

ANNUAL REPORT 2020

# ENERGY CENTER OF THE WORLD



KAZANCI HOLDING

aksa

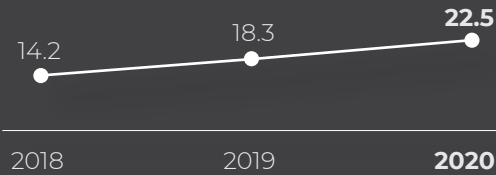
# OUR GLOBAL POWER SPREADS WITH OUR SUCCESS!

Over half a century of experience in the energy sector... Exceptional success beyond Turkey's borders... Highly profitable and sustainable growth... Today, Kazanci Holding is an international group of companies whose solid reputation and market strength is recognized around the world.

In 2020, we moved forward on our journey to sustainable success. We bolstered our financial structure despite the Covid-19 global pandemic. Each year, we further reduce our debt load to grow stronger. This year, we made prudent strategic investments, each of which is positioned to create significant economic value.

We became the energy center of the world with our sound financial structure, forward-looking vision, innovative approach, global operation capability, and strong brands.

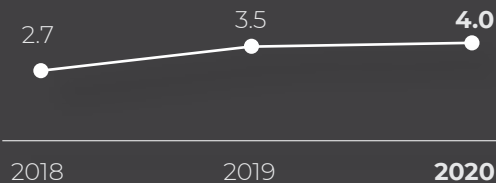
**We are pursuing even greater success  
with all our energy.**



2020 Revenues

**TRY 22.5 Billion**

With our successful operations, our revenues **increased by 58% in the last three years.**



2020 EBITDA

**TRY 4 Billion**

Our EBITDA **caught an impressive 50% increase in the last three years.**



Net Financial Debt/EBITDA

**1.88↓**

With our solid financial infrastructure, our debt ratio **decreased from 3.07 to 1.88 in the last three years.**



# KAZANCI IN THE WORLD

USA



Senegal



Production on

**4**

Continents

Operations in

**22**

Countries

Exports to

**173**

Countries

**8,500+**

Employees

Kazancı Holding is a global power with more than 8,500 employees on 4 continents and operations in 22 countries, exporting goods to 173 countries around the world.





**UK**

**Netherlands**

**Algeria**

**Mali**

**Ghana**

**Sudan**

**South African Republic**

**Kenya**

**Madagascar**

**TRNC**

**Iraq**

**Turkey**

**UAE**

**Kazakhstan**

**Uzbekistan**

**Russia**

**China**

**Singapore**

**Vietnam**

**Indonesia**

-  Aksa Energy
-  Aksa Natural Gas
-  Aksa Electricity
-  Aksa Power Generation
-  Aksa Tourism
-  Aksa Agriculture

# KAZANCI IN TURKEY



TRY **22.5** Billion  
Revenues

TRY **4** Billion  
EBITDA

TRY **1** Billion  
Investment

Kazancı Holding operates in the fields of energy generation, electricity distribution and sales, natural gas distribution, generator manufacturing and sales, agriculture and tourism, creating added value for the country's economy.





## Aksa Energy

Antalya, Bolu, Şanlıurfa\*, Kibris



## Çoruh EDAŞ and Fırat EDAŞ

Artvin, Bingöl, Elazığ, Giresun,  
Gümüşhane, Malatya, Rize, Trabzon,  
Tunceli



## Aksa Natural Gas

Adana, Afyon, Ağrı, Amasya, Balıkesir,  
Batman, Bayburt, Bilecik, Bolu,  
Çanakkale, Düzce, Elazığ, Giresun,  
Gümüşhane, Hatay, Malatya, Manisa,  
Mersin, Ordu, Osmaniye, Rize, Siirt,  
Sivas, Şanlıurfa, Tokat, Trabzon, Van



## Aksa Power Generation

Adana, Ankara, Antalya, Bursa, Denizli,  
Diyarbakır, Gaziantep, İzmir, İstanbul,  
Kayseri, Muğla, Samsun, Şanlıurfa,  
Trabzon, Tekirdağ



## Aksa Electricity

81 provinces



## Aksa Tourism

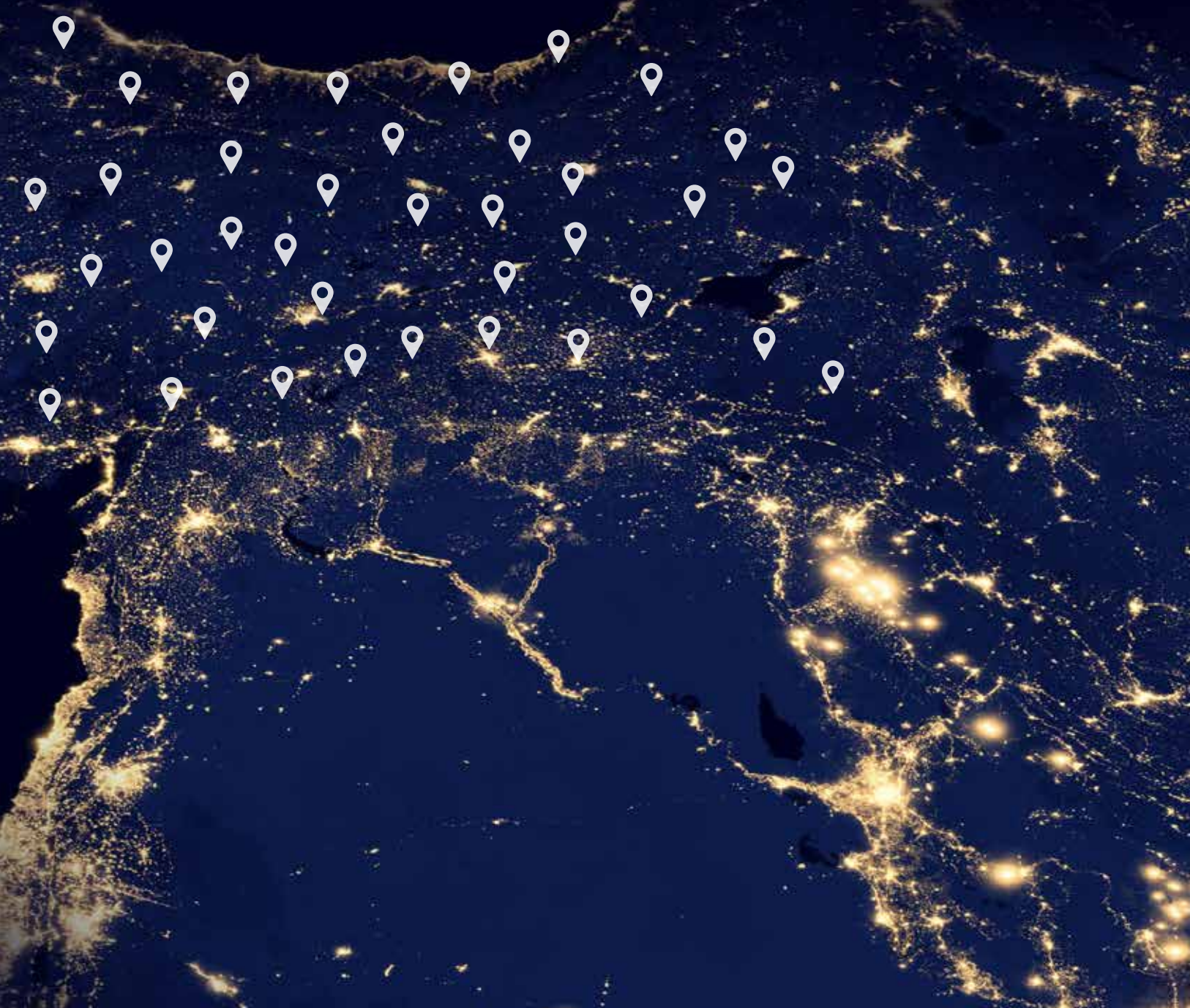
Antalya, Kayseri



## Aksa Agriculture

Samsun, Tekirdağ

*\*Şanlıurfa Natural Gas Combined Cycle Power Plant,  
with an installed capacity of 147 MW, has not been  
operational since 19 August 2020.*









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## ABOUT KAZANCI HOLDING

# AN AMBITIOUS GLOBAL PLAYER WITH A CLEAR VISION

Founded in the 1950s, Kazancı Holding is one of the leading groups in the energy sector. Shaping its activities always based on the principles of customer satisfaction and trust during its journey exceeding half a century, the Group has become a global powerhouse through investments made all over the world with its visionary identity and innovative mindset.

Kazancı Holding started the journey, which laid the foundation for the Group Companies, with Watt Electric Motor Factory in 1968. The Group commenced generator manufacturing in the 1980s, power plant construction and electricity generation in the 1990s, natural gas distribution in the early 2000s, and electricity distribution and sales in 2010. As a result, Kazancı Holding gradually built its vertical and horizontal structure in the energy sector and reached a unique position in the industry.

Positioned ahead of its competitors thanks to its expertise and integrated service competence in the energy industry, the Group aims to grow within the sector through a long-term strategic focus and retain its leading position. The Group continuously increases the lasting added value it creates for the Turkish economy with its investments in agriculture and tourism sectors in addition to energy, as well as foreign currency cash flow and employment opportunities it creates.

Today, Kazancı Holding is a global power with production facilities on 4 continents, more than 8,500 employees and operations in 22 countries, exports to 173 countries around the world.

The subsidiaries of the Holding are among the leading companies in their respective fields due to their achievements. Amongst those companies operating under the brand Aksa;

**Aksa Natural Gas** provides natural gas distribution services to a population of about 15.9 million and 3.6 million subscribers. The Company safely operates a 31,787 kms network infrastructure in 27 provinces, 188 districts and towns with 137 offices and under 21 distribution licenses. Serving Turkey's widest geographical distribution area, Aksa Natural Gas is the country's largest private natural gas distribution company, distributing 9.6 billion m<sup>3</sup> of natural gas and boasting 22.9% market share.

Building and operating power plants in Turkey and abroad, **Aksa Energy** is Turkey's largest independent power producer listed on the stock exchange. Taking firm steps towards globalization since 2015, Aksa Energy has operations in 5 countries across 2 continents with power plants located in Turkey, Northern Cyprus and Africa. The Company which

performs all steps in plant installation procedures– from project development to procurement, construction and installation – in-house with its highly skilled technical teams and to date it has built and operated more than 30 power plants using various energy sources, including coal, fuel oil, biogas, natural gas, wind and hydroelectricity. Aksa Energy was first listed in Borsa Istanbul in 2010 under the ticker AKSEN. Aksa Energy's shares are traded on BIST 100, BIST Electricity and BIST Sustainability Indices.

The leader of the Turkish power generator market, **Aksa Power Generation** is among Turkey's largest exporters, selling power generators to 173 countries. With 20 sales offices in Turkey as well as 24 overseas offices in 18 countries across Asia, Europe, Africa and America and 1 overseas representative, it is one of the top five power generator manufacturers in the world.

With its customer-oriented and innovative approach, **Aksa Electricity** is one the strongest brands in the Turkish energy sector. It offers electricity sales and consultancy services throughout Turkey and is the authorized power supplier in 9 cities in the Fırat and Çoruh license regions. Selling electricity in 81 cities and supplying electricity to more than 2.2 million subscribers



Kazancı Holding continuously increases the lasting added value it creates for the Turkish economy with its foreign currency cash flow and employment opportunities it provides.

## 8,500+ Employees

With more than one thousand employees abroad, Kazancı Holding has become a global power with its human resources as well.

## Operations in 22 Countries

Operating directly in 22 countries on 4 continents, Kazancı Holding created one of Turkey's most valuable international brands with the Aksa brand.

and a population of about 4 million in the Çoruh/Fırat license regions, Aksa Electricity sold 11.38 billion KWh of electricity across Turkey in 2020. Aksa Electricity is an integrated retail company that always offers its customers innovative alternative energy solutions.

Çoruh and Fırat electricity distribution companies are committed to continuously boosting customer satisfaction with an uninterrupted distribution approach without compromising on quality standards. These companies meet the electricity needs of a population of 4 million located in their service regions by distributing 6.2 billion KWh of energy annually.

Introducing a corporate modus operandi to the agriculture sector since 2005, **Aksa Agriculture** has become one of the major companies engaged in cattle farming, dairy farming, orchards and arboriculture. The Company operates in line with EU standards at its two farms in Samsun and Tekirdağ.

**Aksa Tourism** is a major player in summer tourism and convention tourism with the 5-star Mirada Del Mar Hotel in Göynük, Antalya, whilst the 4-star Mirada Del Lago Hotel and the 3-star Mirada Del Monte Hotel in Mount Erciyes attract winter tourism.

## Generator Sales to 173 Countries

Kazancı Holding, which manufactures power generators in 3 continents, rapidly increases its sales power in the global arena.

Shareholding Structure	Number of Shares	%
Ş. Cemil Kazancı	66,911,492	60.28
Ali Metin Kazancı	32,200,008	29.01
Mehmet Kazancı	6,531,250	5.88
Tülay Kazancı	5,356,250	4.83
Necati Baykal	1,000	0.00
<b>Total</b>	<b>111,000,000</b>	<b>100.00</b>

## ABOUT KAZANCI HOLDING

### Energy Companies

#### AKSA ENERGY

**30+** Power Plants

Total Number of Power Plants  
Operated By Aksa Energy



##### Region of Operation

- Power generation in Turkey, TRNC, Ghana, Madagascar and Mali

##### Competitive Advantages

- Geographical diversity provided by power generation in 2 continents and 5 countries
- Fast and flexible power generation solutions
- Power plant installations with internal resources
- Over 20 years of experience in power plant installation, operation and relocation
- Strong financial performance

**29.9%**  
Share in Revenues

#### AKSA NATURAL GAS

**3.6** Million Subscribers

The Number of Subscribers of  
Aksa Natural Gas



##### Region of Operation

- Natural gas distribution in 27 provinces and 188 districts and towns across Turkey

##### Competitive Advantages

- Turkey's largest private natural gas distribution company
- Turkey's largest natural gas distribution region
- Distribution operations in 21 license regions out of a total of 72 in Turkey
- 22.9% market share

**30.5%**  
Share in Revenues

#### AKSA ELECTRICITY

**11.38** TWh

Sales Volume of Aksa  
Electricity



##### Region of Operation

- Electricity sales across Turkey, electricity distribution and supply in 9 provinces in Çoruh and Fırat regions

##### Competitive Advantages

- Electricity sales and consultancy service in 81 provinces
- Electricity supply and distribution in 9 provinces, 101 districts, and 3,555 villages
- License regions with lower loss/theft ratios than the targets set by EMRA
- 87 Customer Service Centers
- A broad service network across Turkey
- Innovative, environmentally friendly and alternative energy solutions
- 4.87% market share

**28.3%**  
Share in Revenues

## Other Group Companies

### AKSA POWER GENERATION

**173** Countries

Aksa Power Generation Sales Network



#### Region of Operation

- Manufacturing on 3 continents, sales to 173 countries

#### Competitive Advantages

- Power generator factory with the world's largest production capacity
- The one and only Turkish generator company to manufacture in the USA
- 24 overseas offices in 18 countries
- 1 representative office
- The only generator company with the accolade of the Turquality brand
- Turkey's first generator manufacturer with sales on its own e-commerce website
- Turkey's leading generator brand with a 50% market share in diesel generator manufacturing

**7.1%**

Share in Revenues

### AKSA TOURISM

**1,450** Beds

Bed Capacity of Aksa Tourism



#### Region of Operation

- Antalya and Kayseri

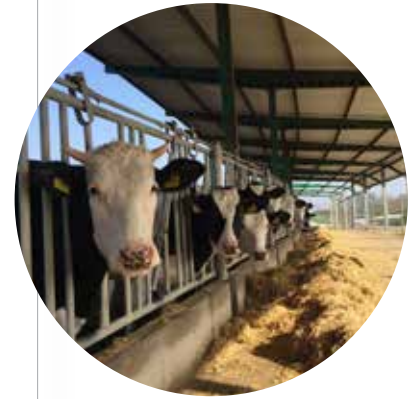
#### Competitive Advantages

- A wide seasonal presence with summer, winter and congress tourism
- Serving a broad customer base with five, four and three-star hotels
- High number of overnight stays with a capacity of 1,450 beds

### AKSA AGRICULTURE

**48,000** Heads

Cattle Capacity of Aksa Agriculture



#### Region of Operation

- Tekirdağ and Samsun

#### Competitive Advantages

- One of the top 10 farms in Turkey in cattle breeding and milk production
- EU-compliant production

**4.2%**

Share in Revenues of Aksa Agriculture, Aksa Tourism and Others



## KAZANCI HOLDING IN FIGURES

# SUSTAINABLE GROWTH WITH STRONG FUNDAMENTALS

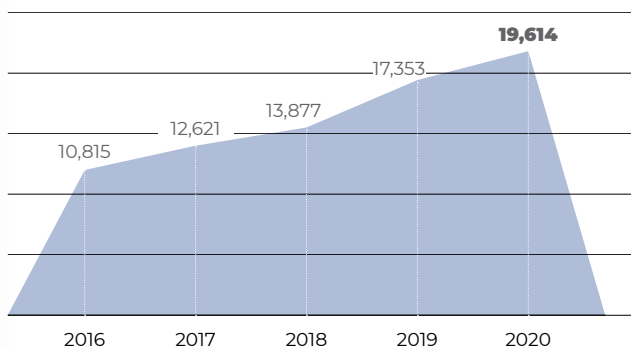
## Summary Financial Statements

TRY Million	2019	2020
<b>Total Assets</b>	<b>17,353</b>	<b>19,614</b>
Current Assets	6,053*	7,452
Non-Current Assets	11,300*	12,162
<b>Total Liabilities</b>	<b>15,364</b>	<b>16,833</b>
Short-Term Liabilities	8,495	9,865
Long-Term Liabilities	6,870	6,968
<b>Total Equity</b>	<b>1,989</b>	<b>2,781</b>

\*Source: IFRS Reports dated 31.12.2020

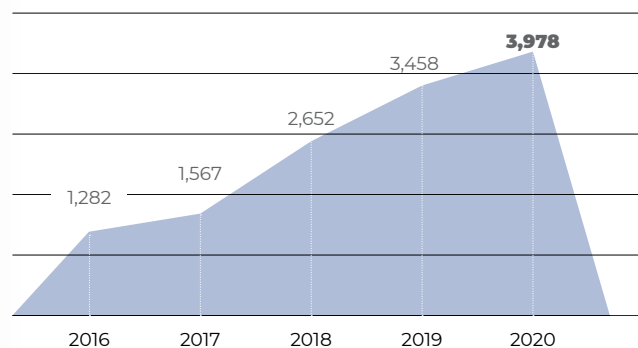
Assets (TRY Million)

**13% Growth**



Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (TRY Million)

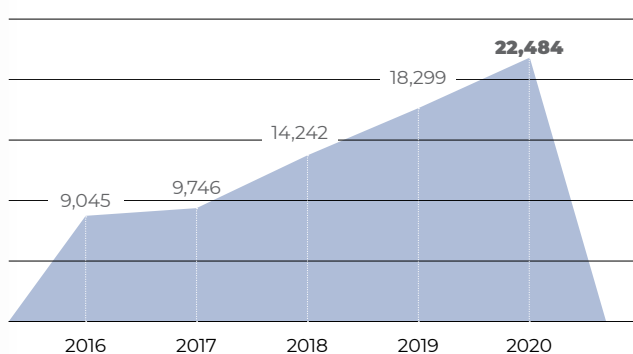
**15% Growth**



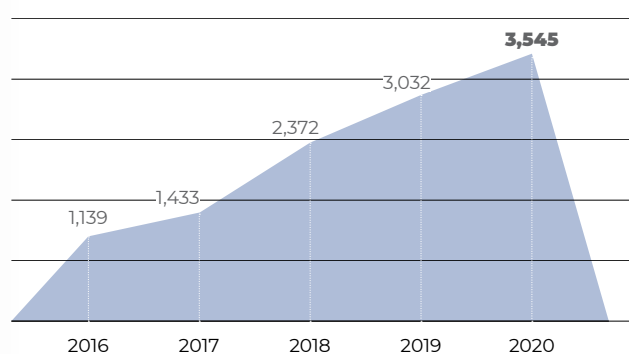
Despite the extraordinary economic and financial conditions, we managed all our resources efficiently and effectively and grew our revenues steadily. While reducing our net financial debt, we did not deviate from our sustainable growth and profitability route as well.

TRY Million	2019	2020
Revenues	18,299	22,484
Gross Profit	3,032	3,545
Operating Profit	2,595	2,892
EBITDA	3,458	3,978
Net Profit	543	439

Revenues (TRY Million)

**23%** Growth

Gross Profitability (TRY Million)

**17%** Growth

## MILESTONES

# A JOURNEY SPANNING OVER 50 YEARS

Commercial foundation of the Group.

1950

Watt Electric Motor, the Group's first energy sector company, was founded.

1968

Generator manufacturing started.

1984

Aksa Service and Spare Parts founded.

1986

Kazancı Holding A.Ş. was founded.

Aksa Power Generation's Istanbul factory was inaugurated.

1994

Aksa Energy was founded.

1997

The Group entered the natural gas distribution sector.

2002

First natural gas distribution license was obtained.

Aksa Electricity Wholesale was founded.

Aksa Agriculture commenced commercial operations.

Mirada Del Mar Hotel became operational.

2004

The first privately-owned natural gas wholesale trading company in Turkey, Aksa Natural Gas Wholesale, was founded.

2006

Natural gas distribution operations were merged under the umbrella of Aksa Natural Gas.

Aksa Power Generation's first factory in China was inaugurated.

The Mirada Del Lago and Mirada Del Monte hotels became operational

2007







# **WE OVERCAME A MAJOR CHALLENGE**

Even during a pandemic that negatively impacted the entire world, we steadily moved forward to raise our profile and expand our global footprint.



## MESSAGE FROM THE CHAIRMAN

Despite the turbulent pandemic environment in 2020, Kazancı Holding boosted its revenues, reduced its debt and expanded its international trade footprint thanks to its strong financial structure and effective risk management.

Dear Stakeholders,

We left a remarkably difficult and challenging year behind. In 2020, the entire world had to face an enormous and unprecedented problem: the Covid-19 pandemic. The manufacturing industry came to a standstill in March, April and May – the first wave of the pandemic. Along with this sharp slowdown, the political and economic goals of countries around the globe also changed. Due to the grave risks to public health, trade across the world slowed significantly and economic confidence plunged.

Although the negative impacts of the pandemic on the economy started to decrease in fourth quarter with the hope and optimism brought by various vaccines, the global economy had contracted by 3.5% at year's end.

Turkey's economy was certainly affected by these extraordinary conditions which had a devastating impact on economies worldwide. Following the first Covid-19 case detected in our country on March 11, 2020, the Turkish economy went through a very difficult period, especially at the start of the pandemic. In second quarter, the country's economy contracted by 9.9% compared to the same period of the previous year. With the normalization process that started by

third quarter and the many stimulative measures to revive economic activity, Turkey started to record a strong recovery at the end of 2020.

Thanks to the steps taken towards price stability in the latter months of the year, exchange rate shocks were eliminated while Turkey, unlike many countries, posted positive economic growth in 2020.

Despite the increasing risks and heightened uncertainties, Kazancı Holding successfully passed a big test. During this highly challenging year, we effectively managed our risks with fast, well-informed decisions. Our top priority was to safeguard the health of all our stakeholders – especially our employees. In addition to the precautionary measures we have taken, we updated our business processes to adapt to the new operating environment. In particular, we fully utilized our digital capabilities to safely maintain our business continuity.

While rapidly transforming our business processes, we maintained our working discipline and performance-oriented approach. As a result, we boosted our revenues and reduced our liabilities by continuing our global investments and value-oriented initiatives even during this very difficult year.

After laying its foundations in the 1950s, we are immensely proud to see that Kazancı Holding is now a global brand that creates significant value for the Turkish economy. We provided foreign currency inflow and employment to the country with our committed investments across the world, despite all the risks during the pandemic...

Kazancı Holding has production facilities on four continents, operations in 22 countries, more than 8,500 employees and exports to 173 countries worldwide. We aim to create sustainable value everywhere we operate. With this goal, Kazancı Holding will grow further with the highly skilled human resources of our companies and a corporate culture based on productivity. We are planning even more success stories for the benefit of future generations...

I would like to express my gratitude to all our employees for their invaluable services and contributions as they confidently move this brand forward into the future, even in such a year filled with unprecedented restrictions, which we successfully exited with all its challenges and difficulties.

Best regards,



**Ali Metin Kazancı**  
Chairman of the Board





**Kazancı Holding is pursuing even greater successes to benefit future generations with its highly skilled workforce and its productivity-driven corporate culture.**



# **UNPRECEDENTED ECONOMIC CONDITIONS DID NOT SLOW US DOWN**

We exited this highly challenging year  
stronger than ever thanks to our recent  
strategic investments.



## MESSAGE FROM THE VICE CHAIRMAN AND CEO

In 2020, Kazancı Holding continued its investments, global vision and objectives – even during the pandemic.

Dear Stakeholders,

In 2020, the entire world tried to adapt quickly to the new order caused by the Covid-19 pandemic which had a severe impact around the globe. The coronavirus outbreak affected all facets of everyday life. The manufacturing industry slowed to a near halt. The deep public health crisis and downside risks shaped the outlook of the world's economies and the agenda of the markets. Global trade in goods and services fell to the lowest level of recent years. Risk appetite decreased, investments were cut, and economies experienced major contractions. However, Turkey remained on the positive growth path even in this devastating environment, closing the year with 1.8% growth.

### **Despite the negative impacts of the pandemic, we did not deviate from our growth and profitability goals and continued our investments.**

During this year when the negative impacts of the pandemic left their mark on the world agenda, Kazancı Holding implemented all necessary precautionary measures to protect the health of all its employees at the highest level. We also recorded a strong performance full of positive indicators by quickly adapting to the requirements of the new era.

Even under these extraordinary economic and financial conditions, Kazancı Holding managed all its resources efficiently and effectively and grew its revenues steadily. While reducing our net financial debt, we did not deviate from our sustainable growth and profitability objectives. Thanks to its foreign currency-based revenue-generating

operations, Kazancı Holding boosted its EBITDA by 15% compared to the previous year to TRY 4 billion while its EBITDA margin stood at 18%. Our total revenues also rose to TRY 22.5 billion, up an impressive 23%. In 2020, thanks to our focus on efficiency and profitability, we increased our assets by 13% to TRY 19.6 billion. Kazancı Holding reported net profit of TRY 439 million despite the turbulent market conditions.

Thanks to our strong financial structure, we moved forward with investments that will expand our sphere of influence and create added value. This way, Kazancı Holding supported employment in and made further contributions to the economies of those countries where it operates. Our investment spending totaled TRY 1 billion investment in 2020 as we undertook pioneering projects. We not only improved our competency in creating value, but also enhanced our resilience in the face of different future scenarios. This year, Kazancı Holding also bolstered the power and reputation of its Aksa brand. Kazancı is an enterprise that has played a key role in the development of Turkey's energy sector. Since the 1950s, Kazancı has been a major force in moving the Turkish energy sector forward to its current position.

### **With our dynamic management approach, we eliminated the negative effects of the pandemic.**

At Kazancı Holding, our top priority is our employees. This was the case this year and throughout our history. Shortly after the first Covid-19 case was reported in Turkey, we started to more fully capitalize on our infrastructure investments in digitalization and information technologies that we have made to date. We quickly implemented our

digital working procedures and adapted our headquarters staff in Istanbul to a remote working system.

We gave great thought and consideration to the health of our employees in these sectors, where operations were completely in the field during the pandemic. From the onset of the pandemic, we provided our staff with all the equipment and support they needed. With the successfully implemented remote working system, Kazancı Holding and its employees demonstrated that they are able to use their competencies and equipment at the highest level even under difficult conditions. We proved to the whole industry that Kazancı Holding employees – who are experts in their respective fields, well-experienced and highly responsible – can successfully manage our operations remotely with dedication and commitment.

### **Even with the extraordinary conditions of 2020, Kazancı Holding Group Companies recorded significant successes around the globe.**

Aksa Energy, which has become a global power in the energy sector, entered into an agreement with the Uzbekistan government in May to install and operate a 240 MW natural gas combined cycle power plant in Tashkent, the country's capital. In parallel with our negotiations and the growing needs, we also reached an agreement to construct and operate natural gas combined cycle power plants of 230 MW in Tashkent and 270 MW in Bukhara, located southwest of Tashkent. With these new investments, Aksa Energy will reach total installed power of 740 MW in Uzbekistan. We plan to commission the first phase of our power plant in Tashkent in fourth quarter 2021.

Ongoing negotiations to step up our presence in Africa were concluded in January 2021. We signed a concession agreement for the 30-year operating rights of a 50 MW natural gas combined cycle power plant located in Pointe-Noire, Congo. As part of the agreement, Aksa Energy will expand the capacity of the existing power plant by 50 MW, bringing the total installed capacity of the facility to 100 MW. In the coming year, new investment opportunities across a wide geography – from Africa to Asia and Latin America – are on our agenda.

Thanks to our extensive experience in the energy industry, our commitment to sustainability, our strong financial structure and our many achievements abroad, Aksa Energy stock, which is traded on Borsa Istanbul under the ticker AKSEN, increased in value by 96% in nominal terms in 2020 (BIST 100: 29%).

Aksa Power Generation – the market leader in Turkey and one of the five largest generator manufacturers in the world – continues to undertake initiatives that will further elevate its position in the world leagues as a global brand. After manufacturing centers in Turkey, China and the USA, Aksa Power Generation opened its trade center in the Netherlands in the last quarter of 2020. In addition, our company opened an Aksa Power Center (APC) in the USA and an office in Sudan. As part of its global growth strategy, Kazancı Holding aims for Aksa Power Generation brand to become one of the top three generator brands in the world by 2025.

Safely operating Turkey's largest natural gas distribution network, Aksa Natural Gas ranked 56<sup>th</sup> in the Fortune 500 Turkey's Top Companies list in terms of net sales. Aksa Natural Gas moved up 10 positions compared to the previous year, crowning its financial and operational performance with this notable accomplishment. Continuing its investments throughout Turkey, Aksa Natural Gas aims to increase the number of districts and towns it serves to 316, expand its network length to 69 thousand kms and grow its subscriber base to 4.9 million by the end of 2026.

In 2020, Aksa Electricity focused on new business areas with its innovative and solution-oriented approach. During the

year, we started providing solar energy installation services to our customers, as well as supplying electricity from sustainable sources to Turkey's largest companies. With our Çoruh EDAŞ and Fırat EDAŞ companies, we deliver an uninterrupted energy supply to approximately 4 million people in nine provinces where we distribute electricity.

Kazancı Holding is also ramping up its investments in the agriculture and livestock sectors. In 2020, Aksa Agriculture started work on a variety of projects, including commencing cattle farming activities with 4,000 head of sheep and generating electricity from animal waste at a biogas facility we commissioned.

Over the years, Aksa Tourism has become a respected representative of Turkish tourism widely known for its customer-oriented focus. In 2020, Aksa Tourism navigated an extremely negative and uncertain pandemic environment with minimal losses thanks to its highly effective and dynamic management approach. Aksa Tourism took all responsive measures quickly, paying utmost attention to guest and employee health and continued to operate with the Safe Tourism Certificate.

