



Enerjisa Impact and Allocation Report 2023

1. Enerjisa's Green Finance Approach

Enerjisa Enerji operates as Turkey's leading company in electricity distribution, retail sales and customer solutions. Reaching a population of more than 22 million with more than 11 thousand employees, the Company serves 10,6 million customers within 14 provinces across 3 distribution regions.

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

In the largest private sector IPO of Türkiye up to date, 20% of Enerjisa Enerji shares was offered to the public and Enerjisa was listed on Borsa İstanbul on February 8, 2018. Enerjisa Enerji was included in the FTSE All-World Index in June 2018 and in the MSCI Global Small Cap Index in November 2018.

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

Enerjisa Enerji's Corporate Governance Rating increased to 95.50 out of 100 (9.55 out of 10) in 2022. Enerjisa Enerji thus maintained its place in the BIST Corporate Governance Index among institutions with the highest corporate governance ratings. Since 2019, the Company has been featuring in the BIST Sustainability 25 Index, which is comprised of companies traded on Borsa İstanbul with exemplary corporate sustainability practices.

As Türkiye's leading electricity distribution and retail sales company, Enerjisa Enerji focuses on "A Better Future" strategy while striving to provide the highest quality possible with sustainable products and services. Enerjisa Enerji aims to grow profitably and add value to its shareholders by expanding its high-quality grid in its distribution regions, extending the reach of its retail operations to the whole country and provide sustainable energy products through its customer solutions business unit. Enerjisa Enerji develops its long-term strategies with a sustainable and holistic approach and integrates the Environmental, Social and Governance (ESG) factors to its strategy.

Enerjisa's two main strategic priorities for the environmental and economic impacts are maximizing grid and retail as well as growth in sustainable energy solutions markets. Vision is "Leading New Energy Solutions and Transition" in Türkiye. For the energy solutions part of its business, Enerjisa plans to grow in renewable energy, energy efficiency and e-mobility. Renewable energy and energy efficiency products are offered to corporate customers, which will have direct impact on the green future targets. For the sustainable transformation of transportation, Enerjisa operates the largest DC charging network in the country with ever increasing number of charging points.

For the social and governance impacts, Enerjisa focuses on ratio of female employees in the company, community investment projects, zero critical accident targets, health and safety

management certifications, inclusion programs, sustainable corporate governance ratings, integrating human rights to business and operations.

2. Green Financial Instruments

This report will cover the allocation of investments and its impact under the following green financial instruments.

2.1 Green Bonds

Bond ISIN	Issue Date	Value (TL)	Maturity	Coupon
TRSENSASE2411	21.10.2022	1.500.000.000	18.10.2024	TLREF+16% quarterly payments

3. Allocation Report

3.1 Green Bond (TRSENSAE2411)

The proceeds of the abovementioned green bond have been allocated as shown below. All investments have been made by the three distribution companies of Enerjisa (Başkent Elektrik Dağıtım A.Ş., İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. and Toroslar Elektrik Dağıtım A.Ş.) and are allocated in accordance with the latest Green Finance Framework (2023).

Eligible Project Categories	Amount Allocated in 2022 (MTL)
Renewable Energy	28 ✓
Energy Efficiency	1.332 ✓
Clean Transportation	140 ✓
Research and Development	0

4. Impact Report

4.1 Green Bond (TRSENSAE2411)

Below you can find the KPIs that have been used to measure the impact of the green investments. Since all investments have been realized at the three distribution companies, the below KPIs have been measured at the same level.

Renewable Energy	Integration of Production from Renewable Sources
	Existing and additional renewable energy capacity directly connected to the distribution grid (MW) in 2021 and 2022
	1870,893 ✓ MW(existing) +202,453 ✓ MW(additional) (2021) 2073,346 ✓ MW(existing) +252,509 ✓ MW(additional) (2022)

Energy Efficiency	Number of Transformers Installed in 2021 and 2022 and amount of investments	Investments in LED (Street Lighting)	Investments for standardizing voltage across the distribution network in 2021 and 2022	Compensation Investments
	1.603 ✓ (2021) - 96 MTL ✓ 1.242 ✓ (2022) - 605 MTL ✓	0 MTL ✓ (2021) 374 MTL ✓ (2022)	68,5 MTL ✓ (2021) 91 MTL ✓ (2022)	0 MTL ✓ (2021) 304 MTL ✓ (2022)


Clean Transportation	Number of electric vehicles in fleet acquired/replaced in 2021 and 2022	Estimated avoided CO2 emissions (tCO2e/year) due to electric vehicles in fleet in 2021 and 2022	Investments for smart grid components installed in 2021 and 2022
	28 ✓ (2021) 49 ✓ (2022)	21,70 ✓ (2021) 71,37 ✓ (2022)	35,3 MTL ✓ (2021) 140 MTL ✓ (2022)




Limited Assurance Report to the Board of Directors of Enerjisa Enerji A.Ş.

