthermore, we prepared price forecasts by collecting market data, analyzed how Enerjisa is affected by the regulatory changes and visited manufacturers to add new companies to our network. We formulated comparisons by taking account of EMRA unit prices, Enerjisa purchasing prices and the total amount of purchases and analyzed market incentives.

All our efforts contribute to the efficient supply management and strategic improvement of our logistics processes.





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APPENDICES



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## APPENDICES

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REPORTING PRINCIPLES AND PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE INDICATORS

Energy Consumption (GJ)	2017	2018
Fuel and electricity consumption in buildings	103,881	191,540
Fuel consumption of vehicles	322	362
Total energy consumption	104,203	191,902
Energy density (GJ energy consumption / million TRY revenue)	21.1	27.5
Greenhouse gas emissions* (ton CO <sub>2</sub> e)	2017	2018
Scope 1	1,413	978
Scope 2	11,240	24,576
Total greenhouse gas emissions	12,653	25,554
Greenhouse gas emission density (ton CO <sub>2</sub> e release / million TRY revenue)	2.6	3.7
* Calculations were made according to the emission factors included in the IPCC AR5 Report. Emissions from fluorinated greenhouse gases are not included. In 2019, we aim to conduct studies on this subject in accordance with the Regulation on Fluorinated Greenhouse Gases.		
Water consumption (m³)	2017	2018
City water	70,000	97,182
Total waste amount (ton)	2017	2018
Amount of recycled hazardous waste	7,570	10,700
Amount of recycled non-hazardous waste	14,000	11,118
Environmental investment and expenditure and environmental penalties (TL)	2017	2018
Environmental investments and expenditures	2,527,100	2,884,950
Environmental penalties	609*	0
* A Başkent EDAŞ transformer was fined due to oil leakage into a public area.		
Amount of waste water (m³)	2017	2018
Waste water	70,000	97,182
Air Emissions (kg)	2017	2018
NOx	1,262	865
SOx	7.6	5.2
Volatile Organic Compounds (VOC)	69.4	47.6
Particulate Matter (PM)	96	65.7

SOCIAL PERFORMANCE INDICATORS

Employees by category	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Total number of employees	1,005	7,900	1,097	8,533	1,075	8,656
White collar employees	952	1,835	1,041	2,026	1,020	2,084
Blue collar employees	53	6,065	56	6,507	55	6,572
Employees covered by collective bargaining agreements	53	6,065	56	6,507	55	6,572
Total	8,905		9,630		9,731	
Employees by employment type	2016		2017		2018	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
White collar employees	3,597	0	3,067	0	3,104	0
Blue collar employees	6,118	0	6,563	0	6,627	0
Employees with disabilities	-		271		287	
Total	8,905		9,630		9,731	
Contractors	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Number of contractors (by gender)	195	766	193	748	194	739
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Number of contractors (by employment type)	961	-	941	-	933	-
Employees in management	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
<30 years old	0	0	0	1	0	1
31- 49 years old	35	91	52	132	55	127
>50 years old	4	19	2	17	2	15
Board members	1	5	2	6	2	6



SOCIAL PERFORMANCE INDICATORS (CONTINUED)

Parental leave	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
Employees entitled to parental leave	88	666	82	717	76	746
Employees returned to work after parental leave ended	81	666	73	717	72	746

Employees who left work	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
<30 years old	48	164	72	212	55	188
31- 49 years old	95	296	121	435	107	341
>50 years old	7	73	5	60	4	67
Total	150	533	198	707	166	596
Turnover	-		%9		%8	

Total number of new employee hires	2016		2017		2018	
	Female	Male	Female	Male	Female	Male
<30 years old	111	694	128	784	90	445
31- 49 years old	89	407	63	441	45	253
>50 years old	0	1	0	5	0	1
Total	200	1.102	191	1.230	135	699

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S) AND /OR URL(S)	OMISSION
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	102-3	<a href="https://www.enerjisa.com.tr/en/contact">https://www.enerjisa.com.tr/en/contact</a>	
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	102-22	<a href="http://www.enerjisainvestorrelations.com/Media/Default/pdf/FR/Enerjisa_18_AnnualReport_ENG.pdf">www.enerjisainvestorrelations.com/Media/Default/pdf/FR/Enerjisa_18_AnnualReport_ENG.pdf</a>	
	102-23	<a href="http://www.enerjisainvestorrelations.com/Media/Default/pdf/FR/Enerjisa_18_AnnualReport_ENG.pdf">www.enerjisainvestorrelations.com/Media/Default/pdf/FR/Enerjisa_18_AnnualReport_ENG.pdf</a>	



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	102-49	2018 Sustainability Report is the first Sustainability Report of Enerjisa Enerji.
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	102-51	2018 Sustainability Report is the first Sustainability Report of Enerjisa Enerji.
	102-52	2018 Sustainability Report is the first Sustainability Report of Enerjisa Enerji.
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	102-54	2
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GRI 201: ECONOMIC PERFORMANCE 2016	201-1	11
	201-4	<a href="http://www.enerjisainvestorrelations.com/Media/Default/pdf/FR/Enerjisa_18_AnnualReport_ENG.pdf">www.enerjisainvestorrelations.com/Media/Default/pdf/FR/Enerjisa_18_AnnualReport_ENG.pdf</a>
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