### **Creating value for our society and our world is a top priority at Kazancı Holding.**

Our experience this year has demonstrated once again that deepening environmental and social issues are the most critical problems facing our world. At Kazancı Holding, we undertake pioneering efforts in sustainability with our effective organizational structure and strong corporate management. Sustainability has become the common focus for all of us. In 2020, we had to temporarily pause the "Energy for Tomorrow" initiative – implemented by our Group Companies in 2019 and which reflects Kazancı Holding values – due to the pandemic. However, we will continue to instill energy and environmental awareness in thousands of children in Turkey's village schools in the coming year.

Kazancı Holding aims to be an active social partner across its entire operational geography, especially in Turkey. We take action with this awareness. During the year, we made monetary donations to various organizations, campaigns and causes. We donated to the "Together We Are Enough National Solidarity Campaign," which

## **TRY 22.5 Billion Revenues**

**We boosted our revenues by 23%.**

## **TRY 19.6 Billion Assets**

**We increased our total assets to TRY 19.6 billion.**

## **TRY 2.8 Billion Equity**

**We bolstered our strong capital structure by increasing our equity by 40%.**

launched in 2020 to help heal the wounds of the pandemic in our country. In response to the fight against Covid-19, Kazancı Holding made donations to Ghana and to the Assistance Fund of the Doctor Burhan Nalbantoğlu State Hospital in the Turkish Republic of Northern Cyprus. We also gave support to victims of the flood disaster in Giresun, Turkey.

In 2021, Kazancı Holding plans to represent Turkey successfully everywhere it goes in the world. We aim to create more value for all our stakeholders in our value chain by boosting the global power of our brand with our strategic moves and forward-looking investments. We are confidently moving toward the future with our teammates, who are keenly aware of the responsibilities that our deep-rooted past imposes on us. Together we are striving for the better, regardless of the circumstances.

Best regards,



**Cemil Kazancı**  
**Vice Chairman and CEO**

## BOARD OF DIRECTORS



**Ali Metin Kazancı**  
*Chairman of the Board*

Ali Metin Kazancı's professional life began in 1950. The foundations for what would later become Kazancı Holding were laid during this time. Watt Electric Motor Factory, which is the initial venture that created the Group's companies, was founded in 1968. Thanks to his successful ventures, Ali Metin Kazancı established various companies in the energy sector starting from 1983, and he consolidated these companies under the umbrella of Kazancı Holding in 1994. Ali Metin Kazancı continues his duties as the Chairman of Kazancı Holding's Board of Directors.



**Cemil Kazancı**  
*Vice Chairman and CEO*

Cemil Kazancı began his professional career working in Kazancı Group Companies (family owned company). His first managerial position was in generator manufacturing and sales. He subsequently played an active role in the formation of Aksa Energy, which was set up to expand the Group's operations in the energy industry and to generate electricity starting from 1997. In addition to his duties as the Chairman of the Board of Directors and CEO of Aksa Energy, he is the Vice Chairman and CEO of Kazancı Holding and Member of the Board of Directors in Group Companies.



**Ömer Muzaffer Baktır**  
*Vice Chairman*

Ömer Muzaffer Baktır graduated from the Department of Mining Engineering, Istanbul Technical University in 1986 and began his career in Pamukbank and has continued as a manager in the banking sector. He served as the Executive Vice President of Marketing at Halk Bank, CFO and Executive Board Member of electricity distribution companies at Cengiz Holding, Deputy General Manager in charge of Marketing and Transformation at Ziraat Bank and held office at the Surveillance and Management Boards of the various overseas companies of Ziraat Bank. He served as the Chairman of the Board of Directors of Erdemir Group between 2017-2018. Mr. Baktır, who has been serving as the Vice Chairman of the Board of Directors of Kazancı Holding since 5 February 2018, also serves as a Member of the Board of Directors of Aksa Energy.





**Tülay Kazancı**  
*Board Member*

Tülay Kazancı, who is a Member of the Board of Directors of Kazancı Holding, has also been a Member of the Board of Directors of Aksa Energy Üretim A.Ş since April 2010. In addition to these duties, she is also a Member of the Board of Directors at Aksa Aksen Enerji Ticareti A.Ş.



**Barış Erdeniz**  
*Board Member*

Barış Erdeniz graduated from Doğuş College and completed his undergraduate studies in International Trade and Business Management at Yeditepe University in 2010. Mr. Erdeniz started his professional career as Business Development Director at Turmak Makina. He entered the energy sector through a company he founded in 2013 to operate in electricity sales. Mr. Erdeniz joined Kazancı Holding as a Management Consultant via his firm Erdeniz Management Consultancy in 2014. In this position, he completed many successful projects that added value to Kazancı Holding's business processes in organizational development, operational efficiency and digital transformation. He was subsequently appointed as a Board Member at Kazancı Holding as of August 2017. Mr. Erdeniz has spearheaded investments in operational excellence and digitalization across various departments at the Holding, including Human Resources, Information Technologies, Supply Chain, Law and Audit since 2017. In addition, he is responsible for the Electricity, Agriculture and Tourism activities of Kazancı Holding. Barış Erdeniz was appointed as Member of Aksa Energy's Executive Committee as of January 2021.

## KAZANCI HOLDING ADMINISTRATIVE COMMUNICATION STRUCTURE

Boasting over a half-century of experience and know-how in the energy sector, Kazancı Holding is one of Turkey's largest global energy conglomerates thanks to the integrated service capabilities of the Group's companies operating in diverse areas of the industry.

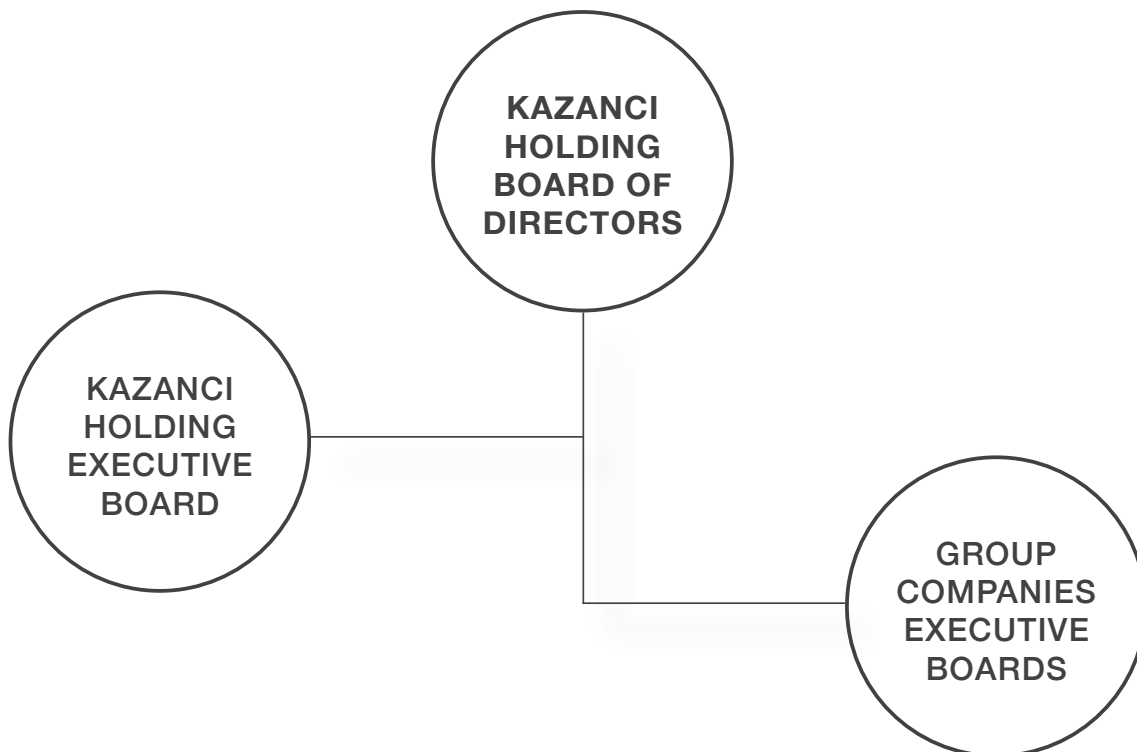
The Company has entered a major corporate transformation journey that started with the end-to-end digitalization of all business processes.

As part of this transformation process, Executive Boards were formed at Group Companies operating in the energy sector to acquire a more robust and effective management structure in order to manage business processes more effectively and efficiently.

Persons with extensive experience in the industry were appointed to the affiliates' executive boards, which report to Kazancı Holding's Board of Directors. For each affiliate, a senior management team was set up, composed of experienced executives who are experts in their respective fields.

Executive Boards set the necessary strategic goals and policies to guarantee effective, efficient and adequate use of all resources to ensure continuity of each affiliate's business operations. They make decisions on new business areas and markets in line with the strategies, goals and plans in place. Executive Boards are also responsible for evaluating the affiliate's operations in terms of performance criteria and implementing necessary improvements and changes.

Kazancı Holding adapts to changes in and outside Turkey while also pioneering change in many diverse areas as part of its transformation journey. The Group aims to give a new direction to the future of the industry. Kazancı Holding takes more agile and confident steps toward its goals thanks to this new management approach that helps it to make right decisions at the right time.



## EXECUTIVE BOARDS

**KAZANCI HOLDING EXECUTIVE BOARD**

CEMİL KAZANCI	CHAIRMAN OF EXECUTIVE BOARD
NECATİ BAYKAL	EXECUTIVE BOARD MEMBER
ÖMER MUZAFFER BAKTİR	EXECUTIVE BOARD MEMBER
BARIŞ ERDENİZ	EXECUTIVE BOARD MEMBER

**AKSA ENERGY EXECUTIVE BOARD**

CEMİL KAZANCI	CHAIRMAN OF EXECUTIVE BOARD
KORKUT ÖZTÜRKMEN	VICE CHAIRMAN OF EXECUTIVE BOARD
SERDAR NIŞLI	EXECUTIVE BOARD MEMBER
ÖMER MUZAFFER BAKTİR	EXECUTIVE BOARD MEMBER
BARIŞ ERDENİZ	EXECUTIVE BOARD MEMBER
YAŞAR ERKİN ŞAHİNÖZ	EXECUTIVE BOARD MEMBER

**AKSA ELECTRICITY EXECUTIVE BOARD**

BARIŞ ERDENİZ	CHAIRMAN OF EXECUTIVE BOARD
ÖMER KANDEMİR	EXECUTIVE BOARD MEMBER
FIRAT DOĞAN	EXECUTIVE BOARD MEMBER
MURAT KIRAZLI	EXECUTIVE BOARD MEMBER
ENGİN İNAN	EXECUTIVE BOARD MEMBER

**AKSA POWER GENERATION EXECUTIVE BOARD**

ÖMER MUZAFFER BAKTİR	CHAIRMAN OF EXECUTIVE BOARD
CEMİL KAZANCI	EXECUTIVE BOARD MEMBER
NECATİ BAYKAL	EXECUTIVE BOARD MEMBER
BARIŞ ERDENİZ	EXECUTIVE BOARD MEMBER
HAKAN ÖZGÜLER	CFO, RAPPORTEUR

## SENIOR MANAGEMENT

**AKSA ENERGY SENIOR MANAGEMENT**

		RESPONSIBILITIES
CEMİL KAZANCI	MANAGEMENT	CHAIRMAN AND CEO
KORKUT ÖZTÜRKMEN	MANAGEMENT	VICE CHAIRMAN OF EXECUTIVE BOARD
SONER YILDIZ	OPERATIONAL MANAGEMENT	CHIEF OPERATING OFFICER (COO)
CEM NURİ TEZEL	FINANCIAL MANAGEMENT	CHIEF FINANCIAL OFFICER (CFO)
MURAT KIRAZLI	ELECTRICITY SALES AND ENERGY TRADE	VICE PRESIDENT, ENERGY TRADE AND SALES

**AKSA NATURAL GAS SENIOR MANAGEMENT**

YAŞAR ARSLAN	GROUP PRESIDENCY	GROUP PRESIDENT, CEO
ALPER KONYALI	1. REGION	GROUP VICE PRESIDENT
AHMET YÜCEL YAZICI	CENTRAL SERVICES	GROUP VICE PRESIDENT
MUSTAFA DOĞAN	2. REGION	GROUP VICE PRESIDENT

**AKSA ELECTRICITY SENIOR MANAGEMENT**

MURAT KIRAZLI	ELECTRICITY RETAIL SALES	GROUP VICE PRESIDENT
ÖMER KANDEMİR	DISTRIBUTION OPERATIONS	GROUP VICE PRESIDENT
FIRAT DOĞAN	ELECTRICITY EXECUTIVE BOARD	GROUP VICE PRESIDENT
ENGİN İNAN	FINANCIAL MANAGEMENT	CHIEF FINANCIAL OFFICER (CFO)
MEHMET AYDIN	ÇORUH ELECTRICITY DISTRIBUTION	COMPANY MANAGER
FİKRET TÜRKMEN	FIRAT ELECTRICITY DISTRIBUTION	COMPANY MANAGER

**AKSA POWER GENERATION SENIOR MANAGEMENT**

NAZMİ ATALAY	OPERATIONAL MANAGEMENT	GENERAL MANAGER, GLOBAL MANUFACTURE AND OPERATIONS
RİDVAN ÖZER	SALES AND RENTAL	GENERAL MANAGER, GLOBAL SALES AND RENTAL
ABDİN VOLKAN KARAÇALI	MARKETING	GENERAL MANAGER, GLOBAL MARKETING
HAKAN ÖZGÜLER	FINANCIAL MANAGEMENT	CHIEF FINANCIAL OFFICER (CFO)

**KAZANCI HOLDING SENIOR MANAGEMENT**

SERDAR NIŞLI	BUSINESS DEVELOPMENT	HEAD OF BUSINESS DEVELOPMENT
CEYHAN BAŞTÜRK	CFO OFFICE	CHIEF FINANCIAL OFFICER (CFO)
MERAL TUNALI	SUPPLY CHAIN	SUPPLY CHAIN DIRECTOR
AHMET REHA ARGAÇ	INFORMATION TECHNOLOGIES	INFORMATION TECHNOLOGIES DIRECTOR
GÖZEN KASIMAY	AUDIT	AUDIT DIRECTOR
SERDAR PAYLAŞAN	RISK AND CONTROL	RISK AND CONTROL DIRECTOR
ESRA ÜNAL	LEGAL	GENERAL COUNSEL
MEHMET AKİF ŞAM	CORPORATE RELATIONS	CORPORATE RELATIONS DIRECTOR
HAKAN ERSEL	ADMINISTRATIVE AFFAIRS AND VEHICLE FLEET	ADMINISTRATIVE AFFAIRS AND VEHICLE FLEET DIRECTOR
SERKAN İLBAN	HUMAN RESOURCES	HUMAN RESOURCES DIRECTOR
YEŞİM AĞAÇKESEN	CORPORATE ARCHITECTURE	CORPORATE ARCHITECTURE DIRECTOR



**Moving forward on its intercontinental journey with investments in Uzbekistan after three countries in Africa,** Akxa Energy is steadily growing with foreign currency-based agreements.







# **CENTER OF POWER**

**AKSA ENERGY**

## AKSA ENERGY

Aksa Energy is Turkey's largest publicly traded energy producer – operating in five countries on two continents – with a total installed capacity of 1,946 MW.



### Energy Generation



● Natural Gas Combined Cycle ● Heavy Fuel Oil ● Lignite

\*Generation at Şanlıurfa Natural Gas Combined Cycle Power Plant was stopped as of August 2020.

**1,946** MW  
Installed Capacity

Aksa Energy has a total installed capacity of 1,946 MW as of the end of 2020.

**21** Thousand GWh  
Sales Volume

Aksa Energy's sales volume reached 21 thousand GWh in 2020.

TRY **7.2** Billion  
Revenues

Aksa Energy's revenues reached TRY 7.2 billion as of the end of 2020.







## TRY **1.5** Billion EBITDA

In 2020, Aksa Energy maintained its operational profitability and increased its EBITDA to TRY 1.5 billion.

## TRY **470** Million Net Profit of the Parent Company

Aksa Energy's parent company boosted its net profit by 43% on an annual basis to TRY 470 million.

Established in 1997, Aksa Energy is Turkey's largest publicly traded independent power producer. Aksa Energy is rapidly advancing towards globalization. With power plants installed and operated in Turkey and abroad, Aksa Energy has a presence in five countries on two continents. Aksa Energy performs all steps in power plant installation – in-house – from project development to procurement, construction and physical installation – with its highly skilled technical teams. To date, Aksa Energy has built and operated more than 30 power plants using various energy sources – including coal, fuel oil, biogas, natural gas, wind and hydroelectricity. Taking its experience in this field abroad with power plant installations in countries that have urgent energy needs, Aksa Energy provides fast and reliable solutions in energy generation.

In line with this strategy, Aksa Energy has transformed from a local energy firm into a global producer with its power plants in Turkey, TRNC, Ghana, Madagascar and Mali. Since 2015, Aksa Energy has cancelled licenses of some of its natural gas and fuel oil plants in Turkey and made significant investments overseas. Between 2015 and 2020, Aksa Energy has recorded total investment spending of TRY 1.55 billion.

With 20.58% of its capital in free float, Aksa Energy's shares are traded on BIST 100, BIST Electricity (since 2010), and BIST Sustainability (since 2015) under the ticker AKSEN.

<b>Number of Power Plants</b>	<b>7</b>
<b>Installed Capacity</b>	<b>1,946 MW</b>
Antalya	900 MW
Bolu, Göynük	270 MW
Şanlıurfa*	147 MW
TRNC	153 MW
Mali	40 MW
Ghana	370 MW
Madagascar	66 MW
<b>Number of Power Plants Operated on Behalf of Madagascar</b>	<b>1</b>
<b>Installed Capacity Operated on Behalf of Madagascar</b>	<b>24 MW</b>
Madagascar CTA-2	24 MW

\*Generation at Şanlıurfa Natural Gas Combined Cycle Power Plant was stopped as of August 2020.

## AKSA ENERGY

**1**

Thermal Power Plant

**270 MW**

Total Installed Capacity

**2**

Natural Gas Combined Cycle Power Plants

**1,047 MW**

Total Installed Capacity

BOLU, GÖYNÜK  
**270 MW**

ANTALYA  
**900 MW**

ŞANLIURFA\*  
**147 MW**

\*Generation at Şanlıurfa Natural Gas Combined Cycle Power Plant was stopped as of August 2020.

**4**

Heavy Fuel Oil Power Plant

**629 MW**

Total Installed Capacity

**1**

Heavy Fuel Oil Power Plant

**24 MW**Installed Capacity Operated on  
Behalf of the Country

NORTHERN CYPRUS

**153 MW**

GHANA

**370 MW**

MADAGASCAR

**66 MW**


MALI

**40 MW**

MADAGASCAR CTA-2

**24 MW**





**Between 2015 and  
2020, Aksa Energy  
has recorded  
total investment  
spending of  
TRY 1.55 billion.**



Since 2015, Aksa Energy has been a component of the Borsa Istanbul Sustainability Index, which includes companies with a high corporate sustainability performance.

## 740 MW

The power plants in Tashkent and Bukhara, Uzbekistan, with a total installed power of 740 MW, are expected to be operational by the end of 2021.

### DEVELOPMENTS IN 2020

#### First step in the Asian continent with Uzbekistan investment

In May 2020, Aksa Energy signed an agreement with the Ministry of Energy of Uzbekistan to establish a 240 MW natural gas combined cycle power plant in Tashkent, the country's capital. The agreement includes the sale of the electricity generated at the power plant for 25 years in return for a guaranteed capacity fee in USD. Expanding the scope of the Uzbekistan investment at the beginning of 2021, Aksa Energy expects the power plants in Tashkent and Bukhara, with a total installed power of 740 MW, to be operational at the end of 2021.

#### Aksa Energy collected all its receivables from the sale of Kiyıköy WPP

An agreement was reached in 2017 for the sale of Kiyıköy Wind Power Plant, with an installed capacity of 28 MW, for USD 60.1 million. Under this agreement, Kiyıköy WPP was sold to Borusan EnBW Enerji Yatırımları ve Üretim A.Ş. and Borusan Danışmanlık ve Ortak Hizmetler A.Ş. of the outstanding amount remaining from the sale, Aksa Energy collected USD 15.2 million in April 2020, and USD 2.2 million in September 2020.

#### Generation stopped at Şanlıurfa Natural Gas Combined Cycle Power Plant

Aksa Energy's application to TEİAŞ to temporarily stop generation at the 147 MW Şanlıurfa Natural Gas Combined Cycle Power Plant was accepted on August 19, 2020. Generation was stopped at the referenced power plant due to high transmission costs.

#### Energy exports to Iraq have started

An agreement was signed between an importing party and Aksa Aksen Enerji Ticareti A.Ş., a 100% subsidiary of Aksa Energy. Under this agreement, Aksa Aksen filed an application with the Energy Market Regulatory Authority (EMRA)

on November 3, 2020 to export electricity up to 150 MW capacity to Iraq over the Turkey-Iraq energy transmission line. EMRA approved the application on December 8, 2020; subsequently, an interconnection line usage agreement was signed with TEİAŞ. Electricity export activities started on January 24, 2021.

#### Covid-19 Safe Production Certificate for Bolu Göynük Thermal Power Plant

Bolu Göynük Thermal Power Plant, in recognition of its complete fulfillment of the conditions of the Covid-19 Hygiene, Infection Prevention and Control Guide published by the Ministry of Industry and Technology of the Republic of Turkey for industrial facilities, was granted the Covid-19 Safe Production Certificate issued by TSE in October 2020.

#### Aksa Energy included in the Sustainability Index for the sixth time in a row

Aware of its responsibility to ensure a safe future for the next generations, Aksa Energy has been a component of the Borsa Istanbul Sustainability Index since 2015. The prestigious index includes companies with a high corporate sustainability performance. Aksa Energy, one of the 14 original companies that were included in this list in 2015, will also be a part of the Sustainability Index in 2021, as in previous years.

#### Aksa Energy returns from ARC Awards with two major awards

Aksa Energy's 2019 Sustainability Report was granted two key awards at the Annual Report Competition (ARC), the world's largest international reporting competition where 1,690 corporate reports from 75 countries vied for awards. This competition was organized for the 34<sup>th</sup> time in 2020 by MerComm, the USA based international communication awards organization. Aksa Energy was granted a Bronze Award in the "Interior Design" category and an Honor Award in the "Specialized Reports" category for its report prepared with the concept of "Energy for Tomorrow."

## AKSA ENERGY

With its successful marketing and communication efforts in 2020, Aksa Energy was named the “Most Reputable Energy Company of the Year” in the “Energy” category at The ONE Awards Integrated Marketing Awards organized by Marketing Türkiye.

### TRY **9.5** Billion Assets

Aksa Energy's assets increased by 12% and reached TRY 9.5 billion.

### TRY **4.6** Billion Equity

Aksa Energy's equity grew by 21% to TRY 4.6 billion.

### Aksa Energy continues to be among the Turkey's largest companies

Aksa Energy was recognized as one of the largest companies in Turkey in 2020 with its strong performance. Akxa Energy ranked 76<sup>th</sup> in the #Capital500 Turkey's Largest Companies list, up three places compared to the previous year. In addition, Akxa Energy ranked 59<sup>th</sup> in the #Fortune500 list.

### Aksa Energy exited this pandemic year with a very special award

In 2020, Akxa Energy was presented with an award recognizing its strong brand reputation in the sector from The ONE Awards Integrated Marketing Awards competition. This was the seventh edition of the competition and was held in cooperation with Marketing Türkiye magazine, the leading marketing platform of Turkey, and Akademetre, a market research firm. Akxa Energy was selected as the best brand that increased the reputation of the energy industry in 2020 at The ONE Awards, which is based on “Reputation and Brand Value Performance Measurement” research.

### Aksa Energy in Figures

Consolidated (TRY Million)	2019	2020	Change (%)
Revenues	5,579	7,231	30
Parent Company's Profit/Loss	329	470	43
Assets	8,501	9,503	12
Shareholders' Equity	3,819	4,625	21
EBITDA	1,467	1,498	2
EBITDA Margin (%)	26.3	20.7	-5.6 points
Net Financial Debt/EBITDA (x)	2.14	1.76	-18





Target Achieved:

**6** Countries

**3** Continents

With the realization of the Uzbekistan power plants, Aksa Energy will produce energy in 6 countries located on 3 continents.

**100** MW

Aksa Energy aims to expand the current installed capacity of the power plant in Congo, for which it has the operating rights, to 100 MW with a capacity increase investment.

#### **FUTURE OUTLOOK**

In line with its globalization strategy, Aksa Energy continues to make significant investments abroad by using equipment from uncompetitive power plants in Turkey. Since 2015, the company has become a major energy player in Africa with its investments in Ghana, Madagascar and Mali. With these investments in African countries that need energy and infrastructure investments, Aksa Energy boosted its profitability as well as its support to the Turkish economy with the foreign currency inflow it provides.

Turning to the Asian continent in 2020, Aksa Energy has started work on three separate natural gas combined cycle power plant projects in Tashkent, the capital of Uzbekistan, and in Bukhara. Together, these facilities will have a total installed capacity of 740 MW.

With these latest power plants, which are expected to be operational by the end of 2021, Aksa Energy will produce energy in six countries located across three continents.

In addition to these investments, Aksa Energy signed a concession agreement in January 2021 for the rights to operate a natural gas power plant with an installed capacity of 50 MW in the Republic of Congo for 30 years. The company aims to expand the current installed capacity to 100 MW with a capacity increase investment.

Transforming from a local energy firm to a global energy conglomerate, Aksa Energy pursues new investment opportunities in all geographies, especially Africa, that have an urgent need for energy and engages in efforts to further diversify its portfolio.



**As the natural gas distribution company serving the widest geographic area in Turkey, Aksa Natural Gas serves a total of 3.6 million people.** With its steady stream of capital investments, Aksa Natural Gas reached a network length of 31,787 km – the equivalent of circumnavigating Turkey three times.





The background image shows an industrial facility, likely a gas processing plant, with complex piping, valves, and structural steel. A worker in a white hard hat and safety vest is visible on a platform in the upper left. A large green circle is superimposed over the center of the image, containing the main title and subtitle in white text.

# **CENTER OF DISTRIBUTION**

**AKSA NATURAL GAS**

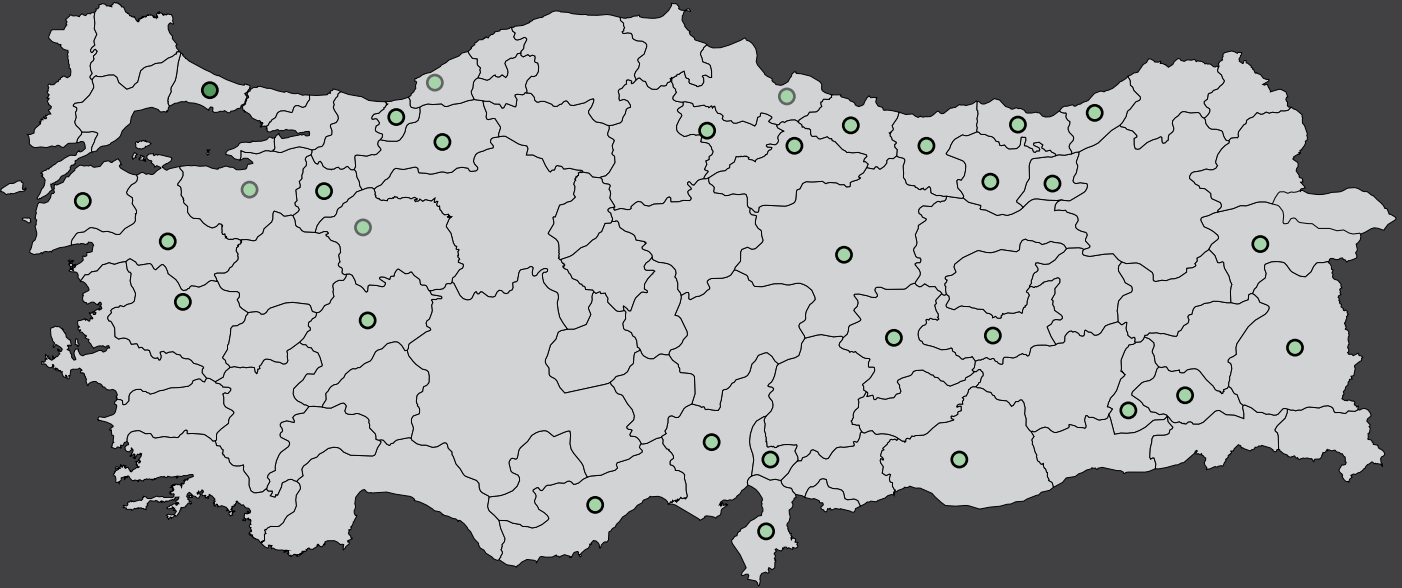


## AKSA NATURAL GAS

Aksa Natural Gas is Turkey's largest private natural gas distribution company with 3.6 million subscribers, a network length of 31,787 km and a market share of 22.9%.



### Natural Gas Distribution and Sales



Aksa Natural Gas Head Office



Aksa Natural Gas Distribution Regions\*

\*In Bursa, Eskişehir, Samsun and Zonguldak, only districts under license are included.

**9.6** Billion m<sup>3</sup>  
Natural Gas  
Distribution Volume

9.6 billion m<sup>3</sup> of natural gas is distributed throughout Turkey.

**21** License Regions  
Operation Area

Natural gas distribution is carried out all over Turkey.

TRY **7.1** Billion  
Revenues

Aksa Natural Gas increased its revenues by 19%.



As of the end of 2020, Aksa Natural Gas has supplied natural gas to 33% of the provinces in Turkey and 32% of the districts and towns.

### 3.6 Million Subscribers

Aksa Natural Gas provides services to 3.6 million subscribers in 21 out of 72 license regions in Turkey.

Established in 2002 as an umbrella company within Kazancı Holding, Akxa Natural Gas provides services in 21 out of 72 license regions in Turkey as of 31 December 2020. The Company distributes and trades natural gas as its main fields of operation and holds LNG import and CNG sales licenses.

Aksa Natural Gas conducts distribution operations in 21 license regions accredited and taken over from the Energy Market Regulations Authority (EMRA). Akxa Natural Gas is the largest private natural gas distribution company in Turkey with 3.6 million subscribers, a 31,787 km distribution network and a 22.9% market share as at year-end of 2020.

Shaping its operations around the principle of quality service, Akxa Natural Gas has supplied natural gas to 33% of the provinces in Turkey and 32% of the districts and towns as of the end of 2020. The Company completed most of its mandatory investments in distribution regions

before the end of their deadlines to deliver nature-friendly natural gas to its millions of subscribers in the fastest way possible.

Of the 31 provinces covered by the license, the Company has invested in a total of 27 provinces and 188 districts and towns, serving the largest natural gas distribution area in Turkey with a population of 15.9 million people as of the end of 2020. 1 out of every 3 new natural gas subscribers is located in the operation region of Akxa Natural Gas in Turkey, where 1.5 million subscribers started to use natural gas for the first time in 2020.