We have been engaged by the Board of Directors of Enerjisa Enerji A.Ş. (“Enerjisa” or the “Company”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the Enerjisa Impact and Allocation Report 2023 (“Impact and Allocation Report 2023”) for the year ended 31 December 2022 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the Impact and Allocation Report 2023 on pages 3 and 4 with the sign “”, is summarised below:

- Renewable energy (TL)
- Energy efficiency (TL)
- Clean transportation (TL)
- Existing renewable energy capacity directly connected to the distribution grid (MW)
- Additional renewable energy capacity directly connected to the distribution grid (MW)
- Number of Transformers Installed (#)
- Amount of Transformers Investments (TRY)
- Investments in LED (TRY)
- Investments for standardizing voltage across the distribution network (TRY)
- Compensation Investments (TRY)
- Number of electric vehicles in fleet acquired/replaced (#)
- Estimated avoided CO2 emissions (tCO2e/year) due to electric vehicles in fleet (tCO2e/year)
- Investments for smart grid components installed (TRY)

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with “” in the Impact and Allocation Report 2023 and, any other elements included in the Impact and Allocation Report 2023 and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Selected Information is set out in section “Appendix 1: Enerjisa Enerji Impact and Allocation Report 2023 - Reporting Principles” (the “Reporting Principles”) between pages 9 and 14 of the Impact and Allocation Report 2023.



The Companies Responsibility

The Company is responsible for the content of the Impact and Allocation Report 2023 and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

In particular, the calculations related to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Principles. Our assurance work has not included examination of the derivation of those factors and other third party information.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Our Responsibility

Our responsibility is to form a limited assurance, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performing selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Company and
- undertook analytical procedures over the reported data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Company's Selected Information for the year ended 31 December 2022, is not properly prepared, in all material respects, in accordance with the Reporting Principles.



Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Company as a body, to assist the Board of Directors in reporting Enerjisa Enerji A.Ş.'s performance and activities related to the Selected Information. We permit the disclosure of this report within the Impact and Allocation Report 2023 for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Enerjisa Enerji A.Ş. as a body and the Enerjisa Enerji A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

A handwritten signature in blue ink, appearing to read 'Çağlar Sürücü', is written over a light blue circular stamp.

Çağlar Sürücü, SMMM
Partner

Istanbul, 17 October 2023



Appendix 1: Enerjisa Enerji Impact and Allocation Report 2023 - Reporting Principles

About This Report

This document provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance in the Enerjisa Enerji A.Ş. (“Company” or “Enerjisa”) Enerjisa Impact and Allocation Report 2023 (“the “Impact and Allocation Report 2023”) The calculations presented in the report were carried out on the basis of the Company’s internally developed methodology. The indicators of green bond allocation include the total amount of investment costs allocated to defined project categories.

The data included in this document covers the 1 January 2021-31 December 2022 and the relevant operations of listed companies below in Turkey;

- İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (AYEDAŞ)
- Başkent Elektrik Dağıtım A.Ş (Başkent EDAŞ)
- Toroslar Elektrik Dağıtım A.Ş. (Toroslar EDAŞ)

Enerjisa Enerji issued green bond in Turkey with 1.500.000.000 TRY and 2-year maturity (maturity date: 18 October 2024). Enerjisa’s green bond issuance was designed to collect projects that can help climate friendly transformation such as energy efficiency, and circular economy, supporting renewable energy, and increasing the number of eco-friendly products.

General Reporting Principles

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation - to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting - to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

Scope of Reporting

For the period ended 31 December 2022, the data of the Company is related to Green Bond.



Renewable energy (TL): This indicator represents the total capital expenditures of network connection of renewable energy sources during the reporting period. Renewable energy types include solar, biomass and hydropower energy.

Energy efficiency (TL): Capital expenditures regarding energy efficiency category includes the following types of expenditures during the reporting period.

- To reduce losses in order to reset the reactive power that is unwanted but inevitable to be produced. It also includes the expenses incurred for the installation of compensation units produced for newly established renewable energy power plants.
- Improvement and reduction of network losses calculated with certain models.
- Reducing losses by replacing transformers with the new class transformers.
- Applications made for LED street lighting.