Ever since it was founded, Akxa Natural Gas has contributed to Turkey's economy through investments. While providing its subscribers with high quality and continuous services the Company also offered job opportunities directly or indirectly to 24 thousand citizens in addition to the employment it created to date, resulting in savings of TRY 54 billion in the field of energy within the national budget. With its investments by the end of 2020, the company created a natural gas conversion market worth TRY 35.2 billion; TRY 25.2 billion of which was actually made by the Company alone. In regions with access to natural gas, the advantages created by a diverse selection of fuel also helped industrial investments gain more momentum.

Boasting the most specialized staff in the sector, Akxa Natural Gas is committed to keeping customer satisfaction at the highest level and continuously improving its service quality. In line with this vision, the Company responds to subscribers' demands around the clock via its 187 Natural Gas Emergency Line and 444 4 187 Solution Center. The Akxa Solution Center is seen as a pioneer and model in the sector thanks to its internationally recognized advanced technology and software infrastructure, state-of-the-art physical environment and high quality service.







**Akso Natural Gas  
has achieved a  
savings of TRY  
54 billion for the  
country's economy  
with its high quality  
and uninterrupted  
service.**





## TRY **6.8** Billion Assets

Aksa Natural Gas is among Turkey's largest companies on a balance sheet basis.

## TRY **1.2** Billion Equity

Aksa Natural Gas takes firm steps forward to the future with its strong capital structure.

In 2020, Aksa Natural Gas quickly adapted to the new conditions brought about by the Covid-19 pandemic. The company prioritized the health of its employees and customers and redirected its customers to Online Transaction channels where they could perform all transactions related to their natural gas subscription.

Despite the increased number of incoming calls during the pandemic, 67% of 959,816 calls made to the 444 4 187 Solution Center were answered within the first 15 seconds in 2020. Some 83% of these calls were resolved. Meanwhile, the 187 Natural Gas Emergency Line received 761,183 incoming calls, 85% of which were answered within the first 15 seconds. The 187 line resolved 83% of incoming calls with a 6-second average call response time.

### Developments in 2020

As of year-end 2020, Aksa Natural Gas distributed a total of 9.6 billion m<sup>3</sup> of gas in the regions it serves. The company recorded revenues of TRY 7.12 billion, up 19% year-on-year.

During its operating period, Aksa Natural Gas made new investments totaling TRY 596 million. As a result, the company's total direct investments rose to TRY 4.02 billion. In 2020, Aksa Natural Gas's total network length expanded to 31,787 kilometers.

Aksa Natural Gas ranked 56<sup>th</sup> in Fortune 500 "Turkey's Top Companies" list in terms of net sales. The company ranked 58<sup>th</sup> in EBITDA and 64<sup>th</sup> in total assets on the Fortune 500 Turkey list.

During the pandemic, Aksa Natural Gas viewed the health of both its employees and subscribers as the top priority. The company quickly took all necessary precautions and protective measures to minimize any potential exposure to its workforce and customers. Aksa Natural Gas continued to carry out its field activities and took steps in branches, i.e. at physical contact points, to avoid any high-risk situations. It also carried out various communication campaigns throughout the year to redirect customers to the Online Transactions channel and the Solution Center, which were developed earlier as a result of its digitalization drive.

## AKSA NATURAL GAS

Today, IoT technology is transforming traditional production methods. Aksa Natural Gas is also stepping up adoption of this emerging technology.

### TRY 7.1 Billion Revenues

Aksa Natural Gas managed to increase its revenues by 19% as of the end of 2020.

### TRY 934 Million EBITDA

Aksa Natural Gas further increases its operational profitability every passing year.

In 2020, Aksa Natural Gas initiated the R&D project “Renewable Natural Gas Production-Power to Gas” jointly with other natural gas distribution companies. This effort was designed to ensure use of hydrogen derived from renewable energy resources as an alternative fuel for heating purposes. This significant project, led under the supervision of GAZBİR-GAZMER in collaboration with Yıldız Technical University, aims to secure the energy supply, boost energy efficiency and reduce carbon emissions.

During the year, Aksa Natural Gas started work on two new innovative projects: “Remote Reading of Meters and Manipulation Detection System” and “Natural Gas Product/Material Technical Principles and Supply Management System (SMS).” These efforts will help the company grow its contribution to the Turkish economy. In addition, Aksa Natural Gas aims to become a model for the natural gas distribution sector in terms of quality, safety, efficiency and operational excellence with its innovative initiatives.

In response to the pandemic, Aksa Natural Gas updated its calendar for the Horizon21 project. Implemented by the company in 2019, Horizon21 is designed to manage big data in a fast, effective and transparent manner while combining all end-to-end operation processes, especially

customer services, in a widespread distribution region on a single system. Work is currently underway to bring the project live in the first half of 2021.

Aksa Natural Gas evaluates user experience input related to all operational steps of the Maintenance Management System that need improvement. The company uses the system to collect data from the field in real-time. It also evaluates new technological features of the SAP S/4HANA initiative. Version upgrade work is ongoing for the Maintenance Management System to become integrated with all other units and processes. This effort will allow field staff to continuously work online/offline from anywhere on any device.

Today, IoT (Internet of Things) technology is transforming traditional production methods. Aksa Natural Gas is also stepping up adoption of this emerging technology. In addition to ERP and other technological solutions, the company has consolidated all of its equipment with end-to-end data exchange, performs maintenance and control operations in a synchronized manner and aims to minimize the number of faults. Data analyses are conducted to determine the root cause of faults. Based on the results of these analyses, Aksa Natural Gas takes key steps aimed at minimizing human error, ensuring appropriate management of business processes, and creating a work environment that can anticipate other potential faults.



### Aksa Natural Gas in Figures

Financial Indicators (TRY Million)	2019	2020	Change (%)
Revenues	5,978	7,118	19
EBITDA	718	934	30
Assets	5,905	6,794	15
Shareholders' Equity	684	1,210	77
Gross Profit	595	779	31
Net Profit	289	474	64

Operational Indicators	2019	2020	Change (%)
Natural Gas Distribution Licenses	21	21	-
Number of Subscribers	3,277,470	3,625,127	10.6
Number of Residential Subscribers	2,741,619	3,042,196	11
Number of Potential Residential Subscribers	5,362,320	5,534,568	3.2
Network Length (km)	29,901	31,787	6.3



## AKSA NATURAL GAS

Aksa Natural Gas invests in outlying districts of provinces where it operates to introduce more and more people to natural gas – an environmentally friendly, safe and clean energy source.

### 21.3%

Aksa Natural Gas alone accounts for 21.3% of the total employment in Turkey's natural gas distribution sector.

### 4.9

Million Subscribers Target

Aksa Natural Gas aims to expand its subscriber base to 4.9 million by end-2026.

### GEOGRAPHICAL DISTRIBUTION NETWORK

#### Natural Gas Distribution Regions

- Aksa Afyon Doğalgaz Dağıtım A.Ş.
- Aksa Ağrı Doğalgaz Dağıtım A.Ş.
- Aksa Balıkesir Doğalgaz Dağıtım A.Ş.
- Aksa Bandırma Doğalgaz Dağıtım A.Ş.
- Aksa Bilecik Bolu Doğalgaz Dağıtım A.Ş.
- Aksa Çanakkale Doğalgaz Dağıtım A.Ş.
- Aksa Çukurova Doğalgaz Dağıtım A.Ş.
- Aksa Düzce Ereğli Doğalgaz Dağıtım A.Ş.
- Aksa Elazığ Doğalgaz Dağıtım A.Ş.
- Aksa Gemlik Doğalgaz Dağıtım A.Ş.
- Aksa Gümüşhane Bayburt Doğalgaz Dağıtım A.Ş.
- Aksa Karadeniz Doğalgaz Dağıtım A.Ş.
- Aksa Malatya Doğalgaz Dağıtım A.Ş.
- Aksa Manisa Doğalgaz Dağıtım A.Ş.
- Aksa Mustafakemalpaşa Susurluk Karacabey Doğalgaz Dağıtım A.Ş.
- Aksa Ordu Giresun Doğalgaz Dağıtım A.Ş.
- Aksa Siirt Batman Doğalgaz Dağıtım A.Ş.
- Aksa Sivas Doğalgaz Dağıtım A.Ş.
- Aksa Şanlıurfa Doğalgaz Dağıtım A.Ş.
- Aksa Tokat Amasya Doğalgaz Dağıtım A.Ş.
- Aksa Van Doğalgaz Dağıtım A.Ş.

### FUTURE OUTLOOK

With its current scale, investments and service quality, Aksa Natural Gas significantly contributes to Turkey's economy and boosts national employment. The company alone accounts for 21.3% of total employment in Turkey's natural gas distribution sector. In the coming year, Aksa Natural Gas plans to bring its experience to international platforms while evaluating opportunities for domestic procurement and maintaining its robust growth.

Aksa Natural Gas invests in outlying districts of provinces where it operates to introduce more and more people to natural gas – an environmentally friendly, safe and clean energy source.

Continuing its investments throughout Turkey, Aksa Natural Gas aims to increase the number of districts and towns it serves to 316, expand its network length to 69 thousand kms and grow its subscriber base to 4.9 million by end-2026.



**While evaluating domestic opportunities, Akso Natural Gas also plans to bring its experience to international platforms.**



**Aksa Electricity Group strives to continuously improve its market position and sales effectiveness. The company differentiates from the competition with the alternative energy solutions it offers to its customers.** Electricity distribution companies Çoruh EDAŞ and Fırat EDAŞ continue to move forward by providing the same quality service from the city center to the countryside with digital solutions and advanced technologies.







# **CENTER OF SERVICE**

**AKSA ELECTRICITY GROUP**

## AKSA ELECTRICITY GROUP

In the electricity sector, Kazancı Holding provides electricity supply services to more than 2.2 million subscribers in 81 provinces across Turkey, and electricity distribution services to about 4 million residents in the Çoruh and Fırat license regions.



### Electricity Distribution and Sales



● Çoruh Electricity Distribution Regions  
Çoruh Electricity Retail Sales Regions

● Fırat Electricity Distribution Regions  
Fırat Electricity Retail Sales Regions

○ Akse Electricity Sales Regions

TRY **6.5** Billion  
Revenues

As of the end of 2020, Akse Electricity's revenues reached TRY 6.5 billion.

TRY **944** Million  
EBITDA

Akse Electricity's EBITDA was TRY 944 million.

TRY **336** Million  
Investment

Akse Electricity made a total investment of TRY 336 million in 2020.



Aksa Electricity ranks among the leading players in the Turkish electricity market.

## 2.2 Million+ Subscribers

Aksa Electricity Group provides electricity supply services to more than 2.2 million subscribers across Turkey.

## AKSA ELECTRICITY GROUP Electricity Sales Companies

Aksa Electricity sales electricity throughout Turkey and provides electricity supply services in its license regions. The company ranks among the leading players in the Turkish electricity market with its innovative, human-centered business model and sustainable approach.

Aksa Electricity is an integrated retail company that is a pioneer in the sector with its strong financial structure, efficiency-focused strategies, specialized staff, integration with Group Companies and nationwide service network. The company offers electricity sales services across Turkey. In addition, Aksa Çoruh Electricity and Aksa Fırat Electricity provide electricity supply services to 101 districts in nine provinces as part of their activities as the supply company in charge. These two companies serve a population of about 4 million, with over 2.2 million subscribers in Trabzon, Rize,

Giresun, Artvin and Gümüşhane in the Çoruh region, and in Bingöl, Elazığ, Malatya and Tunceli in the Fırat region.

Aksa Electricity delivers electricity sales and consulting services to Turkey's largest industrial and service enterprises in addition to the regions it serves as an incumbent supply company. The company bolsters its portfolio by maintaining its leading position in the ongoing market liberalization process under the eligible consumer and supplier of last resort tariffs in the retail electricity sector.

Aksa Electricity's customer portfolio is comprised of the Commercial subscriber group (18.17%), Industrial subscriber group (59.56%), Residential subscriber group (20.70%), and other segments (1.57%).

### Developments in 2020

During the Covid-19 pandemic, Aksa Electricity demonstrated a successful performance both financially and organizationally. The company also expanded its market activity and portfolio in 2020. Throughout the operating year, Aksa Electricity executed discounted electricity agreements with Turkey's largest businesses, hotels, iron and steel manufacturers, and organized industrial zones while quickly responding to customer needs and expectations. In addition, the company signed new cooperation agreements across Turkey and in its license regions.

In 2020, the Energy Market Regulatory Authority (EMRA) maintained the consumption limit for the supplier of last resort tariff at 7 GWh for other consumer groups other than residential consumers. EMRA also lowered the eligible consumer limit from 1.4 MWh to 1.2 MWh. In this environment of increasing competition, Aksa Electricity offered electricity sales at competitive rates across Turkey and provided consultancy services with its expert





## AKSA ELECTRICITY GROUP

### Electricity Sales Companies

In 2020, Aksa Electricity rose 44 places in the Fortune 500 “Turkey’s Largest Companies” list and ranked 149<sup>th</sup> thanks to its strong business results.

#### CUSTOMER PORTFOLIO

**59.56%**

Industrial Subscriber Group

staff in line with its target of market leadership. The company also provided its customers with energy saving recommendations.

In 2020, Aksa Electricity rose 44 places in the Fortune 500 “Turkey’s Largest Companies” list and ranked 149<sup>th</sup> thanks to its strong business results. Aksa Electricity also rose 76 places and ranked 188<sup>th</sup> in the Capital 500 list compiled annually by Capital magazine.

Aksa Electricity introduced more than 200 products to its customers via its sales points – Aksa World of Advantages – at its Customer Service Centers located in Çoruh and Firat regions. The company expanded its sales point network from 19 to 25 locations during the year. Aksa Electricity increased its revenues from TRY 1.5 million in 2019 to TRY 4 million in 2020. Collaborations with insurance, telecommunication and retail sector stakeholders continued at the company’s Customer Service Centers throughout the year.

Always breaking new ground in the energy sector, Aksa Electricity developed a new business model and started providing solar energy system installation services to its customers. Aksa Electricity’s first customer under this new model was Fenerbahçe Sports Club. Institutions seeking to reduce their energy costs and use clean energy can easily benefit from this innovative service. Aksa Energy provides turnkey

projects and financing without customers having to pay any additional price above their current energy costs through this new service.

Aksa Electricity remains committed to developing new environmental and nature friendly initiatives. Business and industrial customers who chose to use sustainable and environmentally friendly green energy from Aksa Electricity during the year not only helped to reduce carbon emissions and protect natural resources. These customers also received the International Renewable Energy Certificate (I-REC). Aksa Electricity plans to grow its investments and incentives in this key area to enable more of its customers to benefit from environmentally friendly tariffs.

Further ramping up its digital investments, Aksa Electricity launched its mobile app in 2020. The mobile app features a wide range of functionality for users, including: utility bill inquiry; bill payment; locating the nearest Customer Service Center; comparing electricity consumption; reporting requests; suggestions and complaints; identifying documentation required for subscriptions; viewing payment channels; benefiting from savings suggestions; following campaign notifications and corporate announcements.

During the operating year, Aksa Electricity implemented the Voice Response System to facilitate the lives of its subscribers and to offer convenient solutions tailored

**20.70%**

Residential Subscriber Group

**18.17%**

Commercial Subscriber Group

**1.57%**

Other



Aksa Electricity aims to make the lives of its customers easier with the Traveling Cashier initiative, which was commissioned during the pandemic.

to meet their needs. With the Voice Response System, subscribers who call the Aksa Çoruh and Aksa Fırat call centers at 444 9 186 can easily and securely make their payment transactions in a few steps over the phone. In addition, Aksa Electricity launched a credit card payment system – accessible via the websites [www.coruhaksa.com](http://www.coruhaksa.com) and [www.firataksa.com](http://www.firataksa.com) — for subscribers in the nine provinces where it provides services. Now, customers can make their payments easily and effortlessly on these sites as well as via [www.aksaelektrik.com.tr](http://www.aksaelektrik.com.tr).

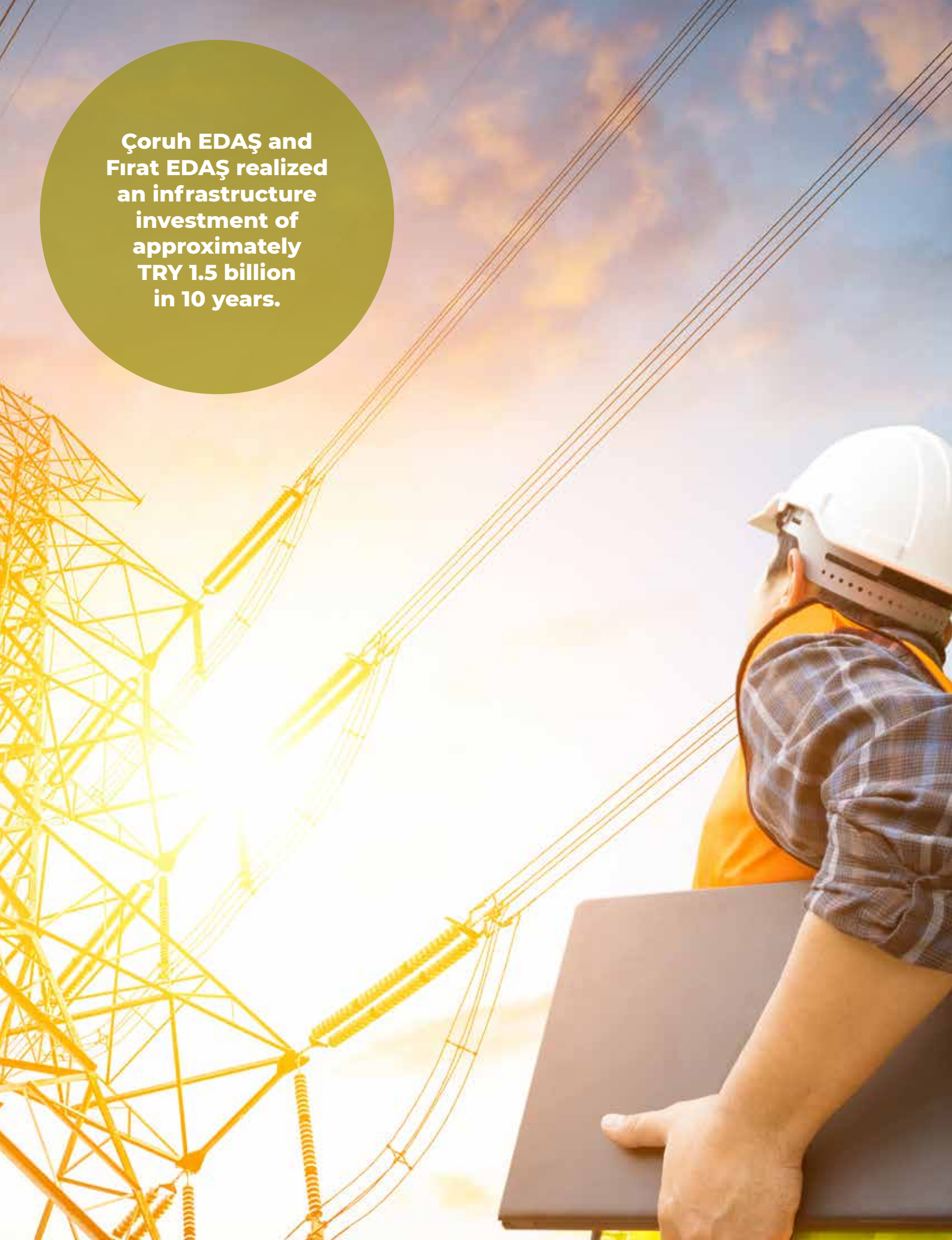
Aksa Electricity strives to continuously improve the service it provides to its customers with regional-specific initiatives. Designed to make customers' lives easier, the Traveling Cashier project was commissioned during the pandemic. By bringing the service vehicle to customers due to the restrictive and challenging conditions created by the pandemic, Aksa Electricity facilitated many transactions, such as subscription application, subscription cancellation, and secure bill payment. This initiative started to be implemented with two vehicles in the first phase in Trabzon in the Çoruh region and in Malatya in the Fırat region.

#### Future Outlook

In 2021, Aksa Electricity aims to create a stable, balanced and sustainable portfolio and maintain its market leadership in terms of volume. The company's customer satisfaction-focused sales strategy will remain at the center of its business activities. Aksa Electricity plans to focus on increasing customer acquisition in all regions of Turkey and nearly every customer segment with its innovative perspective. With this approach, the company will add further value to the country's economy and employment with its new projects and investments.

Aksa Electricity plans to collaborate with well-known brands in the coming year to become closer to its customers via new digital initiatives. In addition to stepping up its digital investments, Aksa Electricity aims to expand its business lines by focusing especially on forward-looking projects, including solar energy, renewable energy, customer energy solutions, smart home technologies, and electric vehicle charging stations. Aksa Electricity is committed to boosting the value it creates for all its stakeholders, especially its customers.

**Çoruh EDAŞ and  
Fırat EDAŞ realized  
an infrastructure  
investment of  
approximately  
TRY 1.5 billion  
in 10 years.**





Çoruh EDAŞ and Fırat EDAŞ boost their network and infrastructure investments every year.

## ~4 Million People Served

Çoruh EDAŞ and Fırat EDAŞ supply the electricity needs of approximately 4 million people uninterruptedly.

## AKSA ELECTRICITY GROUP

### Electricity Distribution Companies

Kazancı Holding's Electricity Distribution Companies - Çoruh Electricity Distribution (Çoruh EDAŞ) and Fırat Electricity Distribution (Fırat EDAŞ) - aim to offer uninterrupted electricity supply, a basic requirement of modern day life, to a population of 4 million in their respective regions. Çoruh EDAŞ and Fırat EDAŞ boost their network and infrastructure investments every year to continuously maintain electricity supply while focusing on enriching the innovative services and solutions offered to their customers.

Responsible for the supply of general luminous energy and fixing faults in the region, Çoruh EDAŞ and Fırat EDAŞ are mainly engaged in the following activities:

- Installing electricity distribution lines in all provinces, districts and villages in their license regions,
- Maintenance and repair of existing lines,

- Reading consumers' electricity meters,
- Identifying and replacing 10-year-old and defective meters,
- Establishing, and maintaining the sustainability of remote reading systems in line with legal requirements,
- Conducting necessary activities so as to ensure that local energy generators connect to the distribution system and generated energy is consumed within the region,
- Subscription, service severance-activation,
- Preventing loss and theft.

Çoruh EDAŞ and Fırat EDAŞ take advantage of the latest technologies to manage faults and increase service quality. They have offices in 101 districts where they serve, carrying out tasks to prevent and fix outages as soon as possible.

### Çoruh Electricity Distribution

Çoruh Electricity Distribution (Çoruh EDAŞ) has been operating in the provinces of Artvin, Giresun, Gümüşhane, Rize, and Trabzon since 2010, delivering uninterrupted and high quality distribution services.

Çoruh EDAŞ's 29,551 km<sup>2</sup> distribution region includes a subscriber base of 1,431,106 in 5 provinces, 61 districts and 1,557 villages. Within the distribution region, the Company operates 59,864.77 km of distribution lines - consisting of 44,776.42 km low voltage and 15,088.35 km medium voltage lines - and 12,633 transformer stations. In 2020, Çoruh EDAŞ distributed 3.66 TWh energy in the region. The loss/theft ratio for the region was 7.33%, which is well below the Energy Market Regulatory Authority's (EMRA) target ratio of 8.22% for energy loss in 2020.



## AKSA ELECTRICITY GROUP

### Electricity Distribution Companies

Çoruh EDAŞ and Fırat EDAŞ boast an advanced technology infrastructure that allows monitoring of the distribution network up to the consumer connection point. Monitoring of the distribution network facilitates surveillance, maintenance, and remote control.

#### **29,551** Km<sup>2</sup> Çoruh EDAŞ Distribution Region

Çoruh EDAŞ's 29,551 km<sup>2</sup> distribution region includes a subscriber base of 1,431,106 in 5 provinces, 61 districts and 1,557 villages.

#### **37,365** Km<sup>2</sup> Fırat EDAŞ Distribution Region

Fırat EDAŞ's 37,365 km<sup>2</sup> distribution region includes a subscriber base of 1,012,087 in 4 provinces, 40 districts and 1,998 villages.

#### **354** Distribution Transformers Commissioned by Çoruh EDAŞ and Fırat EDAŞ

Çoruh EDAŞ and Fırat EDAŞ commissioned 354 distribution transformers with a total installed capacity of 102.29 MVA.

#### **Fırat Electricity Distribution**

Fırat Electricity Distribution (Fırat EDAŞ) has been operating in the provinces of Elazığ, Malatya, Bingöl, and Tunceli since 2011, delivering uninterrupted and high quality distribution services.

Fırat EDAŞ's 37,365 km<sup>2</sup> distribution region includes a subscriber base of 1,012,087 in 4 provinces, 40 districts and 1,998 villages. Within the distribution region, the Company operates 45,994 km of distribution lines - consisting of 29,169 km low voltage and 16,824 km medium voltage lines - and 12,848 transformer stations. In 2020, Fırat EDAŞ distributed 2.564 TWh energy in the region. The loss/theft ratio for the region was 9.81%, which is well below the Energy Market Regulatory Authority's (EMRA) target ratio of 10.42% for energy loss in 2020, and 31,153,763 KWh of electrical energy was accrued in the fight against illegal electricity use.

#### **Developments in 2020**

Çoruh EDAŞ and Fırat EDAŞ completed 1,635.87 km of overhead lines, 356.86 km of underground lines, 145.53 km of lighting network lines and 294.08 km of energy transmission lines, and commissioned 354 distribution transformers with a total installed capacity of 102.29 MVA.

Çoruh EDAŞ and Fırat EDAŞ continued their renovation of existing facilities and accelerated maintenance-repair activities in 2020. The Companies made major technology investments that will boost customer satisfaction and ensure an uninterrupted supply of electricity.

Çoruh EDAŞ and Fırat EDAŞ boast an advanced technology infrastructure that allows monitoring of the distribution network up to the consumer connection point. Monitoring of the distribution network facilitates surveillance, maintenance, and remote control. As part of the transition to automation of distribution network, projects to remotely monitor and control more certain switching points of the medium-voltage distribution network are prioritized and ongoing. In the Fırat EDAŞ region where solar power is prevalent, 424 solar plants were integrated with the Company's monitoring system.

Çoruh and Fırat Electricity Distribution Companies are committed to ensuring supply continuity; boosting commercial and technical quality; meeting the growing energy demand of existing and new subscribers; and establishing new lighting facilities in accordance with the provisions of the general lighting regulation. To these



## **59,865** Km Çoruh EDAŞ Distribution Lines

Çoruh EDAŞ has a total of 59,865 km distribution lines and 12,633 transformers.

## **45,994** Km Fırat EDAŞ Distribution Lines

Fırat EDAŞ has a total of 45,994 km distribution lines and 12,848 transformers.

## **6.22** TWh Çoruh EDAŞ and Fırat EDAŞ Distributed Energy in 2020

In 2020, Çoruh EDAŞ realized an energy distribution of 3.66 TWh and Fırat EDAŞ realized 2.56 TWh.

ends, the Companies conducted the following maintenance-repair efforts in 2020:

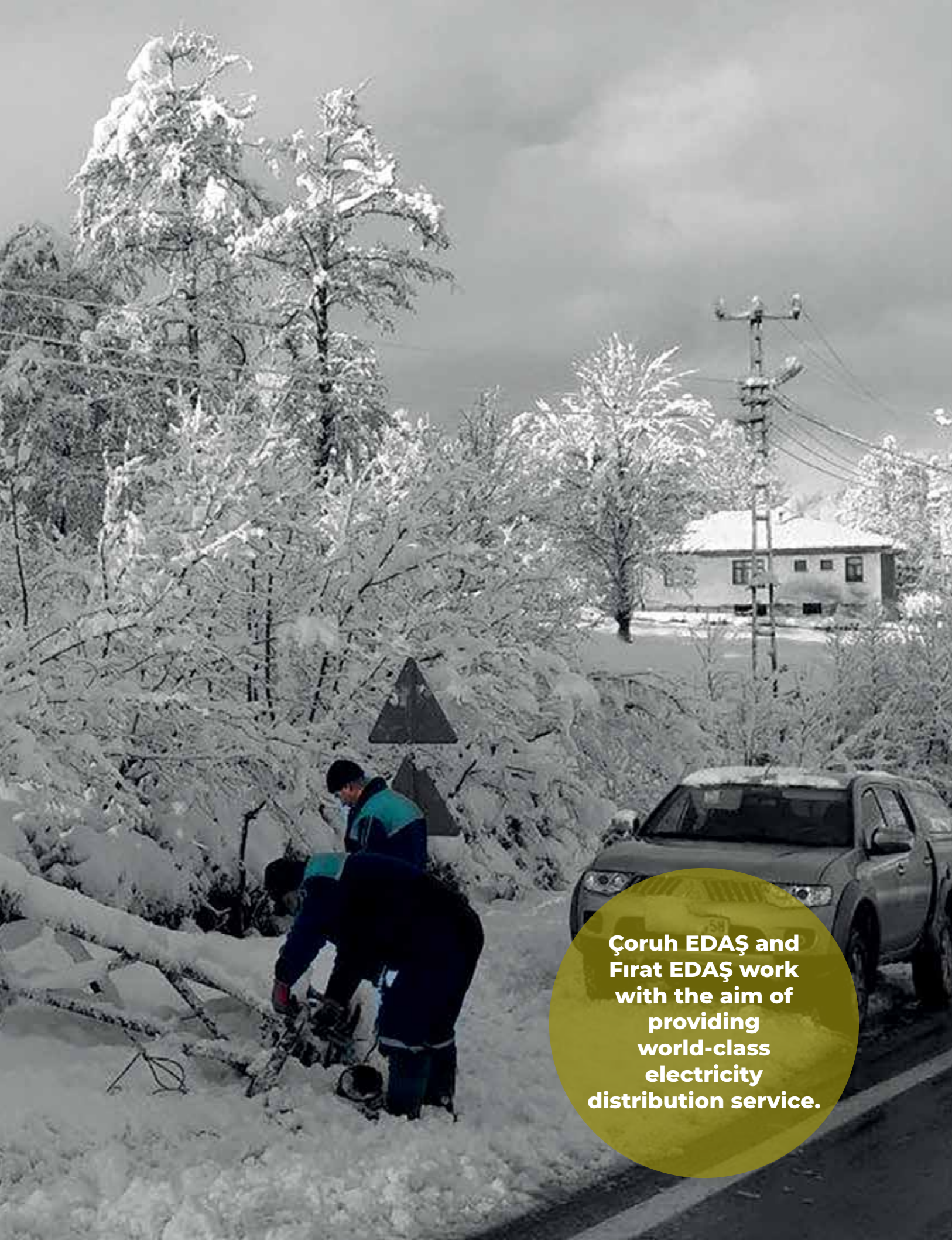
- Some 744,363 fixtures with varying levels of power were overhauled, 43,510 fixtures, 119,054 light bulbs, and 85,595 components were used at these facilities.
- Maintenance efforts were carried out on 5,240.87 km low voltage (LV) and medium voltage (MV) lines, 2,248 transformers, and 948 distribution centers.
- In addition, 10,820 meters were isolated and covered with spikes to prevent power outages caused by bird strikes in the Fırat EDAŞ region.
- And in the Çoruh EDAŞ region, 2,454 km of trees were pruned in order to prevent power outages caused by tree contact.