Clean transportation (TL): This indicator represents the total capital expenditures regarding to the systems established for remote reading instead of reading the meters where the meters are located, called automatic meter reading systems in the reporting period. It is made for all "Lighting" subscribers. For general subscribers, it is invested when above a certain consumption value. This indicator also includes SCADA systems related capital expenditures which are systems invested to control/malfunction for the purpose of controlling the network during the reporting period.

Existing renewable energy capacity directly connected to the distribution grid (MW): This indicator represents the total existing renewable energy capacity directly connected to the distribution grid of AYEDAŞ, Başkent EDAŞ and Toroslar EDAŞ during the reporting period. Renewable energy types include solar, biomass and hydropower energy.

Additional renewable energy capacity directly connected to the distribution grid (MW): This indicator represents the total existing renewable energy capacity directly connected to the distribution grid of AYEDAŞ, Başkent EDAŞ and Toroslar EDAŞ during the reporting period. Renewable energy types include solar, biomass and hydropower energy.

Number of Transformers Installed (#): This indicator represents the total number of new classes transform replaced with the old class transformers during the reporting period.

Amount of Transformers Investments (TRY): This indicator represents the total capital expenditures made to reduce losses by replacing transformers with the new class transformers during the reporting period.



Investments in LED (TRY): This indicator represents the total capital expenditures made for LED street lighting applications during the reporting period.

Investments for standardizing voltage across the distribution network (TRY): This indicator represents the total capital expenditures made incurred to bring equipment at different voltage levels to the desired voltage level during the reporting period. Enerjisa has networks with different voltage levels for 3 different companies. When it is necessary to intervene in case of any malfunction in networks with different voltage levels, equipment suitable for this voltage level must be provided and kept.

Compensation Investments (TRY): This indicator represents the total capital expenditures of the investments made to reduce losses in order to reset the reactive power that is unwanted but inevitable to be produced. It also includes the expenditures incurred for the installation of compensation units produced for newly established renewable energy power plants.

Number of electric vehicles in fleet acquired/replaced (#): This indicator represents the total number of electric or hybrid vehicles in fleet acquired or replaced during the reported period.

Estimated avoided CO₂ emissions (tCO₂e/year) due to electric vehicles in fleet (tCO₂e/year): This indicator represents the total estimated avoided CO₂ emissions by acquiring/replacing vehicles with the electric/hybrid vehicles during the reporting period.

Investments for smart grid components installed (TRY): This indicator represents the total capital expenditures regarding to the systems established for remote reading instead of reading the meters where the meters are located, called automatic meter reading systems in the reporting period. It is made for all "Lighting" subscribers. For general subscribers, it is invested when above a certain consumption value. This indicator also includes SCADA systems related capital expenditures which are systems invested to control/malfunction for the purpose of controlling the network.

Data Preparation

Planning and investment directorate verify the compliance of the selected PYP numbers of eligible projects with the eligibility criteria discussed within the planning and investment directorate and reviewed by investment planning manager. PYP numbers and contracts are mapped manually. When entering the invoice or progress payment amount into the system, the business unit enters the relevant PYP number since it is known for which contract it was issued/realized for.



Renewable energy (TL): It includes the total capital expenditures of network connection of renewable energy sources during the reporting period. Renewable energy types include solar, biomass and hydropower energy. Expenditures of Başkent EDAŞ and Toroslar EDAŞ have been included. It consists of amounts that can be tracked with invoices and mapped with the company's financial reporting systems.

Energy efficiency (TL): It includes compensations expenditures, voltage standardizing expenditures, transformer expenditures and LED expenditures. Projects and expenditures are followed by PYP numbers and consisted of amounts that can be tracked with invoices and mapped with the company's financial reporting systems.. Expenditures of AYEDAŞ, Başkent EDAŞ and Toroslar have been included.

Clean transportation (TL): It includes OSOS(system established for remote reading instead of on-site reading) and SCADA (A system created for control/malfunction/manoeuvres) expenditures. Projects and expenditures are followed by PYP numbers and consisted of amounts that can be tracked with invoices and mapped with the company's financial reporting systems.. Expenditures of AYEDAŞ, Başkent EDAŞ and Toroslar have been included.

Existing renewable energy capacity directly connected to the distribution grid (MW): It includes existing renewable energy capacity directly connected to the distribution grid of AYEDAŞ, Başkent EDAŞ and Toroslar EDAŞ. Solar, biomass and hydropower renewable energy type are provided by distributed power plants process responsables with the details of facility type, source type, capacity (MW) and distribution company. It consists of figures that can be tracked with contracts and mapped with the company's financial reporting systems.