In 2020, Çoruh EDAŞ and Fırat EDAŞ effectively used advanced technology in their project implementations in order to provide world-class electricity distribution service. As part of the digital transformation program, the Companies formulated a two-year road map and completed installation of the Outage Management System (OMS) in all provinces across their license regions. OMS operates in an integrated manner with other

systems such as Remote Monitoring and Control System, Geographical Information System, Automatic Meter Reading System (AMRS), Customer Information System and the Call Center. Thanks to OMS, subscribers affected by all outages, whether planned or unplanned, are recorded automatically. Çoruh EDAŞ and Fırat EDAŞ also updated and enhanced their mobile workforce application in terms of both design and content. As part of these efforts, the transformation of 253 tablets and push-to-talk mobile devices was completed for use in distribution operations in both regions. Meanwhile, the new mobile app enabled consumers to be instantly updated on planned and unplanned outages and convey their requests, suggestions and complaints via the app.

Due to the legal requirement to include general lighting, high consumption, and manufacturer meters in the AMRS, Çoruh EDAŞ and Fırat EDAŞ rapidly continued installations in the field for remote meter reading in distribution regions. As at year-end 2020, consumption under AMRS made up 44% and 47% of total consumption in Çoruh EDAŞ and Fırat EDAŞ license regions, respectively.





**Çoruh EDAŞ and  
Fırat EDAŞ work  
with the aim of  
providing  
world-class  
electricity  
distribution service.**

Çoruh EDAŞ and Fırat EDAŞ produce projects on topics such as smart networks, energy storage and e-mobility by using EMRA R&D fund supports.

## AKSA ELECTRICITY GROUP

### Electricity Distribution Companies

#### R&D Projects

Çoruh EDAŞ and Fırat EDAŞ renew and improve the network to provide sustainable and high quality energy supply in the distribution regions and also carry out innovative studies to create the network of the future. They produce projects on topics such as smart networks, energy storage and e-mobility by using EMRA R&D fund supports.

#### Off-Grid HPP Project - Çoruh EDAŞ

Within the scope of the project, which was completed in 2020, Çoruh EDAŞ performed network analyzes for the hydroelectric power plants (HPP) connected to the distribution network deactivated during long-term power outages so that these could continue their operation. With the project implemented for the first time in our country at the distribution level to ensure uninterrupted energy

supply, legislative proposals were prepared and submitted to EMRA to improve the supply continuity parameters of the Company and to minimize the economic losses due to long-term outages.

#### Smart Lighting Project - Çoruh EDAŞ

Çoruh EDAŞ operates in the region with the highest lighting consumption per capita and the highest number of fixtures in Turkey. By making use of new technologies, Çoruh EDAŞ detects fixture failures occurring in the lands in the license regions and tries to overcome the difficulties that cause these failures. Launched in 2018 the project will use a communication system through the energy line will be used, the equipment for checking and identifying faults in streetlights is being developed, and field studies will continue in 2021 as well.

#### Energy Everywhere Project - Fırat EDAŞ

Fırat EDAŞ carries out pilot applications in order to develop a mobile infrastructure that will rapidly meet the electricity needs in public spaces. The system's infrastructure is provided by the distribution company and is independent of the supplier and user. The solution also includes mobilization use and payment methods. The project is designed to be used in a wide range of areas, mainly charging stations for electric cars or bikes at parks and bus stops, mobile charging stations, multi-purpose power outlets in public spaces. Six distribution companies are involved as stakeholders in the project led by Fırat EDAŞ. The efforts under the project will continue with mobile application tests in 2021 after the field installation of the charging station and multi-purpose outlets in Elazığ, which was selected as the pilot region.





## AKSA ELECTRICITY GROUP

### Electricity Distribution Companies

21 distribution companies in our country, including Çoruh EDAŞ and Fırat EDAŞ, are participating in the National Smart Meter Systems project, which will be realized as part of Turkey Smart Grids 2023 vision.

Fırat EDAŞ performs analyses to supply uninterrupted and quality energy with battery applications that will provide flexibility to the distribution network.

#### **Smart Distribution Center Project - Fırat EDAŞ**

The project developed to control and inspect all feeder equipment from a single post in distribution centers, and thus to ensure a secure and efficient protection system by eliminating frequent coordination and communication problems, was completed in 2020. With the project implemented in distribution centers in our provinces of Elazığ and Malatya, protection coordination and communication were ensured by using a single device instead of different brands/models of protection relays. In the coming period, the plan is to use the devices used in the project within the scope of R&D expansion investments.

#### **Chemical Storage Project - Fırat EDAŞ**

Fırat EDAŞ has made a significant contribution to projects carried out for the implementation of battery use in the distribution network in Turkey, which has recently come to the forefront in the energy sector around the world. Fırat EDAŞ performs analyses to supply uninterrupted and quality energy through battery applications that will provide flexibility to the distribution network. Fırat EDAŞ is involved as one of the six stakeholder distribution companies. The field application and analyses within the scope of the project are planned to be completed by the end of 2021.

#### **National Smart Meter Systems Project – Çoruh EDAŞ, Fırat EDAŞ**

Twenty-one distribution companies in Turkey, including Çoruh EDAŞ and Fırat EDAŞ, are participating in the National Smart Meter Systems project. This effort is being implemented as part of the Turkey Smart Grids 2023 (TAŞ 2023) vision. The project aims to identify the minimum characteristics of smart meter systems, ensure a unified implementation throughout the country, and prepare relevant legislation and specifications for smart meter deployment. Under the effort, domestic and national smart meter systems are being developed with all their components. Pilot implementations are planned in the Çoruh EDAŞ and Fırat EDAŞ distribution regions. Meter prototypes are being produced in accordance with these criteria.

#### **National Energy National Technology Project – Çoruh EDAŞ, Fırat EDAŞ**

Çoruh EDAŞ and Fırat EDAŞ, together with other Turkish distribution companies, are participating in the National Energy National Technology initiative. The project aims to determine the areas where domestic software can be used, by examining the software currently in use in the electricity distribution sector in line with Turkey's sustainable development goals.





Çoruh EDAŞ and  
Firat EDAŞ place  
great importance on  
the mobile workforce  
management  
application featuring  
the capability  
of responding  
to outages and  
continuously renew  
the application in  
order to effectively  
adapt to the ever-  
changing world.

#### ***Digital Network Manager Development Project – Çoruh EDAŞ, Firat EDAŞ***

Equipment failure of transformers, cables and MV cubicles in the Çoruh EDAŞ and Firat EDAŞ distribution network can cause customers to experience power outages. In turn, outages negatively impact supply continuity and customer satisfaction. The Digital Network Manager Development initiative is designed to facilitate constant monitoring of critical distribution network equipment that takes an extended time to be replaced in case of failure. Under this digital solution, necessary measures will be taken before a malfunction occurs. By preventing unplanned outages, service quality will increase. In addition, by taking steps to prevent equipment failure, the lifespan of the equipment will be extended.

#### ***HASAT 2-Energy Efficiency in General Lighting Project – Çoruh EDAŞ***

Çoruh EDAŞ participated in the second phase studies of the HASAT initiative, whose first phase was completed in line with National Energy Efficiency Action Plan goals. The company plans to examine LED lighting systems requiring lower power compared to sodium vapor fixtures. Research will be conducted to boost operational efficiency in terms of lighting. The project aims to focus on implementation of the smart road lighting system as per the analyses of energy savings and cost upon use of LED fixtures on pilot roads to be selected. Legislation will be prepared based on the project results.

#### ***HASAT 2-Distributed Production Project – Firat EDAŞ***

Firat EDAŞ regularly contributes to research studies on energy efficiency – a key topic in the electricity distribution sector worldwide and in Turkey. The company started project studies to reduce network losses by controlling the reactive power in the distribution network. Firat EDAŞ's operating regions have the highest solar energy potential in Turkey. The company plans to boost energy efficiency by improving the voltage profile in the network without the need for conventional investments, such as new capacitors and reactors, by including these solar power plants in reactive power control.

#### ***Business Applications Projects***

##### ***Mobile Field Workforce Application***

Çoruh EDAŞ and Firat EDAŞ shape their business operations around the core principle of delivering top quality service with minimal outage in the field. The companies place great importance on the mobile workforce management application that facilitates quick response to outages. Çoruh EDAŞ and Firat EDAŞ also continuously renew the application in order to effectively adapt to the ever-changing world. The Mobile Field Workforce Application now allows Çoruh EDAŞ and Firat EDAŞ to keep a record via tablet computers of all materials used and removed from the site during and after troubleshooting and maintenance efforts carried out. Integrated with SAP, the innovative system enables instantaneous monitoring of inventory movements and instant reporting.

## AKSA ELECTRICITY GROUP

### Electricity Distribution Companies

In 2020, Çoruh EDAŞ and Fırat EDAŞ implemented pioneering initiatives in the industry with investments to fulfil capacity requirements, improve supply quality and boost efficiency.

Çoruh EDAŞ and Fırat EDAŞ upgraded the CBS EDAŞ Mobile application, which is developed entirely with internal resources.

#### **CBS EDAŞ Mobile Application**

During the year, Çoruh EDAŞ and Fırat EDAŞ also upgraded the CBS EDAŞ Mobile application, which is developed entirely with internal resources. The application is fast, easy to use and equipped with smart algorithms much like its international counterparts. After the recent upgrade, geographic operations in the field can be easily recorded via the application.

#### **E-Signature Application**

Transferring many workflows from paper to online, Çoruh EDAŞ and Fırat EDAŞ started using e-signatures in their documents as of 2020 and gradually digitalized the entire signature process. As of 2021, the companies aim to digitally sign all documents while ensuring that the whole document flow can be reported.

#### **SAP-ISU Transformation Project**

The SAP-Transformation project aims to optimize the workforce by restructuring all processes of basic applications, where Çoruh EDAŞ and Fırat EDAŞ field and office operations are carried out, on the SAP platform.

#### **Customer Satisfaction**

During the pandemic, Çoruh EDAŞ and Fırat EDAŞ remained focused on advanced technology and digital transformation. In 2020, the companies implemented pioneering initiatives in the industry with investments to fulfil capacity requirements, improve supply quality and boost efficiency. These efforts served to elevate service quality and increase customer satisfaction.

Çoruh EDAŞ and Fırat EDAŞ customers are increasingly more satisfied with the 186 – Fault Notification and Solution Center thanks to its continuously rising service quality. In 2020, 98% of all calls received at the Call Center were answered at both companies; the average call response time was seven seconds.

To better respond to customer needs, Call Center Satisfaction Surveys were conducted at Çoruh EDAŞ and Fırat EDAŞ. Trabzon and Bingöl were designated as the pilot provinces, respectively. Çoruh EDAŞ started to administer the Call Center Satisfaction Survey in all provinces in its service region in 2020 to discern customer satisfaction dynamics. With the early feedback it received, Çoruh EDAŞ detected an increase in the rate of customer satisfaction. The company extensively analyzes customer requests, suggestions and complaints with the surveys it started to conduct across the region. Based on the survey results, Çoruh EDAŞ takes effective and strategic actions toward the appropriate target.

Çoruh EDAŞ and Fırat EDAŞ make active use of social media channels – a must in today's digital world.

Çoruh EDAŞ and Fırat EDAŞ consumers are notified of planned outages via text message in order to respond swiftly to customer requests within the respective service regions and keep customers updated about the companies' operations. Local authorities across the regions are also directly registered on this notification system. As a result, all notices and complaints originating from local authorities are considered a priority as part of the VIP designation on the platform and are addressed quickly. In addition, customers who have submitted their mobile phone information into the system are notified of overdue bills via SMS prior to disconnection of the electricity supply.

With the aim of providing quality and uninterrupted service to customers, Çoruh EDAŞ and Fırat EDAŞ delivers customer relations trainings based on one-to-one communications. These training sessions are administered throughout the year. Meetings with

local authorities are held to analyze customer requests, complaints and suggestions; WhatsApp chat groups, available 24/7, are also used to facilitate communication with local authorities. These chat groups were actively used during the pandemic. Instant 24/7 communication is still provided on many issues, ranging from bill generation to failure notification.

Çoruh EDAŞ and Fırat EDAŞ prioritize customers whose quality of life critically depends on electrical devices with VIP designation. One-to-one communication channels are established with these special customers at their request. In addition, all company communication channels are open to all stakeholders – including customers, members of the public, NGOs, local and national press. Stakeholder gatherings are held regularly via various events and organizations.

Çoruh EDAŞ and Fırat EDAŞ make active use of social media channels – a must in today's digital world. The companies use social media to change customer perception in a positive way while capitalizing on alternative means of communication. Besides social media, instant communication with customers is also possible on the corporate websites of both companies – [www.coruhedas.com.tr](http://www.coruhedas.com.tr) and [www.firatedas.com.tr](http://www.firatedas.com.tr) – and via the WhatsApp Communication Line.

#### Future Outlook

Since their privatization in 2010, Çoruh EDAŞ and Fırat EDAŞ have recorded about TRY 1.5 billion in capital investment expenditure. Both companies are making ongoing investments in order to add value to Turkey, the industry and all their stakeholders by providing uninterrupted and high quality electricity to customers in the distribution regions.





## AKSA ELECTRICITY GROUP

### Electricity Distribution Companies

In 2021, Çoruh EDAŞ and Fırat EDAŞ entered the new 5-year tariff period with expanded service quality responsibilities.

#### TRY **310** Million Çoruh EDAŞ 2021 Investment Target

Çoruh EDAŞ is planning capital investments of TRY 310 million in 2021.

#### TRY **266** Million Fırat EDAŞ 2021 Investment Target

Fırat EDAŞ is planning capital investments of TRY 266 million in 2021.

Having set up the SCADA system across its operating area, Çoruh EDAŞ aims to further improve its rapid response capabilities to outages and street lighting follow-up with the monitoring systems it installed across the electricity network. With these efforts, the company works to boost its distribution quality with continuous, reliable service. Çoruh EDAŞ revamped its operation organization and processes to meet the electrical connection demands of new structures more quickly. The company updates its business processes by conducting surveys in order to measure customer satisfaction of the Call Center performance. Çoruh EDAŞ also conducts high-level training and audits to ensure that its employees have a supporting occupational health and safety culture.

In the new 5-year tariff period, which started in 2021 with expanded service quality responsibilities, Çoruh EDAŞ and Fırat EDAŞ are committed to:

- Ensuring the continuity of their respective networks and reducing failure frequency with planned and predictive maintenance,
- Reducing the number and duration of outages with faster failure interventions,

- Providing responses in a shorter time via digitalization of connection applications,
- Monitoring information at every point of the networks by boosting technical quality and traceability rates,
- Keeping the network live with appropriate investment planning and execution,
- Responding quickly to customer requests and complaints via the Call Center,
- Operating safely in full compliance with applicable occupational health and safety laws, rules and regulations,
- Combatting and taking precautionary measures against illegal use of electricity.

Çoruh EDAŞ aims to boost the technical quality of the electrical energy it delivers with an investment of TRY 309.7 million planned in 2021 along with scheduled failure maintenance-repair work. With these efforts, the company targets reducing the average outage time and frequency per customer. In 2021, Çoruh EDAŞ also plans to lower the technical and non-technical loss and theft rate to 6.95% – below the 7.62% target set by EMRA for the year.



## 6.95%

In 2021, Çoruh EDAŞ aims to reduce the technical and non-technical loss and theft rate to 6.95%.

## 9.30%

In 2021, Fırat EDAŞ aims to reduce the technical and non-technical loss and theft rate to 9.30%.

In the coming year, Fırat EDAŞ aims to raise its service quality with capital investments of TRY 266 million. The company will continue its planned maintenance and repair efforts to reach the quality target in a way that will not disrupt the service. Plans are currently underway to develop R&D projects that identify potential faults more rapidly and effectively, and to prepare maps for distribution facilities.

After a year of focusing on meeting higher service requirements due to both the Elazığ earthquake and Covid-19 restrictions while demonstrating a strong performance, Fırat EDAŞ aims to lower the technical and non-technical loss and theft rate to 9.30% in 2021 – below the 10.19% target set by EMRA for the year.

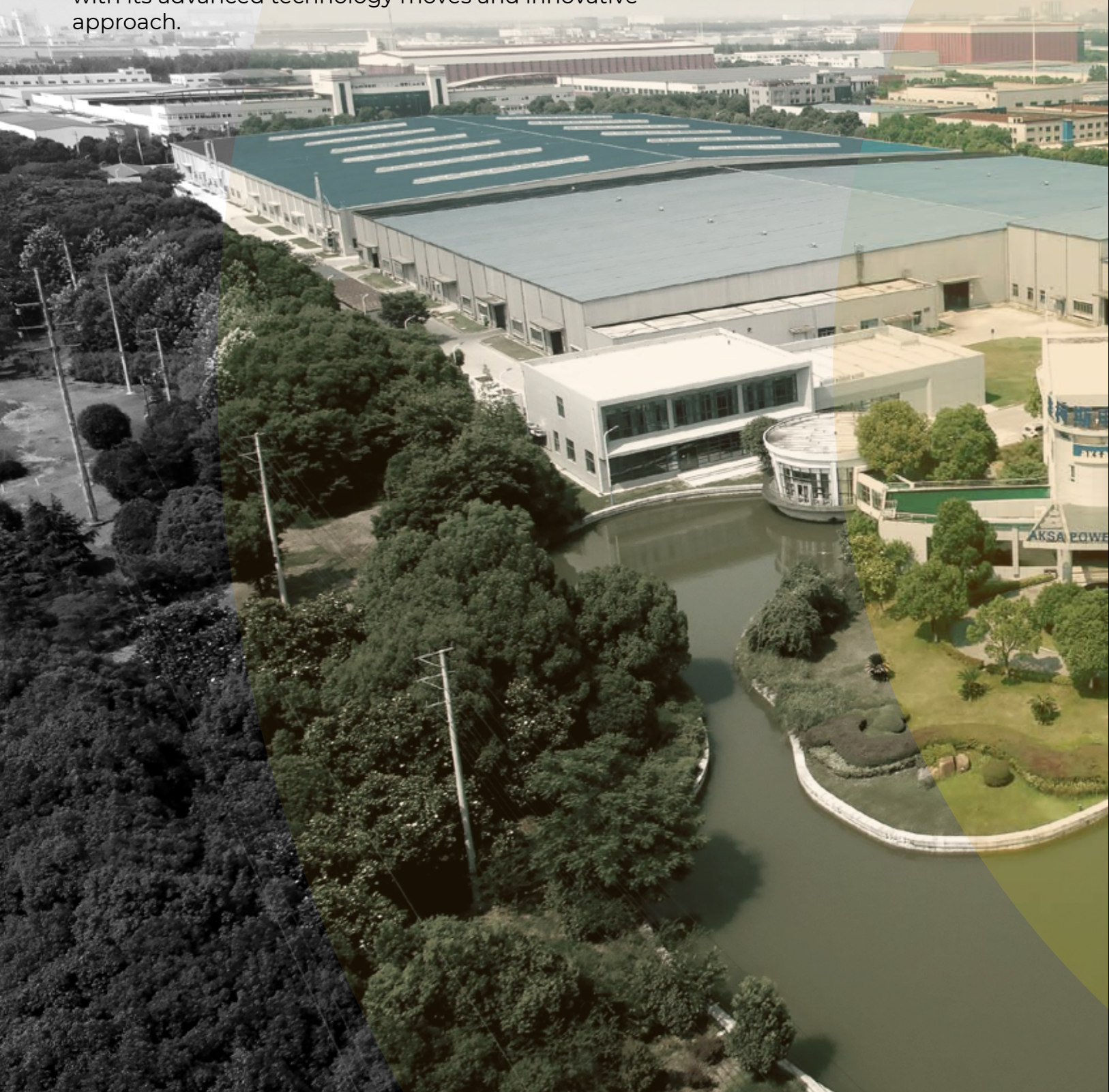
### Aksa Electricity in Figures Distribution, Sales and Retail\*

	2019	2020	Change (%)
Sales Volume (TWh)	11.2	11.4	1.6
Revenues (TRY billion)	5.6	6.5	14
Number of Subscribers (million)	2.4	2.2	-8
Population Served (million)	3.7	4.4	19
Customer Service Centers (CSC)	81	87	7
EBITDA (TRY million)	968	944	-3
Net Profit (TRY million)	416	236	-42
Investment (TRY million)	185	336	83

\* Figures represent the total figures of Aksa Electricity Sales, Çoruh Electricity Retail Sales, Fırat Electricity Retail Sales, Çoruh Electricity Distribution and Fırat Electricity Distribution.



**Aksa Power Generation that is the market leader in Turkey and one of the five largest generator manufacturers in the world** continues its rise after its collaboration with Mitsubishi. In addition to its own environmentally friendly products, the company presents its innovative vision clearly via its e-commerce platform. Aksa Power Generation is steadily moving up to the top of the world leagues thanks to its production facilities in Turkey, USA, and China, trade center in the Netherlands, coupled with its advanced technology moves and innovative approach.







# **CENTER OF EXPORTS**

**AKSA POWER GENERATION**

## AKSA POWER GENERATION

Having successfully maintained its undisputed leadership in the Turkish generator market for many years, Aksa Power Generation is among the largest exporters in Turkey with sales to 173 countries.

**7.1%**  
Share in  
Revenues

### Power Generator Manufacturing and Sales



● Aksa Power Generation Manufacturing Plant ● Power Generator Sales

**20** APC

Aksa Power Generation  
Sales Offices

Aksa Power Generation provides service with 20 sales offices in Turkey.

**150,000** m<sup>2</sup>

Power Generation  
Manufacturing Plants

Aksa Power Generation manufactures generators in a total area of 150,000 m<sup>2</sup> around the world.

**25\***

Overseas Sales Points

Aksa Power Generation has a total of 25 overseas sales points, including 24 overseas offices and 1 overseas representative office.

*\*Includes overseas representative offices.*





Aksa Power Generation sets the standards and continuously expands the sphere of influence of its brand in the sector through innovative products developed.

## TRY 1.6 Billion Revenues

Aksa Power Generation increased its revenues to TRY 1.6 billion by the end of 2020.

Aksa Power Generation began its production journey with the electrical motor factory established by Ali Metin Kazancı in 1968, and manufactured its first generator in 1984. In a short time, the company became a specialist in the field of machine and hardware production, becoming one of the leading generator manufacturers in the world. Aksa Power Generation successfully maintains its leading position in the Turkish generator market for many years. Aksa Power Generation is among the largest exporters in Turkey with its sales to 173 countries, and constantly creates added value for the Turkish economy.

In line with the vision of making a difference with technology and innovation, Aksa Power Generation sets the standards and continuously expands the sphere of influence of its brand in the sector through innovative products developed. The Company was one of the first companies in the world to manufacture generators that run on

natural gas, and it is indisputably the leader when it comes to synchronized generators. Aksa Power Generation continues to work more intensively on environmentally friendly generators with lower fuel consumption and lower noise levels through its recent R&D investments.

## OPERATIONS

### Manufacturing and Sales

Aksa Power Generation manufactures generators between 1 kVA and 3,125 kVA, which can run on petrol, diesel, and natural gas, as well as supplementary marine generators, lighting masts, and generator hardware in its factories in Istanbul (Turkey, 20,000 m<sup>2</sup> indoor space), Changzhou (China, 120,000 m<sup>2</sup> indoor space), Louisiana (USA, 10,000 m<sup>2</sup> indoor space), and in the trade center at Rotterdam-Dordrecht (Netherlands, 2,000 m<sup>2</sup> indoor space).

In 2016, Aksa Power Generation added to its product portfolio the hybrid generator, which it designed completely based on its own research and development efforts, and which can derive its energy from renewable sources, such as wind and solar energy, making it a technology for the future. Providing fuel savings up to 70% and offering an affordable and efficient alternative to consumers as an environmentally friendly generator, the hybrid generator also comes equipped with Remote Management System (RMS), allowing users to remotely access and check data entries.

The Company ranks among top 5 generator manufacturers globally with 24 overseas offices and 1 representative office in Asia, Europe, Africa, and America. As of the end of 2020, the Company conducts overseas activities via sales offices in the UK, South Africa, Russia, Ghana, Algeria, UAE, Iraq, Kazakhstan, Uzbekistan, China, Indonesia, Vietnam, the USA, Netherlands, Singapore, Kenya and Sudan, in addition to a representative office based in Senegal.





## AKSA POWER GENERATION

Aksa Rental boasts Turkey's biggest generator fleet with capacities ranging from 1 kVA to 3,125 kVA.

TRY **235** Million  
EBITDA

Aksa Power Generation maintained its operational profitability in 2020 and reached an EBITDA of TRY 235 million.

USD **139** Million  
Exports

Aksa Power Generation adds value to the country's economy with foreign exchange inflows through its export revenues.

### Aksa Power Generation - Service Branch

Aksa Power Generation operates 81 service points across Turkey with a team of 300 expert staff and 150 vehicles providing 24/7 after sales support and service all year round. Thanks to its extensive network, the Company can respond to any technical issues, customers might experience, as quickly as possible.

Expert teams at regional offices and APCs, coupled with ample stock of spare parts for the most frequently needed parts, differentiate Aksa Power Generation from the competition in terms of service quality. The Company is currently investing in a training network that would introduce authorized services in Turkey as its latest innovation in the industry.

### Aksa Power Generation - Rental Branch

Aksa Rental provides generator rentals in Turkey and abroad at the head offices in Istanbul and Dubai and at Kazakhstan Atyrau, offering a large product range consisting of fuel and diesel based generator sets with an experienced staff.

Aksa Rental can also provide package deals to meet its customers' periodic and ongoing energy needs - including exploration, assembly, service, and transportation solutions. Aksa Rental boasts Turkey's biggest generator fleet with capacities ranging from 1 kVA to 3,125 kVA.

Aksa Rental Mobile Generators are designed for situations, which might call for an urgent energy supply and constitute a first in this field in Turkey. The system can supply energy up to 400 kVA with a single mobile generator, and up to 1,200 kVA in the form of synchronized gensets.

Thanks to their sound insulation properties, the Aksa Mobile Generators are classified as "Super Quiet." Their advanced working properties have allowed Aksa Mobile Generators to provide energy for many important events and they are the product of choice for many large projects and construction sites.

### Second Hand Generators

Aksa Second Hand Generator Department was established to provide a reliable and professional service for second hand generator purchases and sales. Second hand generators are appraised on-site by qualified engineers specialized in this subject and are evaluated under the best terms and at optimal prices.



## 81 Service Points

Aksa Power Generation operates 81 service points across Turkey with a team of 300 expert staff and 150 vehicles.

Generators, which have passed quality control tests and underwent extensive overhauls are put on sale by the Aksa Second Hand Department and are placed under warranty along with a periodic maintenance agreement. Moreover, depending on customer requests, old generators can be removed from their locations and replaced with new generators, which provide the best power range for their requirements.

Aksa Power Generation is also a leader in the industry in secondhand generator purchase and sales thanks to:

- Quality control tests prior to the sale,
- Support provided by expert technical teams,
- Best sales prices reflecting the value of approved products,
- Thorough support following the sale, Warranty for second-hand generators,
- Spare part support, and
- Immediate solutions from a widespread service network.

### Developments in 2020

Aksa Power Generation implemented a successful initiative across Turkey to support the fight against the Covid-19 pandemic. To discover solutions to the generator failure demands and needs of healthcare

institutions and hospitals, Aksa Power Generation provided all on-site maintenance and response services free of charge, with service support regardless of brand, in line with requests received via the Call Center. In addition, the 20 MW energy need of Yeşilköy and Sancaktepe Field Hospitals, constructed due to the pandemic, was met by Aksa Power Generation.

In 2020, Aksa Power Generation undersigned many high profile projects that are cited as references in the industry and with a global impact. These included metro and airport projects in Europe; telecom, airport and hotel projects in Africa; data center projects in Asia Pacific; university and hospital projects in the Middle East. With Aksa Power Center located in St. Louis, Missouri, USA, Aksa USA commenced operations. Aksa USA aims to provide a range of diesel and gas engines that meet the country's carbon emission standards and that are UL certified and EPA compliant. Aksa Power Generation also established a new trade center in Rotterdam (Netherlands), home to the largest port in Europe. With the Rotterdam trade center, Aksa Power Generation aims to provide innovative and environmentally friendly products of European Union origin to its customers in Western-Northern





**In 2020, Akso  
Power Generation  
undersigned many  
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global impact.**



During the year, Aksa Power Generation greatly increased its portable sales volume thanks to its e-commerce platform.

## AKSA POWER GENERATION

Europe and other continents. The new trade center offers the advantages of strategic location in a major commercial region.

During the year, Aksa Power Generation greatly expanded its portable sales volume via the e-commerce platform it commissioned in 2019. Advertisements and promotional campaigns are conducted on the e-commerce portal. Product delivery to customers is also convenient and fast thanks to the easy-to-use platform.

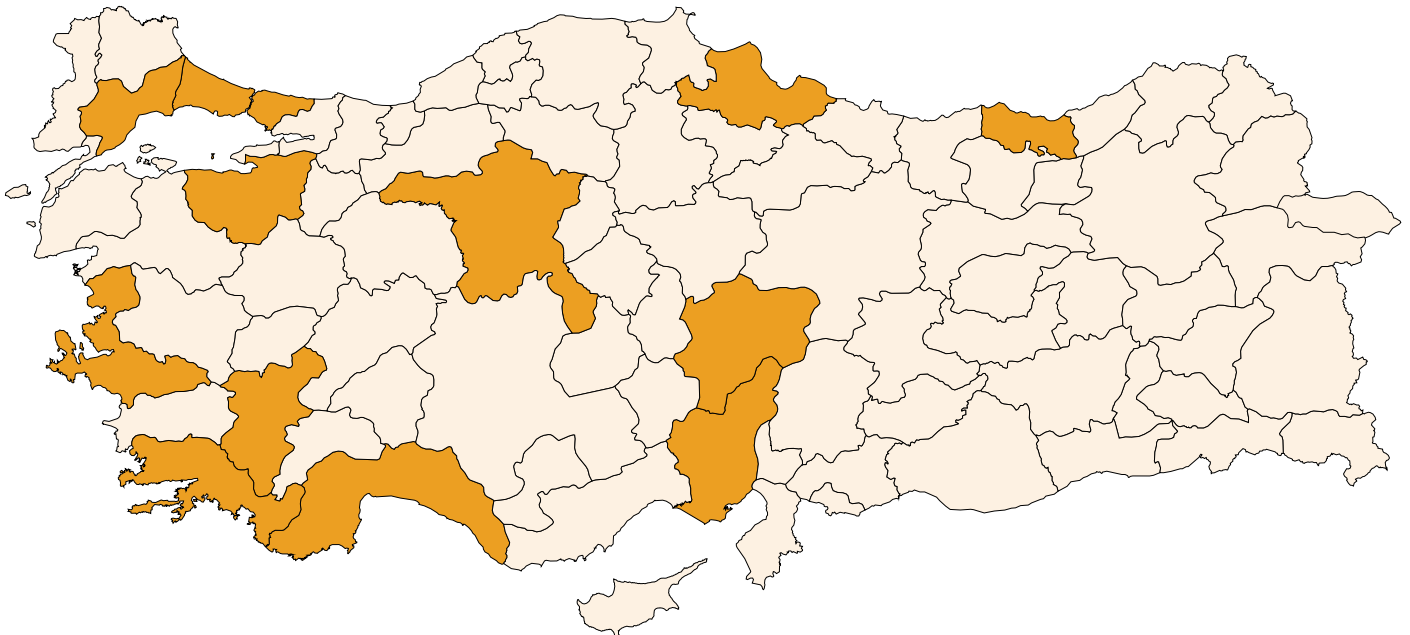
Having strengthened its management team with senior appointments in line with evolving market trends, Aksa Power Generation implemented a

new organizational structure in 2020. The company established the General Directorate of Sales and Rental, General Directorate of Marketing and General Directorate of Operations under the revamped structure.

Celebrating its 36<sup>th</sup> anniversary in 2020, Aksa Power Generation undertakes efforts to further develop the sector, capitalizing on its experience and know-how spanning almost half a century. During the year, the company actively participated in a wide range of activities, including online trainings for employees, webinars, online meetings, technical briefings for customers and stakeholders. Sponsorship activities and product promotions were held in Turkey and in many other countries across the world.

## Domestic Sales Points

Aksa Power Generation provides services at the following 20 APCs (Aksa Power Center) located across Turkey:



- Aksa Adana
- Aksa Anatolia
- Aksa Ankara
- Aksa Antalya
- Aksa Bağcılar
- Aksa Beyoğlu
- Aksa Bodrum

- Aksa Bursa
- Aksa Çorlu
- Aksa Denizli
- Aksa Diyarbakır
- Aksa Gaziantep
- Aksa İzmir
- Aksa Kağıthane

- Aksa Kayseri
- Aksa Marmaris
- Aksa Samsun
- Aksa Şanlıurfa
- Aksa Trabzon
- Aksa Trakya

## AKSA POWER GENERATION

Aksa Power Generation plans to maintain its domestic market leadership with a focus on innovation and customers while further expanding its customer base in the coming year.

**40,000** m<sup>2</sup>  
Indoor Space

Aksa Power Generation's new factory, which is under construction on an indoor space of approximately 40,000 m<sup>2</sup> in Çerkezköy, Tekirdağ, will be operational in 2021.

### Aksa Power Generation in Figures

	2019	2020	Change (%)
Revenues* (TRY Million)	1,501	1,603	7.5
EBITDA* (TRY Million)	173	235	33
Exports (USD Million)	170	139	-18

\*Source: Aksa Power Generation Consolidated 2020 IFRS Reports

### Future Outlook

Aksa Power Generation plans to maintain its domestic market leadership with a focus on innovation and customers while further expanding its customer base in the coming year as well. Placing long-term global objectives at the heart of its growth strategy, the Company aims to rank among the top three generator producers in the world by 2025.

Aksa Power Generation aims to broaden its global sales network in order to accelerate growth. To that end, the Company closely monitors potential opportunities in the Asia Pacific, African, South American and European markets.

Aksa Power Generation will accelerate its efforts to increase its effectiveness in foreign markets in 2021 with its changing organizational structure and expanding production and sales network. In addition, the Company's new factory, which is under construction on an indoor space of approximately 40,000 m<sup>2</sup> in Çerkezköy, Tekirdağ, will be operational in 2021. In this way, it aims to increase its capacity to respond to the increasing demand for power generators in parallel with the growing energy demand in the world and to increase its exports with customizable solutions it provides.



**Aksa Power  
Generation aims  
to rank among the  
top three generator  
producers in the  
world by 2025.**



Kazancı Holding also reflects its forward-looking vision in tourism, **one of Turkey's key sectors of the economy, by operating 3 hotels with 697 rooms and 1,450 beds.**







# **CENTER OF ATTRACTION**

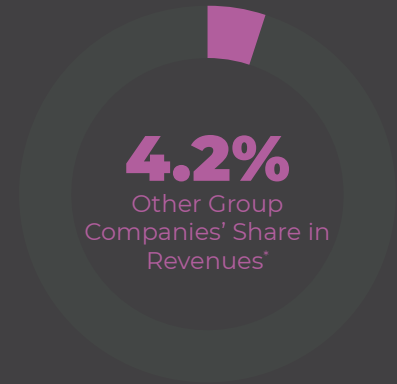
**AKSA TOURISM**



## OTHER GROUP COMPANIES

### AKSA TOURISM

Aksa Tourism operates a total of three hotels, two in Kayseri and one in Antalya, with 697 rooms and 1,450 beds.



\*Total share of Aksa Agriculture,  
Aksa Tourism and others.

### Tourism Enterprises



● Antalya – Mirada Del Mar Hotel

● Kayseri - Mirada Del Lago Hotel and Mirada Del Monte Hotel

**3**

Number of Hotels

Aksa Tourism operates in the tourism sector with its 3 hotel properties.

**697**

Number of Rooms

Aksa Tourism welcomes guests with 697 rooms at its three hotels.

**1,450**

Bed Capacity

Aksa Tourism's three hotels have a total of 1,450 beds.



Kazancı Holding established Aksa Tourism in 2004 and officially entered the tourism sector in 2005 with Mirada Del Mar Hotel in Antalya.

Adopting an innovative approach and sustainable models, Kazancı Holding makes investments that create value for Turkey in every business area where it operates. Kazancı Holding established Aksa Tourism in 2004 and officially entered the tourism sector in 2005 with Mirada Del Mar Hotel in Antalya. Aksa Tourism acquired two social facilities on Mount Erciyes in Kayseri in 2006 and introduced one 4-star hotel and one 3-star hotel to the Turkish tourism industry after refurbishing both facilities in 2007.

Subsequently, Aksa Tourism renovated the hotels to provide higher quality service to its guests. As of year-end 2020, Aksa Tourism operates three hotels with a total of 697 rooms and 1,450 beds.

#### **Mirada Del Mar Hotel**

Aiming for excellence in the tourism sector, the 5-star Mirada Del Mar Hotel is Kazancı Holding's first investment in the sector. It is located in the Göynük town in Kemer, Antalya.

Mirada Del Mar Hotel's architecture and landscaping boast a unique design; it is located on an area of nearly 100,000 m<sup>2</sup> surrounded with pine trees, with a total of 542 rooms each with a view of the sea, forest, or garden. Additionally, it contains 14 meeting halls, largest of which can seat 800 people, all equipped with the latest technology, that can be used for various gatherings and events.

As part of the regulation on the extension of the term for tourism investments on public properties, Aksa Tourism filed an application to extend the final allocation term to 49 years with the Ministry of Culture and Tourism. As a result, the Company extended the allocation term to 2069, having exercised the right arising from the regulation and undertaken to fulfill the obligations specified therein.

Mirada Del Mar renovated and made available for its guests, 256 of its rooms in 2018 and 172 in 2019, respectively. Aiming for environmental sensitivity, the Company also established water treatment and energy monitoring systems at its hotels to ensure energy efficiency.

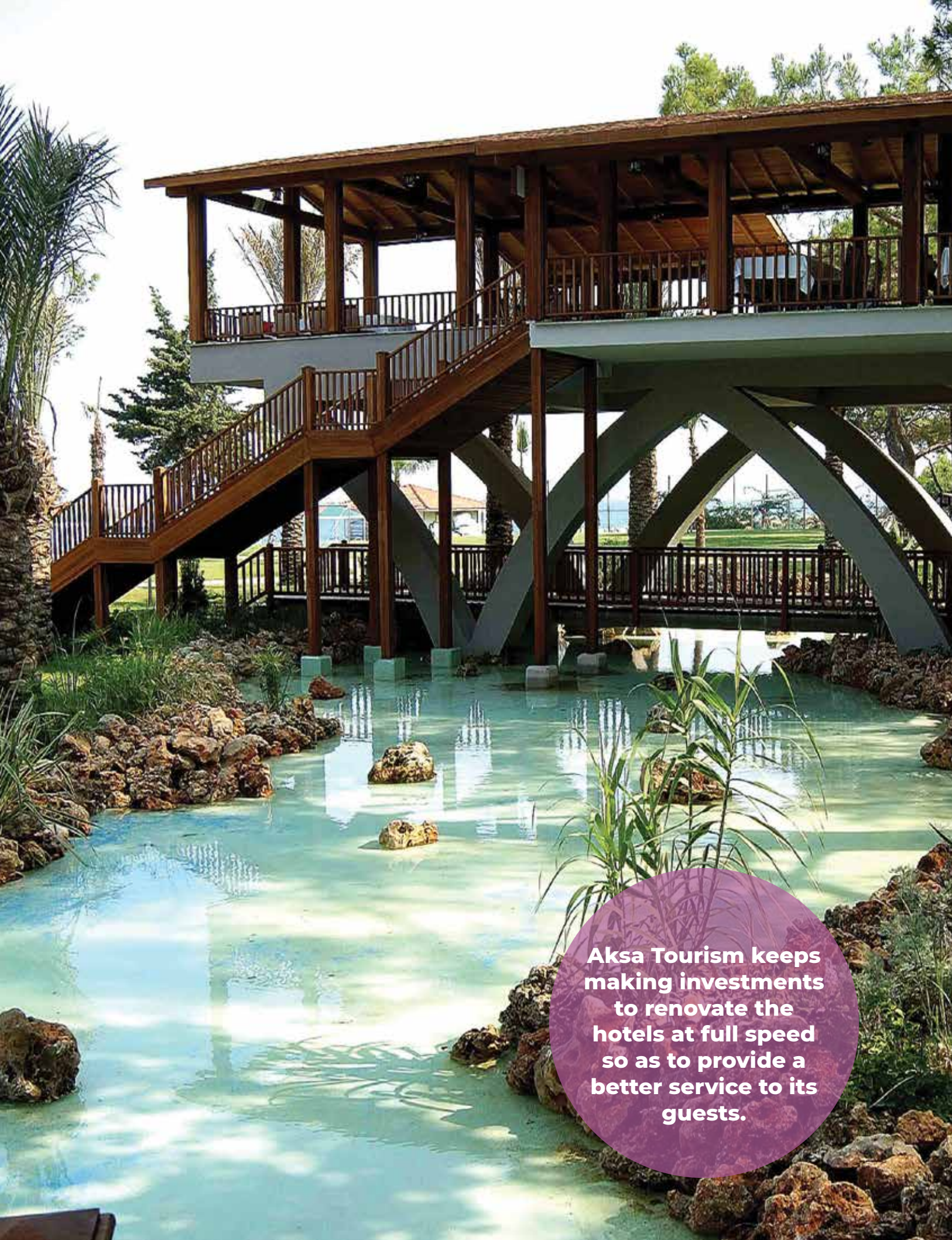
#### **Mirada Del Lago Hotel**

Located in Kayseri, the Mirada Del Lago Hotel is 28 km away from the airport. It is the first hotel to be opened on Mount Erciyes, and it boasts a modern architectural design inspired by Seljuk architecture. It contains 105 rooms and 229 beds. The Hotel also has the highest number of beds in the area.

The Hotel is located 300 meters away from ski slopes that are 37 km long, where cable car and chairlift services are also available. Mirada Del Lago Hotel contains a main restaurant and an à la carte restaurant where exceptional dishes can be sampled. It contains an indoor pool with heating, a sauna, and traditional Turkish bath, as well as a conference room equipped with the latest technology, which can seat 150 people, for various gatherings and events.







**Aksa Tourism keeps making investments to renovate the hotels at full speed so as to provide a better service to its guests.**





Aksa Tourism hotels were awarded the Safe Tourism Certificate for the measures they took by having considered the health of their guests and employees.

In the 2017-2018 winter season, Mirada Del Lago Hotel's ski lodge and lobby were expanded and renovated to better meet guests' requirements, and redecorated prior to their opening. In addition, all the rooms, the SPA center, restaurant and general visitor areas were refurbished.

#### **Mirada Del Monte Hotel**

The 3-star Mirada Del Monte Hotel houses 113 beds in 50 rooms and is located only 50 meters away from the winter sports activity center, serving its guests on the slopes of the highest mountain in Central Anatolia, Mount Erciyes, since 2007.

#### **Developments in 2020**

In parallel with the global pandemic, Aksa Tourism's operations fluctuated over the course of the year. Aksa Tourism continued to operate until the Covid-19 pandemic spread to Turkey. First quarter ended with higher occupancy and profit compared to the same period of the previous year. Due to the restrictive measures to combat the pandemic, Aksa Tourism temporarily suspended its business operations in March 2020 to both prevent the spread of the pandemic and protect the health of its staff.

Mirada Del Mar Hotel in Antalya reopened to guests with the normalization steps in July 2020 by obtaining the Safe Tourism Certificate, which is required by the Ministry of Tourism. The certificate was issued from the internationally known Bureau Veritas certification body after the hotel implemented all necessary protective measures. The hotel completed the year with the lowest loss among Aksa Tourism properties.

Mirada Del Lago and Mirada Del Monte Hotels are located in Kayseri and operate as winter hotel properties. In January-March 2020, these two hotels recorded higher occupancy compared to the prior year during a time when their business activities are traditionally intense. However, Mirada Del Lago and Mirada Del Monte Hotels temporarily suspended their operations after the Covid-19 outbreak in Turkey in mid-March 2020. The two Aksa Tourism winter hotels resumed operating in December 2020 by receiving the Safe Tourism Certificate and were relatively less affected by the pandemic compared to the sector as a whole.

During the pandemic, Aksa Tourism rapidly implemented all required precautionary measures and adopted new guidelines primarily to safeguard employee health. The company conducts its business operations

## AKSA TOURISM

In COVID-19 crisis period, Akxa Tourism meticulously kept expenditure items under control, and closed the year 2020 with a profit, despite the relatively short period of operating time.

Akxa Tourism has emphasized that it offers a safe holiday option by providing continuous and accurate information through its advertising activities and effective communication on social media.

pursuant to the relevant circulars issued by public institutions and organizations, especially the Ministry of Health and the Ministry of Tourism, and rules set by tourism industry organizations. Understanding that quality service in the service sector is possible only with well trained and qualified human resources, Akxa Tourism maintained its current workforce and maintained the personal rights of all employees that the Company assumed as stakeholders. The work orders of departments that can work remotely were re-planned by fulfilling the technology requirements.

### **Akxa Tourism in Figures**

According to an assessment by the United Nations World Tourism Organization (UNWTO), the Covid-19 pandemic negatively impacted the tourism industry eight times more than the global economic crisis in 2009. World Travel and Tourism Council (WTTC) data indicates that the pandemic completely reversed the upward trend of the tourism sector, which accounts for 10% of the world's employment and provides employment to 330 million people. Tourism contributes a total of USD 8.9 trillion to the global economy each year.

The Organization for Economic Cooperation and Development (OECD) declared the pandemic as an "unprecedented crisis." OECD estimated that the contraction in global tourism could be around 80% if it could not be brought under control by December 2020. The OECD report projects a recovery in world tourism starting in certain regions, especially Europe, in the post-pandemic period. The report also expects that the recovery will be faster in OECD countries where the share of the domestic tourism market in the tourism economy is 75%.

Akxa Tourism immediately refunded payments made by the guests for reservations canceled due to the pandemic. The company protected the rights of the guests who prefer its hotels by not imposing a price differential on those who wanted to postpone their reservations to a different date. Akxa Tourism has emphasized that its hotels offer a safe holiday option with ongoing and accurate information via its advertising activities and effective communications on social media.

During this crisis year, expense items were meticulously kept under control. Akxa Tourism closed the year with a profit, despite the abbreviated operating time for its hotels.





## Operational Data

Consolidated	2019	2020	Change (%)
Number of Rooms	680	697	3
Bed Capacity	1,416	1,450	2
Number of Rooms Sold	107,451	55,852	-48
Number of Beds Sold	210,270	108,812	-48
Room Occupancy (%)	43.3	22.0	-49

## Future Outlook

The accommodations sector experienced an unprecedented level of revenue loss during the pandemic. With many hotels closing temporarily or permanently, there was a significant drop in sector employment as well.

The sharp contraction in global economic activity in 2020 due to the Covid-19 pandemic is expected to be replaced by a recovery in 2021.

The future of the tourism industry will also be closely related to the course of the pandemic. After a preponderance of the population

is vaccinated, normalization and vacation planning are expected to gradually return. Keenly aware that it is difficult to reach the pre-pandemic figures of 2019, Aksa Tourism has prepared its 2021 budget with the aim of achieving positive growth in the medium term after the steep decline this year.

Today, agriculture and animal husbandry are more important than ever due to economic, climate and health related factors. **Aksa Agriculture is a model enterprise in this business area with its innovative practices and value adding approach.**







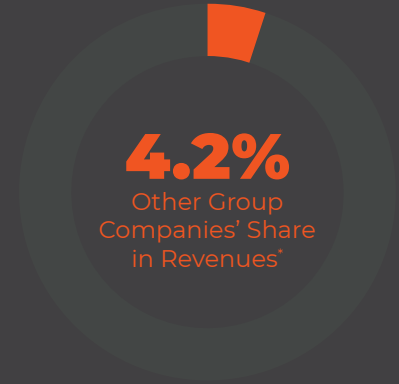
# **CENTER OF YIELD**

**AKSA AGRICULTURE**

## OTHER GROUP COMPANIES

### AKSA AGRICULTURE

Playing an active role in the development of agriculture and animal husbandry in Turkey, Akxa Agriculture operates two farms in İnanlı and Gelemen at EU standards.



\* Total share of Akxa Agriculture, Akxa Tourism, and others.

### Agricultural Enterprises



● Tekirdağ – İnanlı Agricultural Enterprise ● Samsun – Gelemen Agricultural Enterprise

**15,300** Tons  
Milk Production

In 2020, Akxa Agriculture produced 15,300 tons of milk.

**4,000** Heads  
Breeding Cattle

At year-end 2020, Akxa Agriculture had 4,000 head of breeding cattle.

**3,500** Heads\*  
Dairy Cattle

At year-end 2020, Akxa Agriculture had 3,500 head of dairy cattle.

\* Annual average.





In 2005, Kazancı Holding signed a 30-year lease for İnanlı Agricultural Enterprise and Gelemen Agricultural Enterprise and entered the agriculture and livestock sector.

## 12,000 Decares Gelemen Enterprise Total Area

At its Gelemen Enterprise in Samsun, Aksa Agriculture performs fruit growing and livestock activities on an 8,000 decares area of about 12,000 decares land with twice crop planting practice each year.

In 2005, Kazancı Holding signed a 30-year lease for İnanlı Agricultural Enterprise and Gelemen Agricultural Enterprise, which were offered for lease by the General Directorate of Agricultural Enterprises, and entered the agriculture and livestock sector. Since the day it was founded, Aksa Agriculture has played an active role in the development of agriculture and livestock in Turkey and operates both of its farms at EU standards.

Ranking among the top 10 meat and milk production farms in Turkey, Aksa Agriculture boasts a cattle capacity of 48,000 heads. The Company engages in activities related to cattle breeding and dairy farming, fruit gardening, grain production, silage corn production, and rice planting while steadily increasing the inputs it produces for the Turkish agriculture and livestock sector.

### İnanlı Enterprise

At its İnanlı Enterprise in Tekirdağ, Aksa Agriculture has been farming dairy cattle with an expert team of zootechnicians, veterinarians, and agricultural engineers. With a capacity of 2,200 cattle, it produces monthly 1,300 tons of chilled raw cow's milk, which is certified at EU standards.

The Company undertakes pioneering cattle farming activities at İnanlı Enterprise constructed to ensure minimum harm to the environment. Upon the completion of the barn in 2017, Aksa Agriculture entered the Turkish meat sector and put its first lot of livestock on sale the same year. In 2020, necessary revisions were made within the context of infrastructure, superstructure and recycling at the barn.

In addition to breeding and dairy cattle farming, Aksa Agriculture also sows two sets of crops each year at İnanlı Enterprise. 650 tons of pellet feed are produced monthly alongside wheat, vetch, silage corn, and dry hay on an area of 8,600 decares.

As a result of regular investments made since 2015, İnanlı Enterprise includes following facilities as of year-end 2020:

- 4 closed system barns with 480-head capacity,
- 2 closed system barns with 240-head capacity,
- Semi-open system barn with 500-head capacity,
- Open system feeding barn with 6,000-head capacity,
- Calf sheds with 450-head capacity,
- Delivery barn with 250-head capacity,
- 2 German Rotary milking facilities with 40 units,
- 40-unit parallel milking system,
- 12 silage wells with 2,000-ton capacity,
- Pellet feed facility with a production capacity of 5 tons/h,
- Drip irrigation system covering a 4,000-decare area.

### Gelemen Enterprise

At its Gelemen Enterprise in Samsun, Aksa Agriculture performs fruit growing and livestock activities on an 8,000 decares area of about 12,000 decares land with twice crop planting practice each year. In agricultural lands, in addition to producing barley, wheat, rice, sunflower, sugar beet and silage corn, Aksa Agriculture carries out EU and good farming practice certified apple production spanning 450 decares. The enterprise also includes cattle barns, with 33,870 m<sup>2</sup> indoor and 22,350 m<sup>2</sup> outdoor space.

Since 2017, efforts are undertaken to choose suitable types of crop and to increase the yield by considering the crop productivity of previous years as well as the area's geographical and environmental properties. The yields for wheat and silage corn are above the regional average at the Gelemen Enterprise. Furthermore, the enterprise commenced rice production in 2018 and continues with its activities based on a cooperative production model formed with local farmers who know the region's characteristics well.



**Ranking among the top 10 meat and milk production farms in Turkey, Akxa Agriculture boasts a cattle capacity of 48,000 heads.**





Having started sunflower cultivation for the first time at the Gelemen Enterprise in 2019, Aksa Agriculture reached a yield higher than national average in sunflower production in 2020.

**1,935** Tons  
Gelemen Apple  
Production

In the Gelemen Enterprise, 1,935 tons of apples were produced in 2020.

Always adopting an environmentally-sensitive approach across its operations, Aksa Agriculture commissioned a 1.5 MW biogas recycling facility to repurpose and recycle solid animal waste at Gelemen Enterprise with GZL Energy in 2020; thus it also fulfilled its mission regarding environmental waste and air pollution.

As a result of regular investments made since 2015, Gelemen Enterprise includes following facilities as of year-end 2020:

- Barn with three 5,200 m<sup>2</sup> closed areas and three 3,000 m<sup>2</sup> open areas,
- Barn with three 5,000 m<sup>2</sup> closed areas and three 3,800 m<sup>2</sup> open areas,
- Barn with 2,000 m<sup>2</sup> closed area and 1,035 m<sup>2</sup> open area,
- Barn with 1,270 m<sup>2</sup> closed area and 950 m<sup>2</sup> open area,
- Totaling nearly 33,870 m<sup>2</sup> closed area and 22,350 m<sup>2</sup> open area,
- Breeding cattle barns with a capacity of 20,000 heads,
- 450 decares of covered apple orchard,
- Drip irrigation system covering a 3,000 decares area.

#### Developments in 2020

Despite the difficult pandemic environment that sharply contracted economic activity in Turkey and worldwide, Aksa Agriculture conducted its business activities and investments without slowing down. The company took all required precautionary and protective measures and further bolstered its market position.

This reporting year, Aksa Agriculture imported 3,000 head of livestock from Ireland when international trade slowed due to the pandemic. At the same time, despite the drought across Turkey, the company ramped up its agricultural activities thanks to its investments in irrigation.

Aware of its environmental responsibilities, Aksa Agriculture completed the biogas recycling project first launched in 2018 at Samsun Gelemen Enterprise to repurpose and recycle solid animal waste. The biogas facility was commissioned in 2020.

Having started sunflower cultivation for the first time at Gelemen Enterprise in 2019, Aksa Agriculture expanded its sunflower production area in 2020. The company outperformed the national average terms of sunflower yield.

## AKSA AGRICULTURE

Within the next few years, the Company plans to meet Turkey's demand for pregnant heifers with high genetic capacity from İnanlı Enterprise.

### 40%

#### Capacity Increase Target

At İnanlı Enterprise, the aim is to increase milk production capacity by 40% by the end of 2021.

During the year, Aksa Agriculture ended its collaboration with Namet at Gelemen Enterprise. As a result, the company is conducting its cattle farming activities entirely under its own structure. Aksa Agriculture aims to be a role model for local farmers with its agricultural and fruit growing activities carried out with an innovative approach.

#### Future Outlook

Aksa Agriculture's İnanlı Enterprise utilizes state-of-the-art milking systems and monitors cattle movements via a computer integrated barcode system. Within the next few years, the company plans to meet Turkey's demand for pregnant heifers with high genetic capacity from this enterprise. Efforts to upgrade the barn and feeding systems, and thus improve cattle health, will continue to move forward in 2021.

Investments are planned at İnanlı Enterprise for a 1,000-head indoor female cattle barn, silage storehouse, feed storehouse, drying block, and hay storehouse. In addition, trial production of sheep farming will be

conducted with 300 head of sheep. If the project targets are met in this trial period, sheep farming activities will start with 4,000 head of sheep in a pasture area of about 1,000 decares in 2022.

In addition, plans are underway to expand the dairy farming capacity by purchasing 500 head of pure breeding animals at İnanlı Agriculture Enterprise. The goal is to boost milk production capacity by 40% by the end of 2021.

Aksa Agriculture aims to contribute to both the regional and national economy with its apple production and cattle farming operations at Gelemen Enterprise.

In 2021, Aksa Agriculture plans to establish a study program with expert instructors actively serving at leading national universities, especially from the field of dairy farming. With this program, Aksa Agriculture will further develop its activities scientifically and institutionally by equipping its employees with the latest academic information.





#### Aksa Agriculture in Figures

<b>İnanlı Enterprise</b>	<b>2019</b>	<b>2020</b>
Milk Production	15,627 tons	15,300 tons
Dairy Cattle Farming (Average)	3,265 heads	3,500 heads
Cattle Breeding	6,000 heads	4,000 heads
Silage Corn Production	17,312 tons	18,030 tons
Hay Production	1,800 tons	1,100 tons
Sugar Beet Production	1,010 tons	-
Wheat Production	540 tons	-
Walnut Production	20 tons	6 tons
Cereals Production	-	1,000 tons

<b>Gelemen Enterprise</b>	<b>2019</b>	<b>2020</b>
Cattle Breeding	8,000 heads	-
Silage Corn Production	4,500 tons	2,775 tons
Apple Production	1,700 tons	1,935 tons
Hay Production	550 tons	1,155 tons
Wheat Production	856 tons	308 tons
Rice Production	1,000 tons	960 tons
Sunflower Production	300 tons	234 tons
Barley Production	-	826 tons
Sugar Beet Production	-	532 tons

**Every Kazancı Holding company operates with the same commitment for a better future,** fulfilling its responsibilities to the letter with practices that add value to the environment, people and society.





A photograph of three children in a grassy field. A boy in a striped shirt is leaning forward, smiling, with his hands on his knees. A girl in a blue shirt and pink leggings stands next to him, also smiling. In the background, another child is crouching. A semi-transparent circular graphic is overlaid on the image, containing the text.

# **CENTER OF RESPONSIBILITY**

**SUSTAINABILITY**

## SUSTAINABILITY STRATEGY

# PURSUING SUSTAINABLE GROWTH AND EMBRACING SOCIAL RESPONSIBILITY

Kazancı Group conducts continuous improvement efforts for the environmental impacts arising from its activities while taking the entire value chain into consideration.

Kazancı Holding and Group Companies do not define growth solely in terms of financial success. Embracing a holistic perspective under its approach to sustainability, the Group formulates environmental policies in line with universal standards and supports them with integrative, contemporary practices. The Group conducts continuous improvement efforts for the environmental impacts arising from its activities while taking the entire value chain into consideration.

Kazancı Holding companies are driven by the awareness for sustainable development and social responsibility in their operations and adopt an environmentally-sensitive approach to minimize their impact on the environment. The Group Companies participate in exemplary practices and projects on issues that are vital for a sustainable earth, such as the sustainability of natural resources, cutting waste down to the bare minimum, and preventing soil, air, and water pollution.

Kazancı Holding conducts its business operations with awareness of the potential social impacts on its stakeholders. The Holding prioritizes the financial, cultural, and social development of local residents in the regions where it operates. To these ends, the workforce needed in operational areas is recruited locally, creating employment opportunities for residents while significantly contributing to Turkey's economy. Kazancı Holding also shares the added value it creates by executing social responsibility initiatives that benefit society.



## ENVIRONMENTAL SUSTAINABILITY

# A MORE LIVABLE ENVIRONMENT FOR FUTURE GENERATIONS

To ensure sustainability of its activities, Aksa Natural Gas carefully identifies environmental impacts and components and regularly updates inputs and outputs of all business processes.

### AKSA NATURAL GAS AND THE ENVIRONMENT

#### Environmental Policy

Aksa Natural Gas regards the protection of the environment as the prerequisite of sustainable development and works to minimize the environmental impacts of its operations and to contribute to the protection of the environment. Aksa Natural Gas will continue working toward the goal of leaving a healthy environment for future generations while abiding by all legal and regulatory requirements. With this vision, Aksa Natural Gas has formulated an Environmental Policy based on the following principles:

- Safely minimizing the environmental footprint of the Company's operations in collaboration with all its stakeholders and leaving a healthy environment for future generations,
- Adding value to the environment and quality of life by ensuring continuous improvement in compliance with applicable environmental legislation, under the scope of ISO 14001:2015 Environmental Management System,
- Using natural resources in an efficient manner to minimize waste and prevent pollution at the source,

- Preventing and keeping under control the possible environmental impacts of subcontracted companies,
- Supporting all stakeholders deemed relevant in terms of environmental training and practices to actively promote environmental sustainability and development.

#### Environmental Risk Management

Aksa Natural Gas conducts its operations in full compliance with the environmental regulations in effect. To ensure sustainability of its activities, the Company carefully identifies environmental impacts and components and regularly updates inputs and outputs of all business processes.

At each company in licensed regions, Aksa Natural Gas revises the environmental risks identified by the Environmental Committee on a yearly basis and keeps them under control proactively. The Company sorts such identified risks according to their severity:

- Striving to eliminate risks at the source,
- Replacing high hazards with lesser ones,
- Implementing engineering measures,
- Making use of ergonomic approaches.

## ENVIRONMENTAL SUSTAINABILITY

Waste management and environmental permits are key components of the environmental management approach at Aksa Natural Gas.

### **130** Tons+ Amount of Waste Disposed of in 2020

Aksa Natural Gas disposed of more than 130 tons of hazardous and non-hazardous wastes in 2020.

Aksa Natural Gas designed and put into service the Environmental Management Module as an additional module in the development studies of the Aksa OHS software it uses across distribution companies.

With ISO 14001:2015 Environmental Management System, Aksa Natural Gas aligned its strategical approach with the environmental management system for years while also improving the organization's environmental performance.

Incorporating the Environmental Management System's requirements into all its business processes, the Company is audited and certified by relevant accredited institutions every year for system compliance.