Additional renewable energy capacity directly connected to the distribution grid (MW): It includes additional renewable energy capacity directly connected to the distribution grid of AYEDAŞ, Başkent EDAŞ and Toroslar. Solar, biomass and hydropower renewable energy type are provided by distributed power plants process responsible with the details of facility type, source type, capacity (MW) and distribution company. It consists of figures that can be tracked with contracts and mapped with the company's financial reporting systems.

Number of Transformers Installed (#): It represents the total number of new classes transform replaced with the old class transformers during the reporting period. Annex-6 report is a report which shows the number of transformers installed reported to Energy Market Regulatory Authority annually for each company. It consists of figures that can be tracked with contracts/invoices and mapped with the company's financial reporting systems.



Amount of Transformers Investments (TRY): This indicator represents the total capital expenditures made to reduce losses by replacing transformers with the new class transformers during the reporting period. It consists of amounts that can be tracked with invoices and mapped with the company's financial reporting systems.

Investments in LED (TRY): It includes the total capital expenditures made for LED street lighting applications during the reporting period. Data is followed by PYP numbers and company details with the amount of expenditures made. It consists of amounts that can be tracked with invoices and mapped with the company's financial reporting systems.

Investments for standardizing voltage across the distribution network (TRY): It includes capital expenditures of voltage transformation/standardization, maintenance and replacement of cables and other related expenditures. Expenditures of AYEDAŞ, Başkent EDAŞ and Toroslar EDAŞ are included. It consists of amounts that can be tracked with invoices and mapped with the company's financial reporting systems.

Compensation Investments (TRY): It includes the total capital expenditures of the investments made to reduce losses in order to reset the reactive power that is unwanted but inevitable to be produced. It also includes the expenditures incurred for the installation of compensation units produced for newly established renewable energy power plants. Data is followed by PYP numbers and company details with the amount of expenditures made. Expenditures of AYEDAŞ, Başkent EDAŞ and Toroslar EDAŞ are included. It consists of amounts that can be tracked with invoices and mapped with the company's financial reporting systems.

Number of electric vehicles in fleet acquired/replaced (#): This indicator represents the total number of electric or hybrid vehicles in fleet acquired or replaced during the reported period. Vehicles used in AYEDAŞ, Başkent EDAŞ and Toroslar EDAŞ are included. It consists of figures that can be tracked with contracts/invoices and mapped with the company's financial reporting systems.



Estimated avoided CO₂ emissions (tCO₂e/year) due to electric vehicles in fleet

(tCO₂e/year): This indicator represents the total estimated avoided CO₂ emissions by acquiring/replacing vehicles with the electric/hybrid vehicles during the reporting period.

The data includes two different calculations method.

- 1) Calculation one is for the hybrid vehicles.

Consumption per km is calculated considering actual figures by dividing total km of the vehicle to the total liter consumption. Vehicles are considered to consume 9 litre per 100 km in the calculation. The difference with the actual consumption liter and 9 liters are considered as saving. Using estimated saving figure in the formulas below are used to find estimated avoided CO₂ emissions.

$$\text{Saving(liter)} * 0.735 * 10,400 * 0.00000004184(\text{TJ/kcal}) * 1000 = \text{Saving (GJ)}$$

Savings in GJ is converted to kgCH₄, kgCO₂ and kgN₂O using GHG Protocol and IPCC 2006 factors.

- 2) Calculation two is for the electric vehicles.

Consumption per km is calculated considering actual figures by dividing total km of the vehicle to the total liter consumption. Vehicles are considered to consume 9 litre per 100 km in the calculation. The difference with the actual consumption liter and 9 liters are considered as saving. Using estimated saving figure in the formulas below are used to find estimated avoided CO₂ emissions.

$$\text{Saving(liter)} * 0.735 * 10,400 * 0.00000004184(\text{TJ/kcal}) * 1000 = \text{Saving (GJ)}$$

Savings in GJ is converted to CH₄, CO₂ and N₂O using GHG Protocol and IPCC Fifth Assessment Report 2006(AR5) conversion factors.

In addition to the hybrid vehicles calculation, there is an energy consumption to charge the electric vehicles considered in the calculation.

Investments for smart grid components installed (TRY): It includes OSOS and SCADA systems. Data is followed by PYP numbers and company details with the amount of expenditures made. Expenditures of AYEDAŞ, Başkent EDAŞ and Toroslar EDAŞ are included. It consists of amounts that can be tracked with invoices and mapped with the company's financial reporting systems.

Restatements

The measuring and reporting of data inevitably involve a degree of estimation. Restatements are considered where there is a change in the data of greater than 5 percent at the Company level