#### **Waste Management**

Waste management and environmental permits are key components of the environmental management approach at Aksa Natural Gas. Distribution companies in Aksa Natural Gas license regions reduce, reuse, recycle and dispose of wastes arising from their activities in accordance with the relevant regulations and fully fulfill the obligations imposed by the regulations.

Different types of waste are sorted accurately and kept in storage areas under appropriate conditions. Waste is prevented from contaminating the soil and water during storage. All waste is then delivered to disposal firms licensed by the Ministry of Environment and Urbanization within the time frames set out by the Waste

Management Regulation. Aksa Natural Gas disposed of more than 130 tons of hazardous and non-hazardous wastes in 2020.

Aksa Natural Gas designed and put into service the Environmental Management Module as an additional module in the development studies of the Aksa OHS software it uses across distribution companies. In this application, all hazardous and non-hazardous waste is monitored with unique waste codes, and current amount of waste is tracked and instantaneously reported upon demand.

Waste management training for Company personnel, especially waste management teams, are completed on an annual basis. The division of labor is determined for everyone and employee awareness is raised as regards collection of waste by category.

#### **Waste Management During the Covid-19 Pandemic**

With the outbreak of the Covid-19 pandemic, all office and field personnel began to use PPE and other equipment such as FFP2-FFP3 face masks, gloves, face visors, overalls and hand sanitizers for protection against the virus. Protective equipment waste generated especially in office





## 7 Million Tons Prevented Carbon Emissions in 2020

Aksa Natural Gas brought about a 7 million tons reduction in carbon emissions in just one year by replacing coal use with natural gas in its license regions.

spaces is handled as medical waste and collected in specially designed waste containers. We disposed waste generated in offices and fields in a controlled manner according to the rules of hygiene in cooperation with the municipalities of the towns and districts where distribution companies are located.

### Natural Resource Management

Understanding that the biggest threat facing natural resources today is uncontrolled consumption, Aksa Natural Gas is committed to ensure efficient use of natural resources at all of its distribution companies. Under the “Zero Waste” project launched by the Presidency of the Republic of Turkey in 2019 and supervised by the Ministry of Environment and Urbanization, Aksa Natural Gas continued its efforts at 21 of its Regional Directorates in 2020, too. Putting the Zero Waste Management System in place, the Company continued to assume responsibility in sustainable resource management and preservation of natural resources.

### Climate Change

Natural gas accessibility reached all of Turkey's 81 provinces in 2018, and it is expanding throughout cities thanks to various distribution expansion efforts.

During 2020, over 17.3 million residential subscribers consumed 14.5 billion m<sup>3</sup> of natural gas in Turkey. According to calculations assuming that households without access to natural gas actually utilize coal and other fuels, use of natural gas in households prevented 33 million tons of carbon emissions in 2020. The average carbon emission of a household using natural gas in 2020 is 2 tons. With the use of natural gas instead of coal, carbon emissions per household were cut by 50%.

Continuously expending efforts to expand the use of natural gas in Turkey and to raise citizens' awareness about the environmental impact of carbon-intensive fuels such as coal, Aksa Natural Gas plays an effective role in reducing air pollution in the cities where it operates.

Active in 27 city centers and 188 districts and towns, Aksa Natural Gas brought about a 7 million tons reduction in carbon emissions in just one year by replacing coal use with natural gas in its license regions. This is equivalent to the amount that only a 4,300 thousand km<sup>2</sup> forest of 300 million adult trees can clean.

## ENVIRONMENTAL SUSTAINABILITY

Aksa Electricity strives to protect and efficiently use natural resources and support efforts aimed at contributing to the environment.

Aksa Electricity Distribution Companies strictly adhere to the laws, rules and regulations related to OHS and the environment and conduct regular risk assessments.

### AKSA ELECTRICITY AND THE ENVIRONMENT

#### Electricity Sales Companies

Aksa Electricity Group Companies strive to establish the necessary framework to help evaluate and minimize their operations' impact on the environment, protect and efficiently use natural resources, and support the efforts aimed at contributing to the environment.

Aksa Electricity also raises awareness of its customers on the protection of the environment through its communication efforts to direct them to electronic bills instead of paper ones.

#### Electricity Distribution Companies

One of the primary objectives of Aksa Electricity Distribution Companies, which hold ISO 14001 Quality Certification for Environmental Management Systems, is to prevent damage to the environment during their investment, trouble shooting, repair, and maintenance operations.

Therefore, Çoruh EDAŞ and Fırat EDAŞ implemented an Environmental Management Policy composed of the following:

- Taking necessary precautions during business processes to reduce the amount of waste generated as a result of electricity distribution activities at the source,
- Reducing waste via recycling and repurposing at the source,
- Ensuring disposal of waste that cannot be prevented at the source without damaging the environment to prevent pollution,
- Fulfilling all compliance obligations related to the scope of business operations and continuously improving the Environmental Management System,
- Regularly monitoring and controlling the environmental impacts of their business operations,
- Ensuring employee participation in environmental management activities and endorsing environmental awareness and consciousness by all possible means,
- Working to ensure that the environment and natural resources are transferred to the next generations without pollution or damage.

Within this framework, Aksa Electricity Distribution Companies carry out all their activities in compliance with applicable regulations, while strictly adhering to the laws, rules and regulations related to OHS and the environment and conducting regular risk assessments.





In line with national occupational standards, environmental protection standards and methods are implemented as prescribed by trainings provided as part of environmental preservation efforts.

In line with national occupational standards, operational maintenance staff and Field Technical Operation staff implement environmental protection standards and methods as prescribed by trainings provided as part of environmental preservation efforts. With the aim of reducing environmental risks, Field Technical Operation staff also:

- Conduct sorting and classification processes for the recycling of recyclable materials,
- Separate hazardous and dangerous waste from other materials in compliance with instructions and store them temporarily according to their code by taking precautions as necessary,
- Prevent waste in temporary storage areas from contacting soil and water and store it in accordance with waste management regulations,
- Deliver waste stored properly to licensed waste disposal companies authorized by the Ministry of Environment,
- Ensure necessary occupational health and safety precautions are taken to shield from possible damaging environmental impacts caused by certain functions of the devices, equipment, and instruments used,
- Assess and eliminate security shortcomings inside and outside of buildings within the electricity distribution network,
- Determine locations to securely store flammable and combustible material or support such efforts,
- Attach great importance to preventing environmental impacts within the scope of this environmental management awareness.

## ENVIRONMENTAL SUSTAINABILITY

Aksa Energy formed a Framework Environmental Management System to identify aims and objectives regarding its environmental policy and to manage its operations in line with this framework.

Aksa Energy built its business model on sustainability with a holistic approach.

### 7 Direct Contributions to the SDG

Aksa Energy contributes to 7 of the Sustainable Development Goals.



#### AKSA ENERGY AND THE ENVIRONMENT

Making a steady progress towards its global objectives, Aksa Energy built its business model on sustainability with a holistic approach. In this regard, the Company expands its impact area for its stakeholders by implementing environmental and social initiatives.

Aksa Energy is a voluntary advocate for sustainable development on domestic and international platforms. A signatory to the United Nations Global Compact since 2017, Aksa Energy complies with the 10 principles of the Compact in its operations, and manages its environmental, social and economic impacts. The Company also contributes to seven of the Sustainable Development Goals, which were formulated at the United Nations Sustainability Conference held in 2012.

Aksa Energy pioneers the sector with its exemplary efforts to eliminate its energy generation activities' impact on the environment. The Company also launches environmental management initiatives that cover all the stages of the value chain.

Having formed a Framework Environmental Management System (FEMS) to identify aims and objectives regarding its environmental policy and to shape, monitor, and audit its operations in line with this framework, the Company also holds the following certificates:

- ISO 14001 Environmental Management System,
- ISO 9001 Quality Management System,
- ISO 50001 Energy Management System,
- ISO/IEC 27001:2013 Information Security Management System\*
- ISO 45001 Occupational Health and Safety Management System.

In addition to Aksa Energy Head Office, Bolu Göynük Thermal Power Plant and Şanlıurfa\*\* Combined Cycle Natural Gas Power Plant are also included in the scope of ISO/IEC 27001:2013 Information Security Management System.

In addition, as of October 2017, the Company initiated efforts to extend the Integrated Management Systems practices (ISO 9001 Quality Management System, ISO 14001

\*Received for Kazancı Holding; also covers the Aksa Energy Headquarters as well as the power plants specified.

\*\*Generation at Şanlıurfa Natural Gas Combined Cycle Power Plant was stopped as of August 2020.



Aksa Energy expedited its continued investments on environment in 2020 to reach the level of TRY 2.3 million.

Environmental Management System, ISO 50001 Energy Management System and ISO 45001 Occupational Health and Safety Management System), which are already in effect at the Head Office, to the power plants. This initiative started with Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant. As of the end of 2019, the documentation process was completed, and at the beginning of 2020, the documentation and action management of all systems were transferred to the online document management system. Thanks to this system, which allows remote control and management of the management systems, the works have continued without interruption. The coordination and construction of this system in domestic power plants continues under the leadership of the QHSE (Health, Education, Environment-Quality) Department at the Company Head Office. In 2021, the QHSE team continues to work to implement this system at power plants abroad. As of 2020, the Company has begun operating at the Ghana Heavy Fuel Oil Power Plant under the ISO 14001 Environmental Management System and ISO 45001 OHS Management System.

Aksa Energy continues without respite to analyze the impact of its existing production units on the environment. Also, the Company regularly conducts

environmental impact assessments for new production facilities to be built. The Company fully complies with the environmental legislation in its domestic activities, and there has not been any environmental penalty since the establishment of the power plants operating in the country.

Aksa Energy actively encourages responsible environmental management processes among all stakeholders, especially employees. To this end, the Company provides training programs to its employees and raises awareness among its suppliers.

Aksa Energy expedited its continued investments on environment in 2020 to reach the level of TRY 2.3 million. The Company will continue making these investments in the future to minimize its environmental impact and increase its performance.

The biggest example of the importance Aksa Energy attaches to environmental investments is the Bolu Göynük Thermal Power Plant. Bolu Göynük Thermal Power Plant, the first power plant with fluidized-bed boiler technology and wet flue gas purification systems in Turkey, has met all legal and regulatory requirements stipulated by environmental legislation since it was commissioned in 2015 thanks to its advanced combustion and treatment technologies. The facility also has the “Environmental Permit and License Certificate” on Air Emission, Waste Water Discharge and Regular Storage.

In addition to these investments, the company has registered the importance it attaches to the health issue with the “Covid-19 Safe Production Certificate” obtained from the Turkish Standards Institute (TSE) with the highest level precautions in Bolu Göynük Thermal Power Plant.

### Climate Change

Recognizing the impact of its activities on the environment and climate change, Aksa Energy has been preparing Greenhouse Gas Emission Reports so as to track greenhouse gas emissions at its power plants since 2015. The Company submits its reports



## ENVIRONMENTAL SUSTAINABILITY

At Aksa Energy, there are numerous practices in place to preserve diminishing natural resources, mainly including the efforts to ensure efficient use of water.

### 1.8 Million M<sup>3</sup> Water Savings

Thanks to the decarbonization facilities established with an investment of EUR 5.3 million, more than 1.8 million m<sup>3</sup> of water was saved in total at the power plants in Bolu and Antalya.

to the Ministry of Environment and Urbanization after they are approved by a validation body authorized by the Ministry. Preparations for the 2020 Greenhouse Gas Emissions Reports commenced at the beginning of the year and field inspections have been carried out. The report will be submitted to the Ministry of Environment and Urbanization in April 2021.

As another sign of its transformation into a sustainable and socially responsible company, in 2015, Aksa Energy signed The Trillion Tonne Communiqué, a declaration to the world from companies that are sensitive to climate change and demand measures to combat it, and the Company designs its energy investment in this context. Considering energy efficiency as an indispensable component of its environmental policy, Aksa Energy generates power via use of waste heat thanks to the combined-cycle power plant technologies. This method helps the Company reduce use of energy per unit by 10%. Waste heat is used to derive energy at all natural gas-fired plants and at the Northern Cyprus Kalcık Heavy Fuel Oil Power Plant. The Company uses Oxicat filters at its natural gas-fired power plants in order to reduce greenhouse gas emissions.

Aksa Energy also monitors and strives to reduce emissions other than greenhouse gases. Emissions

are monitored on a real time basis via continuous emission measurement systems (CEMS) installed at power plants, and the emissions released by domestic power plants are monitored online by the Ministry of Environment and Urbanization.

Aksa Energy aims to contribute to the global fight against climate change. In this context, the Company plans to invest in renewable energy in the medium to long term.

#### Natural Resource Management

At Aksa Energy, there are numerous practices in place to preserve diminishing natural resources, mainly including the efforts to ensure efficient use of water. The Company, which shapes its operations with an effective management system to minimize water consumption, uses water from various sources, including municipal, surface and ground, depending on the region in which the Company's power plants are located.

The decarbonization systems at the Ali Metin Kazancı Antalya Natural Gas Combined-Cycle Power Plant and the Bolu Göynük Thermal Power Plant facilitate the conservation of water during the production processes. Established with an investment worth EUR 5.3 million, the decarbonization facilities at the two plants helped save 317,968 m<sup>3</sup> and 1,556,000 m<sup>3</sup> of water at the Antalya plant and Bolu plant, respectively in 2020.



In January 2021, Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant were granted the “Zero Waste” Certificate.

Additionally, a process water pond was built at the Bolu Göynük Thermal Power Plant, costing TRY 17.5 million. The seawater desalination system installed at Aksa Energy's Northern Cyprus Kalecik Heavy Fuel Oil Power Plant meets 100% of the facility's water requirements.

#### **Waste Management**

Hazardous and non-hazardous waste arising from Aksa Energy's production processes is recycled at the intervals specified in Waste Management Policies. Hazardous waste released by processes is stored in temporary waste storage areas on the plant sites, where its contact with the external environment is cut off to prevent jeopardizing human health and the environment. Later, these materials are transported in licensed vehicles to recycling or disposal facilities. Packaging waste is transferred to recycling plants contracted by the local authority in the area in which the facilities are located. Aksa Energy recycled 3,323 tons of hazardous waste in 2020.\*

The ash originating from the Bolu Göynük Thermal Power Plant is no longer taken to a temporary ash storage area but instead stored in

the South Regular Ash Landfill, which was completed in 2017 and granted environmental permit by the Ministry of Environment and Urbanization. Before the plant became operational, more than 6,000 saplings were planted around the site. In 2019, the Southern External Dump Site, the lifecycle of which ended, was rehabilitated and delivered back to the Ministry of Agriculture and Forestry. Around 140,000 saplings were planted in 2019 and around 60,000 saplings were planted in 2020 at this site by the Ministry.

As a result of the importance Aksa Energy attaches to waste management and the works carried out in this context, Ali Metin Kazancı Antalya Natural Gas Combined Cycle Power Plant and Bolu Göynük Thermal Power Plant were granted the “Zero Waste” Certificate in January 2021.

#### **Preserving Biodiversity**

Aksa Energy monitors, evaluates and reports the impact of its operations on biodiversity. In this context, the Company has collaborated with the Nature Conservation Association of Turkey (TAKODER) from 2015 to 2021. Within the scope of this collaboration, Aksa Energy first sponsored a Conversation Project for Hatay Mountain Gazelles to support conservation of the mountain gazelles and their habitats in Turkey. In 2016 and 2017, the Company supported a project conducted to identify the current status of striped hyenas (*hyaena hyaena*) in the vicinity of the Gölbaşı village in Kırıkhan, Hatay and obtain information on their habitats and ecologies. Photo-traps were placed in the animals' habitats to be able to observe the striped hyenas. Thanks to this initiative, it was also confirmed that the rock gerbil (*Gerbillus dasyurus*), which was thought to be extinct, still lived in Turkey.

\* For detailed information and environmental performance indicators, you may review the Aksa Energy 2020 Sustainability Report.



## ENVIRONMENTAL SUSTAINABILITY

Aksa Energy carried out a project in Bolu, where it operates, in order to reveal the existence of the bobcat (*Lynx lynx*), identify the factors that threaten the species and set forth protection recommendations.

Aksa Energy will examine the living areas of Mediterranean Monk Seals in the TRNC coastal area in 2021.

As part of the project undertaken in cooperation with TAKODER in 2018, a study was carried out to determine the presence (the current condition) and ecology of red deer (*cervus ephalus*) in the vicinity of Yedigöller National Park. The project helped identify the species' population size and density, distribution, habitat, nutrition and food resources, social behavior, relationship with humans, and the elements that pose a threat to the species, as well as the measures to be taken to protect them.

The study also presented notes to raise awareness among the public, and to preserve and sustain the population of red deer, the symbol of the region's biological diversity.

In 2019, Aksa Energy initiated activities in Bolu for the conservation of brown bears (*Ursus arctos*), the biggest predator and the only bear species living in Turkey. This initiative aims to raise awareness among the public in the Yedigöller region of Bolu, to identify threats the species faces, and devise protection recommendations in the areas where the species is prevalent. Informational signage was planned to be placed in road networks and areas where tourism activities are conducted; and ecological bridge passages were identified. Additionally, measures taken

to protect the species were reported to the Bolu Branch of the Nature Conservation and National Parks.

Adding a new initiative in the protection of biodiversity in 2020, Aksa Energy carried out a project in Bolu, where it operates, in order to reveal the existence of the Bobcat (*Lynx lynx*), too identify the factors that threaten the species and set forth protection recommendations. Within the scope of the project, the Company focused on the "endangered" lynx species according to the International Union for Conservation of Nature (IUCN) Mediterranean Biodiversity assessment and contributed to the analysis to ensure the survival of the generation. In the project carried out to contribute to the sustainability of the lives of lynxes, which are rare in Turkey and generally found in Bolu, species other than the lynxes were determined and various ecological data were collected. The fact that lynxes still live in the relevant region is an indication that the ecosystem is functioning properly.

The living areas of Mediterranean Monk Seals in the TRNC coastal area will be examined by Aksa Energy in 2021. The breeding, sheltering and wandering areas of seals in this zone will be identified and mapped.





Aksa Power Generation predicated its sustainability approach on environmental measures and practices.

#### **AKSA POWER GENERATION AND THE ENVIRONMENT**

Aksa Power Generation predicated its sustainability approach on environmental measures and practices. To this end, Akxa Power Generation established the Environmental Management System, which pledges to:

- Fulfill the legal obligations in Turkey and in other countries, to periodically evaluate them and ensure their continuity,
- Always strive to improve its environmental performance,
- Work to raise environmental awareness of its employees, their families, and society at large,
- Ensure the re-utilization of waste generated as a result of its activities,
- Minimize the amount of waste causing water, air, and soil pollution and undesirable impacts such as noise and vibrations and to dispose non-recyclable waste in the required manner,
- Ensure that energy, raw materials, and natural sources are used efficiently,
- Consider environmental impacts when evaluating new investments,
- Inform suppliers and subcontractors providing goods and services about the environment.

Aksa Power Generation's environmental protection efforts can be divided into the following three categories:

#### **Production**

- For dying the cabins and casks it produces, Akxa Power Generation uses TGIC-FREE Triglycidyl Isocyanurate and lead-free polyester powder coatings, which are both ecofriendly and harmless for employee health.
- The waste water generated at the Company's production facilities is discharged to Istanbul Water and Sewerage Administration (ISKI) after being treated at the treatment plant to prevent any damage to the environment. Within this scope, Akxa Power Generation holds a Quality Control License by ISKI for discharge processes.
- Upon demand, Akxa Power Generation supplies its customers with diesel engine gensets certified at European EU Stage 2, and American EPA (Environmental Protection Agency) Tier 2 and Tier 3 emission levels.

## ENVIRONMENTAL SUSTAINABILITY

Aksa Agriculture places great importance on waste management at its İnanlı and Gelemen enterprises. The recycling and disposal operations of waste are conducted through licensed disposal companies.

Aksa Power Generation sends the packaging, nylon and parcel waste from its sold products to ÇEVKO under the contract signed with this entity.

### Recycling

- Aksa Power Generation sends the packaging, nylon and parcel waste from its sold products to ÇEVKO (Foundation for Environmental Protection and Packaging Waste Processing) under the contract signed with this entity. The packaging waste generated during production is collected separately and delivered to licensed recycling facilities for reuse.
- The waste oil generated during engine testing is sent to licensed firms for recycling.
- The waste sludge generated at the water treatment facility is dispatched to licensed hazardous waste disposal facilities.
- Waste batteries consumed in production or at the staff's homes are being collected and sent to the municipality for recycling.
- The Company collects the cooking oil used in the cafeteria and delivers it to licensed firms for recycling purposes.
- The Company's gensets are manufactured in line with the Waste Electrical and Electronic Equipment (WEEE) and Restriction of Hazardous Substances (ROHS) standards.

### Preventing Noise Pollution

As the only Turkish genset manufacturer to conduct its own sound testing, Aksa Power Generation produces 28 different products that comply with the universally accepted IEC 34 (International Electrotechnical Commission) standards and undergoes audits by the notified body Szutest.

### AKSA AGRICULTURE AND THE ENVIRONMENT

Aksa Agriculture places great importance on waste management at its İnanlı and Gelemen enterprises. The Company stores animal waste in impermeable places to prevent the contamination of soil, groundwater and surface water before the waste-sorting. Subsequently, the animal waste is separated as solid and liquid waste via separators in order to use the waste as fertilizer to improve soil quality. The recycling and disposal operations of other waste are conducted by licensed disposal companies.

Aksa Agriculture reorganized its waste storage area in 2019 and undertook efforts to ensure that it meets the requirements of temporary storage areas. In addition, small, container-type waste accumulation sites were constructed in the livestock area to



Aksa Tourism is committed to the principles of “sustainable development and sustainable environment” in all processes.

collect waste in a more regular fashion. Hazardous waste is accumulated on these sites in a manner to prevent their contact with the environment and then disposed of/recycled by licensed firms.

In the coming period, Aksa Agriculture plans to complete the necessary infrastructure works (i.e. solid fertilizer sites, liquid fertilizer pools, and the like) and increase the number of waste storage areas depending on future capacity increases. Furthermore, the Company established a biogas facility, which is one of the most ideal waste disposal methods for the environment, at its Gelemen Enterprise in 2018. The biogas project at the Inanlı Enterprise could not be started due to the pandemic. In 2021, SPP project will be started on barn roofs in both farms.

#### **AKSA TOURISM AND THE ENVIRONMENT**

Aksa Tourism is committed to the principles of “sustainable development and sustainable environment” in all processes. The Company is also committed to minimizing its waste, preventing pollution at the source, reducing its negative impacts on the environment, monitoring developments

in technology to prevent pollution, and continuously enhancing its environmental performance. To encourage its stakeholders to embrace the same level of awareness, Aksa Tourism urges supplier firms to take the necessary environmental measures; delivers environment related training programs to its employees; and organizes informative activities for its guests at its three hotels.

Aksa Tourism finalized the preliminary studies for the “Grey Water Project” in 2020 and put it into practice. The Project was started at the end of 2019 and is aimed at saving water via use of waste water from faucets and showers in the toilets of guests’ bathrooms.

Aksa Tourism set up bulletin boards and panels in its premises to share its environmental consciousness with its guests and raise their awareness on ecological issues. Keen to learn its guests’ suggestions and ideas on the protection of the natural environment, Aksa Tourism designed a questionnaire in four languages to collect these. Although the rate of participation in questionnaires was low due to the restrictions created by the pandemic in 2020, examining the results of the questionnaires is very important for the Company in terms of improving the appreciated aspects and taking actions to eliminate the deficiencies.

The Company aims to reduce electricity consumption and enhance energy efficiency with an investment in an automation system that will help monitor the entire consumption at its Antalya facility. The system continues to operate successfully.

In line with its waste management plan, Aksa Tourism disposes all types of waste in accordance with legal and regulatory requirements. The Company periodically confirms its environmental protection data via measurements based on statutory guidelines.

In the coming period, Aksa Tourism plans to certify and ensure the continuity of its environment related activities by obtaining Green Star and ISO 14001 Environmental Management System Certifications.







BOLU - GÖYNÜK  
EGEMENLİK  
ORTAOKULU-İİ KOKULU

ENERJİMİZ YARINLARA

With “ENERGY  
FOR TOMORROW,”  
we reached  
approximately  
2,500 students in  
25 village schools in  
23 cities by traveling  
more than  
8,500 km.



## CORPORATE SOCIAL RESPONSIBILITY

# AN ACTIVE APPROACH TO SOCIAL RESPONSIBILITY

With “ENERGY FOR TOMORROW,” energy trainings are given in primary schools in villages.

### ENERGY FOR TOMORROW

Kazancı Holding companies Aksa Energy, Aksa Natural Gas, Aksa Power Generation, and Aksa Electricity joined forces for an important social responsibility project in 2019. As part of the project “ENERGY FOR TOMORROW,” Corporate Communications teams of the Group Companies travelled to all parts of Turkey and provided energy courses at the middle schools in villages.

From the beginning of the project in March 2019 until the beginning of the pandemic, the team of volunteering corporate communication employees from Group Companies travelled more than 8,500 kilometers and reached approximately 2,500 students in 25 village schools in 23 cities. The team visited village schools in Van, Ağrı, Elazığ, Malatya, Balıkesir, Çanakkale, Trabzon, Rize, Amasya, Tokat, Ordu, Giresun, Zonguldak, Düzce, Bolu, İzmir, Manisa, Bursa, Bilecik, Adana, Mersin, Hatay and Osmaniye in order to provide comprehensive energy education to students in 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> grades.

“ENERGY FOR TOMORROW” team provided students with useful information on every aspect of energy, including energy resources, energy efficiency, efficient use of energy, energy literacy, the concept of clean energy, and energy generation, in addition to the Group’s energy operations.

In order to reinforce students’ knowledge, an energy themed math game, developed specifically for the project in line with the math curriculum of the Ministry of National Education and numerous experiments were used to educate the students while having fun. At the end of these events, Energy Encyclopedia - a specially designed illustrated book on energy, various stationery supplies and backpacks were given to students as gifts. And in 2020, the educational content of the project was turned into a cartoon version.



## CORPORATE SOCIAL RESPONSIBILITY

Aksa Natural Gas combines its corporate vision with the thinking behind the Life Companion project and sponsors the National Paralympic Tennis Team Athletes since 2018.

With 4,561 disabled subscribers registered in the Life Companion system, Aksa Natural Gas responded to 1,571 calls to date in this regard.

### AKSA NATURAL GAS

#### Life Companion

Aksa Natural Gas closely monitors the problems experienced in everyday lives of disabled citizens in Turkey, representing more than 9 million people. In line with this vision, Aksa Natural Gas launched the "Life Companion" initiative in 2015 to facilitate the lives of disabled subscribers by providing much faster service in case of emergency in its distribution regions.

As part of this service, those who register in Aksa Natural Gas' subscriber system and indicate that they are disabled are given priority in their calls to "187 (Natural Gas Emergency Line)" or "444 4 187 (Solution Center)." These special status subscribers are connected to a customer representative in 6 seconds on average. In addition, natural gas emergency teams are sent to their location without waiting for an explanation of the request. Providing emergency services for disabled subscribers who live alone in the event of a hazardous situation, Aksa Natural Gas gives priority to disabled subscribers who are connected to a customer representative for support and immediate assistance.

With 4,561 disabled subscribers registered in the Life Companion system, the Company has provided necessary support to 1,571 calls received to date and responded to the requests of 118 subscribers with emergency teams.

#### Sponsorship for the National Paralympic Tennis Team

Aksa Natural Gas is committed to supporting sports in its operating regions and combines its corporate vision with the thinking behind the Life Companion project and continues to support disabled athletes. Within this scope, Aksa Natural Gas has sponsored the athletes on the National Paralympic Tennis Team since 2018.

#### "Let It Stay Natural"

Each year, Aksa Natural Gas introduces more than 350 thousand families across Turkey to the comfort and convenience of natural gas. In early 2019, the Company began delivering gas meters to its subscribers in recyclable multi-use nonwoven bags, rather than single-use plastic bags. Aksa Natural Gas stopped using plastic bags in all of its distribution regions, thereby helping to reduce the production of plastic bags by more than one thousand tons.

Aksa Natural Gas aims to help end the production of plastic bags, which amount to more than one ton each year. In line with this target, the Company ceased production of 3,200 kilograms of single-use plastic bags, providing new subscribers with reusable nonwoven bags instead. Plastic bags are non-recyclable and





With the ultimate goal of creating value for all its stakeholders, Aksa Energy conducts activities that contribute to the economic, social and cultural development of local residents in its impact area.

can take between 500-1,000 years to decompose. The new nonwoven bags for meters, an eco-friendly alternative to plastic bags, can be reused more than 100 times, for shopping or other needs. "Let It Stay Natural" is printed on the bags, drawing awareness to climate and environmental issues. Aksa Natural Gas continues the use of recyclable bags in 2019, in accordance with the Company's commitment to leaving behind a greener world.

#### **Other Social Responsibility Activities**

**Book, Stationery and Clothing Donations to Students:** Aksa Natural Gas employees regularly visit the schools in their areas of operation, and provide students in financial need with school supplies, stationery and clothing.

**Visits to Retirement Homes and Child Protection Centers on Special Days:** Aksa Natural Gas personnel visit retirement homes and child protection society centers on special days, to support the individuals living in these facilities.

**Blood and Stem Cell Donation to the Turkish Red Crescent:** At events organized periodically under the coordination of Aksa Natural Gas, employees make blood and stem cell

donation to the Turkish Red Crescent Society. Aksa Ağrı Natural Gas employees supported the #arınamutol campaign started on social media in 2020 by making stem cell donation.

#### **AKSA ENERGY**

With the ultimate goal of creating value for all its stakeholders, Aksa Energy conducts activities that contribute to the economic, social and cultural development of local residents in the Company's impact area.

The required workforce in the areas of operation is recruited from amongst the local population, thus creating employment opportunities for local residents. As of yearend 2020, the Company's local workforce represents 61% in Ghana, 62% in Madagascar, 65% in Mali, 72% in Cyprus, and 60% within the scope of the new investment under construction in Uzbekistan.

For Bolu Göynük Thermal Power Plant, the Company provided direct employment from Bölücekova, Himmetoğlu and Karaardıç villages of the district. When the Company needs additional services at the power plants, it also outsources work to sub-contractors from the region and contributes to the revival of the local labor market creating different sources of income for the people of the region.

## CORPORATE SOCIAL RESPONSIBILITY

Aksa Electricity contributed to further promote the campaign by including the information of the “Together We Are Enough My Turkey” campaign on the electricity bills.

In the Aksa Fotofest 2020, where record participation was achieved compared to the previous years, 1,071 works were evaluated and among them 5 photographs received awards.

Additionally, lasting value is created through infrastructure works and repair projects which aid the development of the local economy in regions where the Company operates; a specialized feedback mechanism to meet the diverse requirements and demands of stakeholders and the local public enables the assessment of complaints and requests. In this context, a total of TRY 6,619,013 was donated during the year, including TRY 5,718,573 within the scope of Covid-19, TRY 162,970 to sports clubs and schools, TRY 718,139 to various associations and TRY 19,331 to women’s associations in order to meet various local requirements in areas where it conducts business.

The company contributed to the fight against virus and its destructive effects in the operating areas during the pandemic process that affected the whole world in 2020 with donations. In this context, Aksa Energy supported the extraordinary struggle against the pandemic by donating TRY 2.5 million to the Aid Fund of Doctor Burhan Nalbantoğlu State Hospital in TRNC and 2.5 million Ghanaian Cedi to the Covid-19 fund established by the Republic of Ghana.

### **Biodiversity Projects**

Regarding the preservation of biodiversity in its field of activity a strategic sustainability goal, in 2021, Aksa Energy continued its biodiversity

projects, which it started in 2015. Within the scope of the projects it supports, the Company has supported projects for the protection of many endangered species.

### **Aksa Fotofest 2020**

Aksa Energy holds a photography contest named Aksa Fotofest regularly in order to contribute to the world of culture and art in Northern Cyprus as well as to support photography. The themes of the contest, which was held for the 5<sup>th</sup> time in 2020, were determined as “Human Portraits” and “Health and Hope.” In the contest, where record participation was achieved compared to the previous years, 1,071 works were evaluated this year and among them 5 photographs received awards, and 36 photographs in total were deemed worthy of exhibition.

### **AKSA ELECTRICITY**

Following the donation of TRY 5 million to the National Solidarity Campaign by Aksa Group Companies during the pandemic, Aksa Electricity contributed to further promote the campaign in the regions it serves by including the logo and participation information of the “Together We Are Enough My Turkey” campaign on the electricity bills. Aksa Electricity Sales and Retail Companies, acting with brand awareness that attaches importance



Çoruh EDAŞ employees launched a blood donation campaign to support Turkish Red Crescent Society under the motto “Each Drop of Blood Means a Life Saved.”

to social awareness, apart from the national solidarity campaign, provided communication support to the Red Crescent by including the donation announcement of the “Goodness Does Not Happen Without You” Project on their electricity bills.

#### **Your Energy, Your Painting**

The painting contest “Your Energy, Your Painting,” organized by Aksa Electricity Sales and Retail Companies at schools in the provinces it serves, was held over social media in 2020 due to the pandemic. Hundreds of children, who posted their paintings on the Company’s Instagram and Facebook pages, participated in the contest, which was held this year with the theme of “Good Days to Come” in order to enable children to paint their hopes and dreams about the future. While the winner of the painting contest won a laptop computer, the second a tablet, and the third a digital watch, 12 children participating in the contest were awarded with TRY 250 gift cards for stationery expenses as honorable mention.

#### **ÇORUH ELECTRICITY DISTRIBUTION**

##### **Your Family is in Your Trust, Your Energy in Ours!**

During the pandemic that affected the whole world and our country, the motto of Çoruh EDAŞ most emphasized on online channels was “Your Family is in Your Trust, Your Energy in Ours!” From the moment the Covid-19 case started to appear in our country, the Company activated its WhatsApp Communication Line in order to communicate instantly with its subscribers and resolved the requests and complaints of its subscribers as soon as possible.

##### **Women’s Touch on Çoruh EDAŞ Distribution Panels Make Trabzon Streets Much More Beautiful**

Launched with the support of Çoruh EDAŞ, the project helped ornament the streets of Trabzon with arts. Bridge piers, walls, as well as Çoruh EDAŞ’s distribution panels acquired an aesthetic look thanks to the female artists’ paintings under the project, which is co-run with the Metropolitan Municipality of Trabzon and International Women Artists’ Association Femin&Art.

##### **Zero Waste Project**

Çoruh EDAŞ initiated the pilot of the project aimed at contributing to zero waste efforts. As part of this initiative, designated waste containers were placed in the buildings of the Head Office and Trabzon Provincial Directorate, and labels that showed the instructions on how to use the containers were hung on the walls. The Company aims to ensure the continuity of this project and expands the work to all provincial directorates to recycle the waste originating from the site.

##### **Each Drop of Blood Means a Life Saved**

Driven by its social responsibility and solidarity mindset, Çoruh EDAŞ aims to raise public awareness on the importance of blood donation. In this regard, the Company’s employees launched a blood donation campaign to support Turkish Red Crescent Society under the motto “Each Drop of Blood Means a Life Saved.”





**Kazancı Group  
Companies  
implemented many  
social responsibility  
projects during the  
year.**





## CORPORATE SOCIAL RESPONSIBILITY

Firat EDAŞ, which was not unconcerned at the Elazığ earthquake, undertook the rebuilding of the Anatolian High School, which was destroyed in the disaster.

In order to minimize the spread of the disease in the Covid-19 pandemic, “Stay at Home” awareness sharing was made on all Firat EDAŞ digital channels.

### FIRAT ELECTRICITY DISTRIBUTION

#### Gönül Kazancı School Building

Firat EDAŞ, which was not unconcerned at the Elazığ earthquake, undertook the rebuilding of the Anatolian High School, which was destroyed in the disaster. Gönül Kazancı School Building with 24 classrooms, built on an area of 5,890 m<sup>2</sup> with a sitting area of 670 m<sup>2</sup>, was designed to be used as a primary school, secondary school and high school building according to needs. With the signing of a protocol with the Provincial Directorate of National Education, 80% of the school construction, which started in August despite the pandemic, was completed by the end of 2020.

#### Energize Nature

Firat EDAŞ plants seedlings in treeless areas in its distribution region with the participation of employees so as to leave an inhabitable green nature for the future. Thousands of seedlings are re-introduced back to nature under the project held each year.

#### Donate Blood With Your Energy, Save Lives

Firat EDAŞ supports Turkish Red Crescent Society through regularly organized blood donation campaigns. In addition to blood donations, the Company encourages volunteers to donate stem cells as part of the campaign.

#### Free the Birds

As part of the “Free the Birds” social responsibility project, efforts are carried out to prevent the factors that may constitute a hazard for birds’ natural migratory roads. In the distribution region, which is an important migratory bird stopover site, 6,714 lamp posts and power transmission lines on these posts were isolated to help birds fly freely and lead their natural lives. The number of isolations performed only in 2020 is 2,404. The Company aims to expand the scope of the project for the purposes of sustainability.

#### Light It Up Blue for Autism

During Autism Week, the Company supported the efforts to raise public awareness on autism by lighting up Firat EDAŞ’s building in blue. The Company plans to make this initiative, which sparked attention on digital media and among the general public, permanent in the coming years.

#### Stay Home With Your Energy

In order to minimize the spread of the disease in the Covid-19 pandemic, which also affected our country in March 2020 as all over the world, “Stay at Home” awareness sharing was made on all Firat EDAŞ digital channels. During the quarantine period, WhatsApp accounts, which provide instant communication with customers, were activated in order to generate bills.

## INFORMATION TECHNOLOGIES

# BUSINESS PROCESSES WITH ADVANCED TECHNOLOGY INTEGRATION

Pursuant to the Group's sustainability, operational excellence, customer satisfaction and profitability targets, Kazancı Holding's IT efforts focus on digital transformation and information security across the organization.

Kazancı Holding's Information Technologies (IT) activities are focused on integrating the latest technological developments with the business practices of Group Companies. Business effectiveness, efficiency and continuity are regularly reviewed in accordance with this vision. Pursuant to the Group's sustainability, operational excellence, customer satisfaction and profitability targets, Kazancı Holding's IT efforts focus on digital transformation and information security across the organization.

In 2020, Kazancı Holding boosted its strategic investments aimed at information technology systems infrastructure. The main projects and activities undertaken by Group Companies during the fiscal year include:

### **Horizon21 SAP Transition Project**

Under the Horizon21 SAP Transition project, relevant feasibility, licensing and project design processes were completed for migrating Aksa Natural Gas's invoicing, collection, customer and field operations to SAP end-to-end. Launched in the last quarter of 2019, the project's conceptual design was finalized in March 2020. Throughout the year, development and testing steps according to the plan continued. The transition to the first region will be realized in June 2021 and will be expanded to all regions by the end of the year.

Efforts were also initiated to recreate all Group Companies' ERP systems on SAP S/4HANA. All ERP processes, finance and logistics in particular, were redesigned in line with Kazancı Holding's centralization, simplification and singularization strategies. The conceptual design was completed in March 2020; the adaptation and development stages are ongoing. The project will be commissioned at Kazancı Holding at the same time as Aksa Natural Gas in June 2021.

### **SAP SRM (Supplier Communication Management) Project**

With the SAP SRM Project, purchasing processes started to be managed in an end-to-end digital environment, from the formation of the initial need to demand, approval, order, approval and bill. In this way, time savings and high profitability were achieved, having reduced the burden of operational processes in purchasing and made relations with suppliers easier to monitor and manage.

### **Widespread implementation of DYNAMO (Aksa Power Generation CRM) Project in International APCs**

DYNAMO Project was completed in 2019 and Akse Power Generation's sales, service, spare part, rental and second-hand processes were moved to SAP Hybris end-to-end. In addition, affiliated generator



Pre-sales activity, opportunity and proposal processes, and sales processes of generator APCs abroad were monitored and jointly reported with the Hybris module of SAP.

management processes were renewed. The project also helped identify potential customers and create opportunity projections. DYNAMO enabled monitoring of personnel on a map in addition to assigning work to field technicians in line with their competencies. The sales projections of the project were also extended to the Company's international APCs.

#### **International APCs Hybris Project**

Pre-sales activity, opportunity and proposal processes, and sales processes of generator APCs abroad were monitored and jointly reported with the Hybris module of SAP.

#### **e-Dispatch Project**

47 companies were transferred to the e-dispatch system. With the project, the legal obligation has been fulfilled, and the need for the use of printed-paper dispatches was eliminated, except in obligatory cases.

#### **SAP migration of Energy Companies**

Aksa Energy's subsidiaries in Cameroon and Uzbekistan were migrated to SAP, enabling common system usage and reporting.

#### **Tracking of occasional vendor payments in TÖS**

In the TÖS (Collective Payment System), necessary arrangements were made to make transactions and payments for those vendors that are not worked with constantly and is usually processed only once, without being defined as a current card in the system. Ease of use was provided, especially in the distribution sector, which uses this process extensively.

#### **Octopus (Budget Planning & Consolidation) Project**

With the Octopus Project, which was completed in 2019, budget modellings previously executed on different platforms were created, monthly financial reports were prepared over the IBM TM1 system, and error risks were minimized through process automation. With additional developments made in 2020, this giant project was published as a success story on IBM's global website.

#### **Network Monitoring, Supervision and Outage Management System (OMS) Project**

OMS was developed and launched in 2018 to monitor and manage power outages at Aksa Electricity Distribution Companies. In 2019, OMS data quality and accuracy was improved, while the automation level was raised upon integration with the Automatic Meter Reader System (AMRS) and invoicing system. Data stored is also automatically reported to EMRA and TEDAŞ via the reporting systems.

Signals processed from these integrated applications are instantly turned into work orders in the field. This feature helps the Company manage power outages in the fastest and most effective manner, resulting in higher customer satisfaction and lower operational costs.



## INFORMATION TECHNOLOGIES

With the SAYAX project, that is the customer management system of Akse Electricity Sales, sales, call center, operations, accounting and trade business processes were combined under a single application framework.

Online channels were formed for the life cycle transactions of electricity distribution and retail customers.

### WORKFLOW AND WEB APPLICATIONS

#### Paper-Free Offices

For all Group Companies, business processes that involved use of paper were migrated to workflow and document management systems. This effort helped the Companies report and track these processes in a much faster manner. In 2020, new processes were migrated here, and all of the basic workflows are carried out in digital environments.

#### e-Learning Platform

Compulsory and optional educational content and trainings were provided to employees online, via web or mobile channels.

#### SCADA/OMS

With the project, healthy management and monitoring of electricity distribution and infrastructure and instantaneous performance of necessary responses were ensured. In the project, field automation studies started in 2019 and the installations of 200 SCADA stations in each service region were completed by the end of 2020.

#### Field Mobile Applications

Applications developed in-house within Kazancı Holding were put into use in order to contribute to the mobile work processes of field employees (such as Opening-Closing, Disassembling-Assembling and Index reading).

### Customer Online Operations and Mobile Application

Online channels were formed for the life cycle transactions of electricity distribution and retail customers. Many operations, such as receiving requests via websites and mobile applications, providing information, paying bills and accessing details, were made available online, and customers were served remotely in an easy and uninterrupted manner during the current pandemic period.

#### SAYAX

With the SAYAX project, that is the customer management system of Akse Electricity Sales, sales, call center, operations, accounting and trade business processes were combined under a single application framework.

### BUSINESS INTELLIGENCE APPLICATIONS

#### Management Dashboard

The Management Dashboard platform was established to analyze credit types and segments via financial reports, quickly access debt amounts via the debt registry report for all groups, and reach transactions in the application at a glance via the Collective Payment System report. During 2020, reports were created where all processes in the supply chain, from purchase request to





invoicing, would be monitored; stock inventory status would be displayed; and performance of team members would be evaluated. Credit monitoring report and detailed reports by loan types were prepared, also management reports based on human resources data were prepared, so dashboard structure was developed to include all critical data for senior management.

#### **HR Management Reports**

The reports submitted to the management by Human Resources were made through Power BI. In this way, quick access to the report is provided and manual intervention is eliminated.

#### **EPSAŞ Operational Reports**

Data that relates to the operation and requires continuous follow-up was obtained from different applications and consolidated.

#### **Electricity Sales Reports**

Detailed and summary reports were created in the e-Print application of the Electricity Sales Business Development team, and a report portal was created where they could follow up with detailed data that could not be done with manual calculations before.

#### **EDAŞ Operational and Financial Reports**

Reports, which are updated periodically with the data obtained from the Customer Information System and Corporate Resource Applications and provide follow-up of business processes, were created.

#### **EDAŞ-EPSAŞ Data Cleaning Work**

Through the data warehouse created from the Customer Information System and Geographic Information System data, reports that show historical improvements in the data with the desired versions were created.

#### **Electricity Distribution Data Warehouse Reporting System (EDVARS)**

With the Electricity Distribution Data Warehouse Reporting System and the corporate data warehouse of Çoruh EDAŞ and Fırat EDAŞ, detailed regulatory reports were submitted to EMRA.

#### **Infrastructure and Security Project and Improvement Efforts**

As part of Group-wide upgrade efforts, expired lifecycle and slow running devices were replaced. Onsite network and wireless network infrastructure failing to comply with applicable standards were revamped.

As a result, the Kazancı Holding systems infrastructure was enhanced and network security increased. The IP telephone infrastructure was also upgraded with an expanded capacity. The Holding's login security infrastructure was bolstered against cyberattacks.

In 2020, in accordance with ISO 27001 Information Security Management System, Kazancı Holding, Çoruh EDAŞ and Fırat EDAŞ certificate review audits and Aksa Power Generation certificate renewal audits were successfully completed. No major findings were found in these audits, and 11 minor findings were closed after actions taken and were submitted to the audit firm.

In 2020, compliance of Aksa Power Generation Rental and Aksa Power Generation Service with the ISO 27001 Information Security Management System was ensured as required by the scope of the Authorized Liability System (YYS), and they were added to the existing Aksa Power Generation ISO 27001 certificate as scope extension addresses.

In May 2020, the Information Security Portal page was prepared and made available to all Group Companies.

## HUMAN RESOURCES

# OUR GREATEST ASSET: OUR PEOPLE

Kazancı Holding considers highly qualified human resources as its greatest competitive advantage.

Kazancı Holding aims to create value on a global scale with its innovative corporate culture. To this end, the Holding considers highly qualified human resources as its greatest competitive advantage. Kazancı Holding demonstrates this perspective in its Human Resources Policy, which is formulated around the approach: "Our most valuable asset is our human capital." The main objectives of Kazancı Holding's human resources activities include:

- Setting a best example in human resources practices in the sector,
- Managing all aspects of human resources related processes effectively in order to create competitive advantage,
- Forming the organizational structure of all Group Companies with individuals who are team players, open to change, productive, dynamic, and well-suited to our corporate values,
- Boosting corporate efficiency by implementing practices aimed at improving the performance and development of human resources.

The Group's human resources management approach includes preparing employees for the specific structure and needs of the industries where it operates. The Group also adopts principles and implements practices to ensure that the staff remains dynamic in line with the Holding's strategic objectives.

Kazancı Holding places great importance on a sustainable human resources structure to achieve its long term goals. The Holding's human resources policies are designed for continuous improvement of the Department's capabilities. The policies are modified and amended as needed in line with long-term company goals.

At Kazancı Holding, human resources management and practices are designed to position the organization as the employer of choice for development-oriented and productive professionals among current and potential employees. This objective is achieved by creating a work environment that supports employee participation and continuous development while boosting staff performance and commitment.

The core values that form Kazancı Holding's approach to human resources include:

- Respect for people,
- A sense of belonging,
- Right person for the right job,
- Diversity management,
- Equal opportunities,
- Personal and professional development.

The Human Resources Department provides support for employee selection and placement, remuneration and benefits, training-development, performance and the running of organizational processes through a centralized human resources structure.





Employee satisfaction and a sense of belonging are the core components of Kazancı Holding's human resources vision.

The Department serves all Group Companies operating under six different business lines.

Kazancı Holding's Human Resources Department ensures that Group Companies are prepared for the present and the future by adopting the right strategies best suited to their respective organizational structure. The Department's activities are based on an accurate understanding of the workforce's human resources related needs, and meeting those needs with the most appropriate and efficient solutions.

#### **Human Resources Activities and Employee Satisfaction**

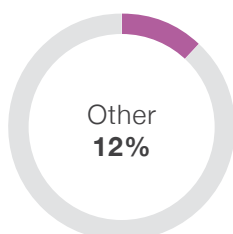
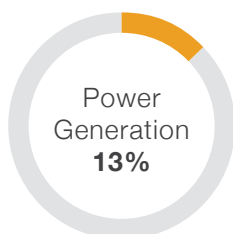
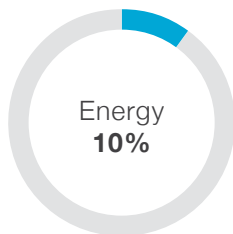
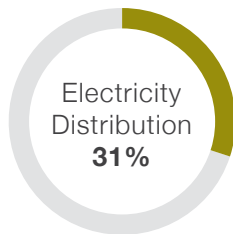
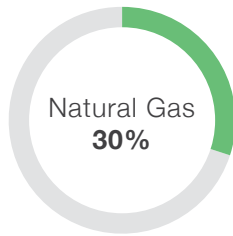
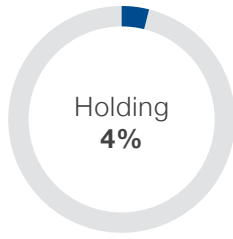
Kazancı Holding employees are open to change and innovation, dynamic, aware of areas of personal and professional improvement. They are members of a team where continuous development

and creativity are actively encouraged, efforts are rewarded, and achievements are recognized.

Employee satisfaction and a sense of belonging are the core components of Kazancı Holding's human resources vision. To this end, the Group continues to develop and implement policies to boost staff loyalty.

Kazancı Holding regards the diversity of its human resources as a valuable part of its organizational structure and a key feature of its intellectual capital. The overarching aim of Kazancı Group's human resources policy is to provide employees with equal opportunities. The Group is firmly against discrimination based on race, religion, language, gender, and sexual orientation. Kazancı Holding embraces universally accepted human rights principles and staunchly opposes child labor and forced labor.

## COMPANY HEADCOUNT



## HUMAN RESOURCES

Kazancı Holding continued efforts for hiring the right candidates for the right jobs to boost recruiting effectiveness in 2020. A competency-based recruitment system was also put into practice.

Kazancı Holding places great importance on employee satisfaction. To this end, certain benefits and discounts are provided to staff members via business partnerships within the Group. Cookshop, one of the Group's brands, and hotels operated by Akxa Tourism provide all Kazancı Holding employees with discounts. Additionally, agreements are signed with various institutions in healthcare, education, and similar sectors.

Kazancı Holding, which was restructured in 2019 to achieve further productivity and agility, continued efforts for hiring the right candidates for the right jobs to boost recruiting effectiveness in 2020 as well. A competency-based recruitment system was also put into practice. In addition, the processes of selecting candidates for the young talent program was completed in 2020.

During the year, Kazancı Holding prioritized and commenced efforts related to fair remuneration policies, appropriate performance measurement, professional development and career

opportunities. A job evaluation and performance system was launched in 2019; rollouts are going to continue in 2020. As part of this system, Kazancı Holding will identify employee development areas in terms of competencies and technical aspects. Training and development plans are scheduled for implementation under Akxa Academy in 2020. Job evaluations were completed; and a title and grading structure was developed for accurate and effective management of the remuneration policy. Kazancı Holding also developed the HR Self-Service application and manager reporting systems during the operating period.

In 2019, Kazancı Holding formed the Akxa Basketball Team - composed of employees from Group Companies - to participate in the inter-company basketball tournament.

**Akxa Academy Trainings**

As part of Akxa Academy Trainings, the Company continued to contribute to the personal development of employees both in and out of business life through trainings organized in 19 different fields during the year.



Kazancı Holding operates with more than 8,500 employees as of the end of 2020.

#### HEADCOUNT BY GENDER (%)

GENDER DISTRIBUTION (%)	NATURAL GAS	ELECTRICITY	ENERGY	HOLDING	POWER GENERATION	AGRICULTURE AND TOURISM	GRAND TOTAL
MALE	86	90	91	56	79	76	85
FEMALE	14	10	9	44	21	24	15

#### AGE DISTRIBUTION BY COMPANY (%)

AGE DISTRIBUTION (%)	NATURAL GAS	ELECTRICITY	ENERGY	HOLDING	POWER GENERATION	AGRICULTURE AND TOURISM	GRAND TOTAL
<25	8	7	4	13	5	20	8
25-34	60	46	42	47	34	31	48
35-49	31	43	47	33	52	38	39
>50	1	4	7	8	9	11	5

TRAINING (PERSONXHOURL)	NATURAL GAS	ELECTRICITY	ENERGY	HOLDING	POWER GENERATION	AGRICULTURE AND TOURISM	TOTAL
OCCUPATIONAL HEALTH AND SAFETY	43,616	31,248	17,170	738	1,713	6,760	101,245
PROFESSIONAL COMPETENCE & OTHER	12,516	15,688	346	-	2,100	4,756	35,406
AKSA ACADEMY	921	421	486	747	422	2	2,998

## OCCUPATIONAL HEALTH AND SAFETY

# BEST PRACTICES IN OCCUPATIONAL HEALTH AND SAFETY

In addition to adhering to OHS related legal and regulatory requirements in countries and regions where it operates, Kazancı Holding also adopts OHS global best practices and strives to continuously improve its performance.

Kazancı Holding attaches great importance to Occupational Health and Safety (OHS) especially given the industry where it operates. As a result, the Group continuously raises its OHS standards via ongoing efforts related to infrastructure, practices and documentation. In addition to adhering to OHS related legal and regulatory requirements in countries and regions where it operates, Kazancı Holding also adopts OHS global best practices and strives to continuously improve its performance. Implementing the OHS Management System, the Holding identifies risks associated with its business activities, performs risk assessments, sets various goals to minimize identified risks, and continuously monitors progress toward these goals.

Shaping its OHS policy to raise employee awareness and ensure occupational health, the Group provides OHS training to the workforce in its operational areas and at its head offices. OHS activities are conducted by the OHS Board of Kazancı Holding.

In 2020, Kazancı Holding provided 101,245 personxhours of OHS training at its Head Office, including employees of Group Companies. In addition, periodic health screenings

and emergency drills are conducted to protect the health and safety of staff members across the Holding.

### OHS Trainings

Group	Training Duration (personxhour)
HOLDING	738
NATURAL GAS	43,616
ELECTRICITY	31,248
POWER GENERATION	1,713
ENERGY	17,170
OTHER	6,760
<b>TOTAL</b>	<b>101,245</b>

### Aksa Natural Gas

In every province and district where it holds a license, Aksa Natural Gas aims to deliver uninterrupted natural gas distribution. In accordance with Law No. 6331 on Occupational Health and Safety, the Company fully meets all occupational health and safety requirements related to its employees and stakeholders.

To ensure that employees return home safe and sound every night, Aksa Natural Gas is committed to fostering an OHS culture and ensuring that occupational safety awareness is shared by every staff member. To this end, the Company attaches great importance to the "ISO 45001:2018 Occupational Health and



At Aksa Natural Gas, all required activities falling under Law No. 6331 on Occupational Health and Safety were conscientiously carried out during the year. At total of 43,616 hours of occupational safety training were delivered.

Safety Management System.” The Central Occupational Health and Safety initiative, launched in March 2015 to ensure sustainability of the OHS Management System, continues to improve every day with the help of the best experts and physicians from across Turkey.

Occupational health and safety efforts, which are among the Company’s most important core activities, are based on the “AKSA OHS Software” specially designed for Aksa Natural Gas in response to specific corporate requirements. Developed in accordance with Law No. 6331 on Occupational Health and Safety and the ISO 45001:2018 Management System, AKSA OHS software dynamically monitors and checks all activities carried out by 2,850 employees at the 21 distribution companies. AKSA’s OHS software centrally controls and reports all occupational health and safety activities related to an employee from the moment of recruitment onwards. The software also measures the occupational health and safety performance of the 21 distribution companies.

In 2020, software development studies resulted in an additional module, which allows findings obtained by OHS experts during field audits to be instantly reported and added to the performance monitoring system by uploading documents such as audio, video and photo files. The Environmental Management Module incorporated into the software is also used to monitor hazardous and non-hazardous waste under the Environmental Management System.

To identify and prevent any external hazard, annual risk assessments are conducted in all distribution companies; the findings of these studies are eradicated in the most expeditious manner with the participation of employees. Disabled, pregnant or breastfeeding staff is given priority in risk assessments.

In 2020, Aksa Natural Gas collaborated with 21 distribution companies to develop an Emergency Handbook (EH) against natural disasters such

as earthquakes, floods, landslides, explosions and fires as well as risk factors such as electricity, line faults, sabotage. This Handbook covers all emergency response instructions to ensure the safety of Aksa Natural Gas subscribers, general public, and the Company employees.

At Aksa Natural Gas, all required activities falling under Law No. 6331 on Occupational Health and Safety were conscientiously carried out during the year. A total of 43,616 hours of occupational safety training was delivered (2,850 personxhour). Furthermore, the following efforts were undertaken during the year:

- Annual study and annual evaluation reports,
- Employee representative meetings,
- MYK Training Programs,
- Planned OHS training programs,
- OHS training for new employees,
- Planned health screenings,
- Health examinations for new employees,
- Field OHS audits,
- Maintenance and checking of equipment that requires periodic controls,
- Grounding measurements, electrical installation checks,
- Hygiene measurements at newly opened locations,
- Lightning rod measurements and checks,
- Emergency team training,
- Emergency evacuation drills,
- First aid training.

To proactively reduce any losses from occupational accidents and diseases, special occupational health and safety funds were created from the budgets of distribution companies. Positive results have been obtained in the root cause analyses of the occupational accidents monitored since 2016. Accident Frequency Rates (AFR) and Accident Incident Rates (AIR) as defined by the International Labor Organization (ILO) dropped 10% as of the end of 2020, while the Accident Severity Rate (ASR) fell by 10% at the Company. The target for 2021 has been determined as 15% reduction.

## OCCUPATIONAL HEALTH AND SAFETY

It was determined that Bolu Göynük Thermal Power Plant fulfilled all the requirements in the Covid-19 Hygiene, Infection Prevention and Control Manual, and the enterprise was granted “TSE Safe Production Certificate.”

In 2020, Akxa Energy carried out a total of 3,244,859 personxhours of work and administered a total of 17,170 personxhours of OHS training in its domestic and overseas power plants.

Via continuous education and awareness raising efforts, Akxa Natural Gas is committed to the Company’s ultimate goal of “zero work accident” and its slogan “People First.” Under the leadership and guidance of its management and the participation of its employees, Akxa Natural Gas continuously moves toward becoming the “most reliable corporation” in the industry in terms of occupational health and safety.

### **Akxa Energy**

Operating over an extensive geographic area, Akxa Energy adopts an OHS management approach that guarantees compliance with domestic and international regulations and other applicable requirements to ensure that employees work in a healthy and safe environment. The Company carries out all OHS activities with the goal of “zero work accidents,” implements all necessary safety precautions and takes actions to prevent occupational diseases. In 2020, the Company carried out a total of 3,244,859 personxhours of work and administered a total of 17,170 personxhours of OHS training in its domestic and overseas power plants.

Maintaining a downward trend in its accident frequency rates since 2015, the Company has reduced this rate by 63% year-on-year of 2020. There was no fatal work accident in 2020 at the Company.

Akxa Energy also manages the Covid-19 pandemic process, which affects the whole world, successfully thanks to the strict measures taken from the first moment in both domestic and foreign power plants. It quickly rated the risks against the Covid-19 pandemic and implemented emergency action plans in all its power plants. As a result of the on-site inspection performed by TSE in August 2020, it was determined that Bolu Göynük Thermal Power Plant fulfilled all the requirements in the Covid-19 Hygiene, Infection Prevention and Control Manual, and the enterprise was granted “TSE Safe Production Certificate.”

Assessment and improvement activities related to OHS are carried out by the OHS Committee at Akxa Energy. The Committee is comprised of Akxa Energy employees and represents the entire Company workforce. The Chairman of the OHS Committee directly reports to the Vice President, Chief Operating Officer (COO).

### **Akxa Power Generation**

Akxa Power Generation carries out comprehensive OHS related measures to protect the health and safety of employees and visitors at its facilities during all its operations.

Occupational Health and Safety Committee meetings are held every two months to discuss the developments in Aksa Power Generation's activities related to occupational health and safety and the necessary needs.

Aksa Power Generation organizes OHS trainings for employees and subcontractors and provides all resources required to this end. In addition, all necessary measures are taken to prevent injuries and occupational diseases during electrical, mechanical, chemical and test processes and at all other stages of business operations. As part of Aksa Power Generation's OHS Policy:

- Internal Environment  
Measurements are conducted periodically at the plants and other facilities. Conditions and values of the work environment, including lighting, dust, vibration, noise, temperature, chemicals, and VOC, are reviewed after these measurements are taken and improved if deemed necessary.
- Personal protective equipment is used at factories and facilities.
- All employees regularly undergo health screenings that the Workplace Physician and OHS Specialist deem appropriate each year.
- OHS trainings are provided to all employees. In this context, the training period given to the employees is 1,713 personxhours.
- All mask-distance-cleaning rules required during the pandemic are effectively implemented. With the joint work of the Support Service Branch Training Division and the Human Resources department, trainings were provided and also all paperwork requirements were fulfilled, ensuring that the operations were fully completed.
- In addition to the Basic OHS issues, all employees completed their training on possible risks and hazards in the business and customer areas and on safety in electrical works in January and March.

OHS Committee meetings are held every two months to discuss the developments in the Company's activities related to occupational health and safety and the necessary needs. Under the practices carried out with the committees held during 2020;

- A messaging application that can inform all employees at the same time was implemented.
- Improvements were made to the ventilation system.
- Required machinery and equipment investments were made for safe working at heights.
- It was decided that before any maintenance, repair and overhaul processes to be carried out at Aksa Power Generation's facilities, the company that will do the work should start after having completed all OHS-related measures and documents.
- Service technicians were required to complete their EKAT documents. Since the relevant training will be given by the public institution, the notification of the institution will be followed. A training plan will be made to carry out company trainings canceled in 2020 due to the pandemic in 2021.
- Convex mirrors were placed at the security entrances and exits of the facilities where necessary so that vehicles can see both sides of the road.
- It was decided that guests and employees should wear up-to-date personal protective equipment (PPE) and follow the OHS rules and regulations throughout the year and work processes, and that this situation would be monitored by all Committee members.

Since Aksa Power Generation switched from OHSAS 18001 to ISO 45001, it renewed its OHS Policy as follows:

Aksa Power Generation knows that its success is based on a safe and healthy working environment and its valuable employees.

Aksa Power Generation aims to continue its activities in accordance with national laws in line with the principle of safe working.

### **Health and Safety**

It aims to create and maintain safe and healthy working conditions in order to prevent injuries and deterioration of health of its employees, suppliers and contractors in relation to its activities.



**In 2020,  
Kazancı Holding  
provided 101,245  
personxhours of  
Occupational Health  
and Safety training  
within the Holding,  
including employees  
of Group  
Companies.**



## OCCUPATIONAL HEALTH AND SAFETY

Aksa Electricity takes all necessary measures in line with the “Employee Health and Safety First” principle during electricity sales and distribution activities.

### **Leadership**

It aims to see Occupational Health and Safety efforts as a part of its main job and to closely follow developments related to health and safety.

### **Employee Participation**

It undertakes to contribute to Occupational Health and Safety activities with all its employees.

### **Improvement**

With the participation of all its units, it undertakes to improve the ISO 45001 Occupational Health and Safety Management system and processes in accordance with changing conditions and requirements.

### **Continuity**

It undertakes to eliminate the dangers and to reach safe solutions by evaluating the risks.

### **Aksa Electricity**

Aksa Electricity operates with an approach that focuses on serving people. The Company strives to be a responsible corporate citizen and bases its OHS Policy on respect for people and the environment where they live. Aksa Electricity takes all necessary measures in line with the “Employee Health and Safety First” principle during electricity sales and distribution activities.

As part of its OHS Policy, Aksa Electricity is committed to:

- Taking all kinds of measures in compliance with applicable OHS regulations and other OHS related requirements, making relevant tools and personal protective equipment available and ensuring that they are used when necessary in the work environment and extensions in order to safeguard the health and safety of employees, subcontractors, visitors and staff working outside the workplace,
- Determining and eliminating beforehand unsafe conditions and behaviors that may cause occupational accidents and diseases and result in possible accident risks in the work environment and extensions by conducting an effective risk assessment,
- Reducing risks to an acceptable level in accordance with emergency action plans (e.g. earthquakes, fires, floods, civil defense),
- Identifying risks that may cause occupational accidents and diseases in the workplace, ensuring the health, safety and social welfare of employees, visitors, subcontractors at all levels, and reducing all kinds of pecuniary losses and intangible damages that may arise in the future for themselves and their families,
- Training employees with respect to occupational health and safety and ensuring that the staff has a well-developed sense of occupational health and safety awareness,
- Ensuring that subcontractors and visitors serving in the workplace comply with rules laid down by Aksa Electricity related to occupational health and safety.

Aksa Electricity sees the health and safety of its employees as one of its top priorities. Health screenings are regularly performed for staff members at the Company. In 2020, 31,248 hours of OHS training was provided to employees in order to raise their awareness on OHS.

## KAZANCI HOLDING'S APPROACH AND MEASURES DURING THE PANDEMIC

# EFFECTIVE MEASURES AGAINST COVID-19

While the entire world was shaken by an unprecedented pandemic, people's lives were upturned and reshaped by the precautionary and protective measures required to face this crisis. During this challenging time, Kazancı Holding adopted a proactive human-focused crisis management approach to protect all its stakeholders, especially its employees. While implementing the various safeguards and precautionary measures, Kazancı Holding focused on making decisions and developing systems that will ensure business continuity without putting its employees at risk.

As a global conglomerate with production facilities on four continents, operations in 22 countries, and exports to 173 countries, Kazancı Holding took a comprehensive and holistic approach to the pandemic from the start. A top level committee composed of senior managers and department managers was formed as a pandemic response team. This special committee implemented the highest level of occupational health and safety practices across the organization. While manufacturing operations were temporarily suspended at Aksa

Power Generation's generator factory in China, where Covid-19 cases were first detected, during February 1-17, action plans were developed for production to shift to other countries according to the spread route and speed of the outbreak. Pursuant to these plans, a comprehensive package was created with a series of measures and guidelines, including occupational safety, supply security of production plants, supply of equipment for the health of field workers, business practices where all processes can be managed digitally, financial sustainability, supply chain planning, and the legal framework of new business processes.

Kazancı Holding shared all information issued by the Ministry of Health simultaneously with all its domestic and international employees. The Holding imposed restrictions on domestic and foreign travel of employees prior to March 11, 2020, when the first case was detected in Turkey and Covid-19 was declared a pandemic by the World Health Organization. Kazancı Holding identified the potential need and quickly provided the technological equipment required to switch to the remote working model at the start of the pandemic.

### *Pandemic Actions*

Kazancı Holding planned the actions to implement protective measures in detail, with the participation of occupational safety experts and the workplace physician, taking into account Ministry of Health guidance. All common areas at headquarters and in all offices across Turkey were disinfected at periodic intervals. Personal protective equipment such as disinfectants, masks, gloves and overalls were provided for all employees in the working areas. A thermal camera was placed at the headquarter entrance to measure the body temperature of the staff and visitors to the building. Shuttle services were terminated. Transport of essential employees who were required to come to the office was provided by company vehicles and private vehicles. All measures taken in Turkey were also implemented at Kazancı Holding's foreign offices and businesses.



At the onset of the pandemic, Kazancı Holding implemented precautions and safeguards to protect employee health with great agility while simultaneously updating its business processes to ensure uninterrupted business continuity. Kazancı Holding aimed to ensure business continuity by:

- Managing all approvals digitally and from a single platform,
- Setting up an e-signature and mobile signature system,
- Transferring purchasing processes to a digital platform,
- Performing banking services and operating all financial systems via online applications.

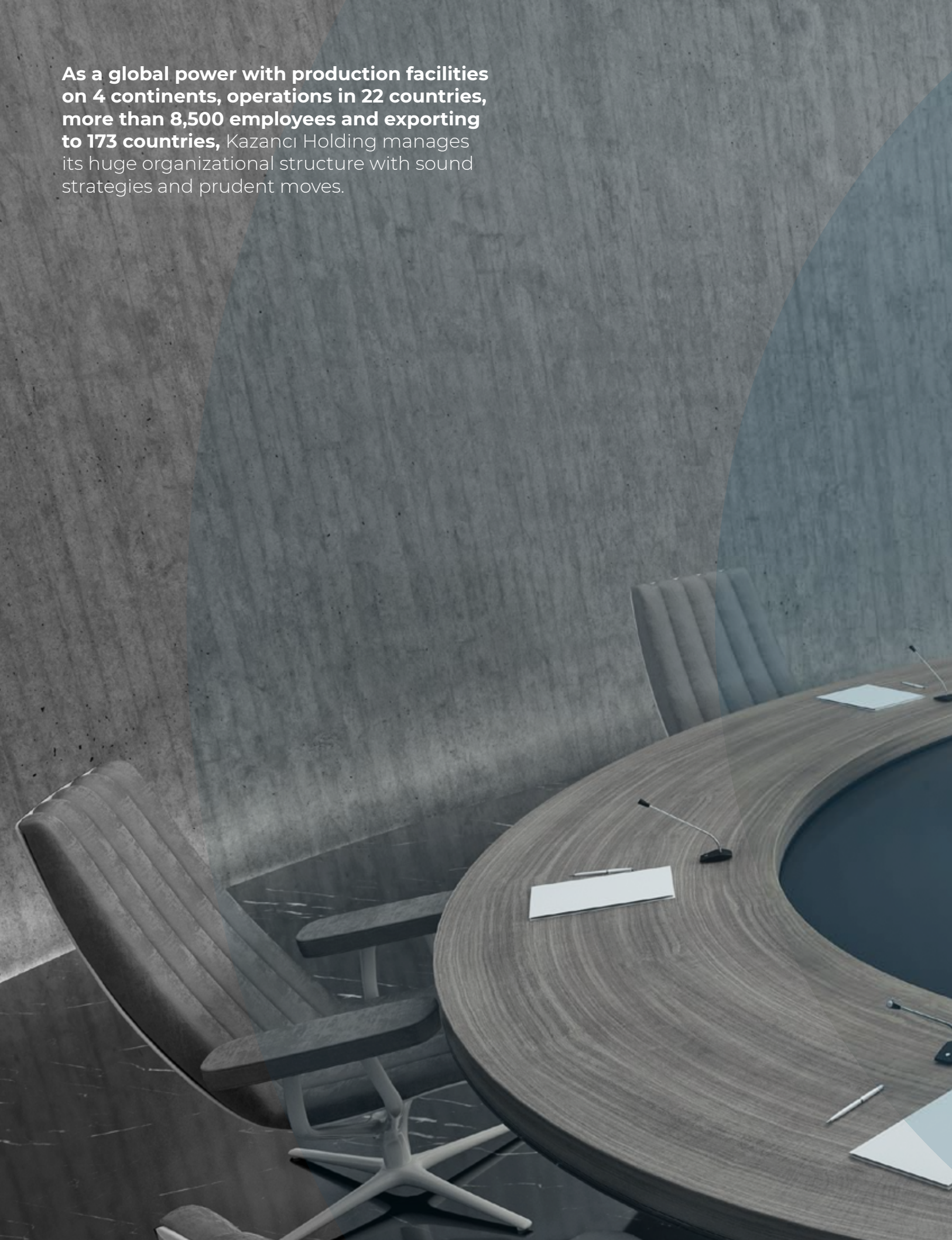
During the year, Kazancı Holding reaped the rewards of its digital investments, innovative corporate culture and the entire value chain with its ability to rapidly switch to the remote working model which became the new normal due to the pandemic. As of March 13, 2020, employees in the following groups were instructed to work remotely: those in the high risk group defined by the Ministry of Health, staff with children at home, employees who are pregnant, who have to take care of family

members at home, staff members who have a chronic or seasonal illness and/or feel sick. Having previously completed simulations of remote working and execution of all processes and approvals in the digital environment, Kazancı Holding required all headquarters staff to switch to remote working as of March 20, 2020. In addition, all internal and external meetings were transferred to the digital environment.

Kazancı Holding rapidly adapted to the remote working model culturally and technologically. In addition, the Holding prioritized regular communications in order to maintain employee loyalty and team spirit. All managers, especially senior management, established regular, transparent and sincere communications with their team members.

Pandemic related risks and impacts on the financial structure were effectively managed by a special committee composed of Financial Affairs managers. Kazancı Holding also continues to work on preparing its business plans and strategies according to different possible future scenarios.

**As a global power with production facilities on 4 continents, operations in 22 countries, more than 8,500 employees and exporting to 173 countries,** Kazanci Holding manages its huge organizational structure with sound strategies and prudent moves.







# **CENTER OF SUCCESS**

**CORPORATE GOVERNANCE**



**Forming the basis  
of our corporate  
culture, Kazancı  
Holding's values  
have been shaped  
in light of its more  
than 50 years of  
experience.**



## OUR VALUES

# DEDICATED TO ACHIEVING MORE EACH DAY

Since its founding in the 1950s, Kazancı Holding has strived to offer reliable and high quality products and services. The trust our stakeholders place in our brand has driven our aspiration to achieve better each day and to continuously expand the value we create.

Forming the basis of our corporate culture, our values have been shaped in light of our over a half-century of experience. We did not simply establish values and follow them. Instead, we embraced what nurtured us, what brought us together toward shared goals, what moved us forward to where we are today, and what will keep us together in the future. These experiences helped form Kazancı Holding's values.

Our corporate values incorporate all the elements of our vision and mission statements, which serve as a compass for the Company. Kazancı Holding's values also define our culture, our ways of doing business and our future objectives. As we unified employees from diverse cultures, countries and backgrounds under the umbrella of Kazancı Holding values, we have based our competencies on these values.

### **Our Core Values are at the Heart of Our Competencies**

#### ***We are committed to our company and core values.***

- We safeguard the interests of the Company in all business activities and processes.
- We strive to use our individual strengths in a way that facilitates the Company's success.
- We feel responsible for the results the Company can achieve.
- We are committed to the Company's goals and our fellow employees.

#### ***We pursue efficiency and other benefits in all our business activities.***

- We contribute to customers' achievements.
- We encourage our employees to make most of their potential.
- We continuously improve our products and business processes.
- We are well aware of our social responsibilities and contribute to Turkey's economy as an organization that respects people and the environment. We adopt an innovative and sustainable environmental approach in all our business activities.

#### ***We build our relationships on respect.***

- We value and trust each other.
- We promote open, honest and direct feedback and mutual communications.
- We respect diversity and value every individual regardless of their religion, language, race or gender.

#### ***Using time efficiently, we make decisions and take action swiftly.***

- We do not resist change; we embrace change and see it as beneficial to the Company.
- We are proactive when it comes to matters that pertain to our business. We assume responsibility, consider the risks, and demonstrate courage in taking the initiative for the business to run smoothly.
- We generate ideas and suggestions to identify, prevent, and resolve problems, or improve the situation at hand when necessary.
- We actively seek out opportunities and take action within our area of responsibility.

## STRATEGIC GOALS

# COMMITTED TO BALANCING RISK, RETURN AND GROWTH

Kazancı Holding's Board of Directors reviews the Holding's strategic goals every year, sets targets for the following year, and executes the necessary action planning to achieve these targets.

Kazancı Holding's Board of Directors reviews the Holding's strategic goals every year, sets targets for the following year, and executes the necessary action planning to achieve these targets.

The primary objective of Kazancı Holding is to ensure the long-term sustainability of the Group's operations by striking a balance between return, growth and risk. At its periodic meetings, the Board of Directors conducts a comparative analysis of the financial performance of the Group Companies and their budgets and examines whether these strategic targets are being met. The Board of Directors also aims to develop new business strategies, make investment decisions and revise previous decisions in line with the new opportunities and needs identified.

As a global energy group, Kazancı Holding's strategic domestic priority is to increase the quality of its goods and services through investments, whilst its international priority is to expand its presence in more countries.

The Board of Directors of Kazancı Holding is committed to performing its activities in a transparent, accountable, fair and responsible manner. The Board of Directors monitors compliance with applicable laws, rules and regulations, the Articles of Association, internal regulations and policies in all kinds of Holding transactions and procedures.





**Kazancı Holding's  
international priority  
is to expand its  
presence in more  
countries.**



## RISK MANAGEMENT, INTERNAL AUDIT AND CONTROL

To deliver the highest possible value to its stakeholders, Kazancı Holding places utmost importance on the early detection and effective management of corporate risks that may pose a threat to its existence. Corporate risk management is well integrated into the Company's strategies and corporate culture. Kazancı Holding aims to ensure that all employees focus on risk management, opportunities and obligations alongside their everyday work responsibilities. The workforce is expected to contribute to the Company's sustainable growth in this way.

The Board of Directors of Kazancı Holding is responsible for consolidated monitoring of all risks associated with Group Companies and making holding-wide decisions related to these risks.

Financial and strategic risks faced by Kazancı Holding are managed centrally, and the CFO Office assists the different levels of management in this regard. Operating in an investment-oriented sector, the Holding finances its investments via long-term syndication loans. Developments in the market, liquidity, exchange rate and interest rate risks are monitored regularly. When deemed necessary, the financial risks and opportunities faced are effectively managed through policy adjustments. Protective instruments are purchased within the framework of the policies set by the senior management; meanwhile, efforts

are expended to limit the extent of risk exposure to the Holding. The CFO Office engages in various activities such as determining and implementing measures related to potential risks, and managing and monitoring these in accordance with a risk management system, and reporting these efforts to the Board of Directors. Group Companies are required to adapt this model to their own organizations, monitor the risks of their enterprises, and take measures to counteract these risks.

Kazancı Holding's risk management and internal control system is regularly reviewed and audited to achieve the following objectives:

- Protection of company assets,
- Compliance with laws, rules, regulations and contracts,
  - Operational efficiency and productivity,
  - Accuracy and reliability of financial and operational information,
  - Elimination or control of activities and transactions that contain previously identified and reported risk elements within the framework of recommendations approved by the management.

The Company's operational results, the degree of attaining the objectives, and the evaluations and reporting regarding the risks that the Holding faces are evaluated at Board of Directors' meetings held periodically with the participation of the relevant managers.

Kazancı Holding's Internal Audit Department strives to assess and improve the effectiveness of its control and governance processes. Internal Audit reports its activities to the Board of Directors. With a risk-focused approach, audits are conducted regarding the reliability of the financial reporting system; the compliance of the Holding and Group Companies with legal and internal regulations; the effectiveness and efficiency of their activities; and the security and reliability of their IT systems. Both central internal audit activities and on-site internal audit activities were carried out in 2020.

The audits verified that the effectiveness of internal control and corporate governance processes was at an adequate level. Additionally, the audits recommended various actions to the management units about specific control shortcomings that were identified and monitored whether the actions were implemented on time.

# CODE OF ETHICS

## 1. MAIN ETHICAL PRINCIPALS

### 1.1. Respect for Human

Respecting human rights and freedoms is our primary principle.

### 1.2. Integrity, Honesty, Transparency

Whilst conducting our operations, any transactions within the impact area are overseen by the principles of integrity, honesty, and transparency.

### 1.3. Impartiality, Fairness

We approach all our stakeholders with fairness and impartiality without distinction.

When fulfilling our duties and responsibilities, we do not discriminate individuals based on language, race, color, gender, political views, beliefs, religion, caste, or similar differences.

When making decisions, we decide independently of persons and institutions outside of the corporation.

### 1.4. Confidentiality

We make sure that confidential information relating to our corporation and all stakeholders is kept private. We share confidential information within the scope of predetermined authorizations with relevant individuals.

### 1.5. Public Good and Respect for Environment

All our operations embrace the principles of looking out for the public good and respecting the environment as well as profitability.

### 1.6. Compliance with Global Principles

Kazancı Holding's mission and objectives are in accordance with the fundamental principles of the UN Global Principles Agreement, which we follow when conducting our operations.

## 2. OUR RESPONSIBILITIES

### 2.1. Legal Responsibilities

We conduct all our activities in Turkey and abroad within the scope of the Republic of

Turkey laws, international laws, and legal regulations of the countries with which we are doing business; we provide authorities with the information they request in an accurate, complete, and intelligible manner.

### 2.2. Responsibilities to Customers

We operate with the aim of providing the fastest service to our customers in line with their requirements and demands. We approach our customers with respect, politeness, fairness, and equality.

### 2.3. Responsibilities to Employees

We approach employees in a fair and honest manner, and pledge to provide a workplace that is non-discriminatory, safe, and healthy. We will not allow any of our employees to be subjected to mobbing, and we place importance on the business life-private life balance.

We make the necessary efforts for the personal development of our employees and support them should they wish to volunteer in suitable social and public activities and social responsibility projects.

### 2.4. Responsibilities Towards Shareholders

We place paramount importance on the sustainability of our Company and the goal of creating value for our shareholders. To this end, we refrain from taking unnecessary or unpredictable risks and aim for sustainable profitability. We act within the framework of financial discipline and accountability and manage our Company's resources and assets with efficiency and prudence. We inform our shareholders, the public, and relevant institutions regarding financial results, strategies, investments and risks in a timely, accurate, complete, and intelligible manner.

### 2.5. Responsibilities to Suppliers/ Business Partners

We behave in a fair and respectful manner to our suppliers/business partners, and take the necessary care to fulfill our obligations in a timely manner. We do not give out confidential information about individuals and institutions we do business with.

### 2.6. Responsibilities to Competitors

We compete actively only in legal and ethically sound markets, and we refrain from unfair competition.

We support competitors' efforts that will benefit the good of the public and wish to be included in any related structures.

### 2.7. Responsibilities to the Public and Humanity

It is important for us to protect human rights, the environment, and democracy and to eradicate corruption and crime. We act sensibly as leaders in social issues and become involved in efforts that will benefit the public. In Turkey and other countries in which we undertake international projects, we show sensitivity towards national and regional customs and the cultural fabric. We do not give out nor receive goods and services in exchange for bribes, ostentatiously costly gifts, etc.

## 3. CODE OF ETHICS TO BE FOLLOWED BY EMPLOYEES

It is the primary responsibility of all employees to ensure that our Company remains synonymous with professionalism, honesty, and trustworthiness, and that such values are promoted even further. In this context, standards of ethical conduct expected from employees have been outlined below:

- Always obeying the laws,
- Fulfilling one's duties in line with fundamental ethical and human values,
- Behaving with fairness, good intentions, and understanding in all relationships to create mutual benefit,
- Never obtaining ill-gotten gains or receiving or handing out bribes from any individual or institution regardless of the circumstance,



## CODE OF ETHICS

- When fulfilling duties, acting in a manner suited to the relevant work ethics principles and any other supporting practical principles,
- Unless explicitly instructed to do so, refraining from actions, statements or written communications which might render the Company responsible,
- Refraining from behaviors which might disturb and/or cause harm to other employees, not disrupting the work flow,
- Being attentive to all tangible and intangible assets of the Company, including information and information systems so as to protect them from possible loss, harm, misuse, abuse, theft, and sabotage,
- Refraining from exploiting working hours and company resources directly or indirectly for personal gain and/or political activities or gain.

### 3.1. Asset and Information Management

#### 3.1.1. Intellectual Property Rights

- Making sure the relevant legal procedures are initiated and completed in time to secure the intellectual ownership of newly developed products, processes, and software,
- Refraining from -knowingly- making unauthorized use of patents, copyrights, trade secrets, brands, computer software or other intellectual and industrial property rights belonging to other companies.

#### 3.1.2. Information Management

- Ensuring all legal records are kept in the proper manner,
- Not responding to requests of information from third parties regarded as classified by the Company unless given approval by the executive management,
- Taking the necessary care so that the Company's declarations and reports reflect the reality of the situation.

#### 3.1.3. Confidentiality

- Acting with the awareness that financial and commercial secrets, information which might weaken the Company's competitive edge, personnel rights and information, and agreements with business partners are confidential and making sure they are kept as secure and private,
- Not sharing any information derived or any documents possessed as part of one's job with unauthorized individuals or authorities within or outside the Company regardless of the purpose, refraining from using those for speculation directly or indirectly,
- Not using information unavailable to the public regarding the Company, its customers, and other individuals and companies with which the Company conducts business other than its intended purpose under any circumstances, refraining from sharing those with third parties unless the necessary permissions are obtained.

### 3.2. Refraining from Conflict of Interest

Conflict of interest refers to any kind of advantage created for oneself, one's relatives, friends, or any other person or establishment one might have a relationship with and the state of having a financial or personal interest, which will or might hinder employees from fulfilling their duties in an impartial manner.

#### 3.2.1. Not Performing Transactions for One's Own Benefit or the Benefit of Relatives

- If employees own shares in another company or partake in investments thereof, they are obligated to inform this when they are recruited. Employees must inform their immediate supervisor about any changes which might occur in their circumstances, or any other issues which might be regarded as conflict of interest, and the information must be shared with at least two supervisors with higher seniority.

- Not creating unfair advantage for oneself, one's relatives, or third parties by using one's title and authority,
- When making personal investments, taking care to not create conflict of interest with one's current employer,
- Ensuring that any personal investments or other pursuits outside of one's duties do not hinder the amount of time and attention allocated to one's present job duties, and refraining from such situations which might prevent focusing on major tasks,
- If an employee and a person with decision-making authority in the customer/supplier company involved in the same project are immediate family, the immediate supervisor must be informed and written permission must be obtained,
- Informing the immediate supervisor and obtaining written permission in the event of discovering that his/her relatives have shares or financial interests in another company with which the Company has business relations.

#### 3.2.2. Representation and Attending Events

Attendance at events organized by individuals or establishments with which the Company has or could potentially have a business relationship which are not open to the general public (except conferences, receptions, promotional events, seminars etc.), and which might influence or be regarded as being influential in the decision-making process, such as sports events, national/international trips, etc. are subject to the approval of the Group President or the Group Vice President.

#### 3.2.3. Receiving Gifts

When conducting relations with private or official individuals or establishments that wish to commence or continue a business relationship with the Company:

No gifts, cash, cheques, assets, free travels, special discounts, and similar which might place the Company or the

recipient under liability are to be accepted. Gifts which cost more than TRY 50 and which are regarded as not influential in the decision-making process can be accepted provided that an immediate supervisor is informed. The total cost of gifts which can be accepted in this manner cannot exceed TRY 500 under any circumstances.

#### 3.2.4. Insider Trading

Knowing that trying to obtain any type of commercial gain including the direct or indirect trading of shares in the stock exchange by using confidential information relating to our Company or by providing third parties with such information is illegal, and must never be attempted.

#### 3.2.5. Working and Taking On Duties Outside the Company

Employees cannot accept an official or private, temporary or permanent, paid or unpaid job or engage in trade without obtaining permission from the Company.

### 3.3. Employee Health and Occupational Safety

- Our Company's goal is to ensure occupational safety and employee health in all aspects at the workplace and during working hours.
- Employees comply with rules and instructions in this regard and take the necessary precautions.
- Employees are not to keep in the workplace any possession or material which can put the workplace and/or employees in danger or which is illegal.
- Apart from those in possession of a valid medical certificate, employees are not to keep any tranquillizing, addicting, physically or mentally limiting or disrupting substances at the workplace, and will not perform their job or remain in the workplace under the influence of such substances.

## 4. IMPLEMENTATION PRINCIPLES FOR RULES OF ETHICAL CONDUCT

### 4.1. Notification Obligation Concerning Violations

- Employees are expected to notify the relevant managers/departments when faced with any behavior which they regard as incompatible with the law or in-house regulations, without the fear of being subjected to a negative reaction.

- Employees must warn colleagues who behave in a manner incompatible with the law or in-house regulations.
- Employees are obligated to report any situation which they perceive or suspect to be incompatible with the law or unethical.
- Reports by employees about illegal or unethical activities are investigated by the authorized person(s) in the shortest time possible.
- When a company employee is found to have performed a transaction or behavior that is unethical, the repercussions will be determined by the Ethics Committee.
- Anyone who reports a behavior can rest assured that they will receive a response and will not face any repercussions due to their report.

### 4.2. Ethics Hotline

When a situation that contravenes the Code of Ethics is observed/ discovered at any unit of the Group/Company, the 0850 511 11 12 Ethics Hotline must be called.

- Calls to this line concern behaviors outlined above which can be considered unethical or arouse suspicion.
- The hotline is completely independent. Calls are shared only with the Audit Directorate and the Board of Directors.
- Any information given is completely confidential.
- When submitting a report, information must be clear and detailed, and must be solidified by specifying the person, time, and location concerned, as well as by providing documents.
- A report must not be regarded as revealing another's secrets, placing them in a difficult situation, or gossip.
- Calls are anonymous. Callers are not mandated to give out their name.
- The phone line is open 24/7.

### 4.3. Ethics Committee

The Audit Directorate begins the inquiry concerning the subject of the violation reported to the ethics line. When the inquiry is complete, the Ethics Committee is invited to a meeting to reach a decision.

The Committee makes the decision, implements it and records it in the decision logbook. Decisions are established by a majority vote.

The employee is notified of the decision within 6 working days of the committee's verdict, and if necessary, the required actions are taken. Until the Ethics Committee can clearly judge the situation and make a decision, the employer is deemed to be unaware of the situation, and the employee is deemed to be innocent of the matter of the inquiry.

The Ethics Committee is formed of the following personnel:

- Member of the Holding's Board of Directors,
- Relevant Group President,
- Relevant Department's Director for matters concerning joint units within the Holding,
- Audit Director,
- Human Resources Director,
- Legal Director.

The following penalties are given for the breach of the rules of ethical conduct:

- If it is a purposeful abuse of power, dismissal as per the relevant articles of the labor law, and if necessary, legal action. (Previous useful deeds performed by anyone who is found to purposefully create unfair advantage cannot provide grounds for a partial or complete pardon.)
- If there is no abuse of power or if it is a case of negligence due to carelessness or ignorance, a written or verbal warning depending on the severity of the impacts.

## 5. EFFECT

The Code of Ethics shall become effective as of 29.09.2017. In all other situations not outlined above, the Company's Disciplinary Code and the Company's Senior Management are consulted when making a decision.

## 6. INFORMING THE PUBLIC

Kazancı Holding is obligated to present its Code of Ethics to the public and all its employees. The same obligation holds if any changes are made to these principles.



**For the execution of  
Kazancı Holding's  
business processes,  
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## INFORMATION SECURITY POLICY

# EFFECTIVE USE OF INFORMATION RESOURCES

For the execution of Kazancı Holding's business processes, only Kazancı Holding information resources are used. The basis of the utilization of these resources is directly related to the research, development, service and managerial/administrative activities of Kazancı Holding. Utilization of Kazancı Holding resources cannot be contrary to what is legally required and Kazancı Holding's policies and procedures. For the utilization of Company assets, transactions are carried out by taking into consideration information classifications, which were determined as per legal requirements, confidentiality, integrity and accessibility concepts, and possible security risks specific to them.

Kazancı Holding's Information Security Policy is implemented under the topics below:

### Personal Use

Kazancı Holding personnel are obligated to obey relevant the Republic of Turkey laws, particularly Law no. 5651, international law, and general ethical codes when using and providing all information systems and communication means, including the internet and voice communication. Staff members refrain from performing actions that are not included in their job descriptions, such as providing unauthorized access to information and tools they possess and looking for weaknesses.

### Accountability

Access information and tools assigned to a user cannot be shared with anyone under any circumstances, including technical staff.

### Internet Use

Users shall not provide information about the Company's location and phone number, employee names, titles, email addresses and other personal information when posting on internet discussion groups, chat rooms, and other forums, unless necessary for their job requirements or legal obligations. Internet access is provided in accordance with the connection settings and access restrictions provided by Kazancı Holding. Internet users do not have access to illicit or unlawful sites.

### Use of Electronic Messaging Services

Electronic messaging rules are the same regardless of whether the exchange takes place in written or face to face. Electronic messaging is used when face to face communication is not possible. When sending messages to a group of recipients in the address list, one shall ensure that all recipients would like to receive the outgoing message.

### Office Equipment, Printed Documents, and Portable Data Storage Devices

When printing highly confidential documents, users shall print out with PIN code or ID card to avoid the document

being read or seized by unauthorized individuals. Regardless of whether they are confidential or not, and whether they are stuck in the machine, originals and copies of documents shall not be abandoned inside printers or photocopiers.

### Surveillance and Recording Activities, Privacy

Kazancı Holding reserves the right to examine any information kept on its systems and relayed through Kazancı Holding systems. Personal information of the users stored on Kazancı Holding systems or transmitted through Kazancı Holding systems are processed in accordance with the Law No. 6698 on the Protection of Personal Data.

### General Data Protection and Classification Responsibilities

Information exchange within Kazancı Holding can take place only amongst users who require access to the data because of their job requirements. Sharing of information with public institutions and members must be done by competent employees in accordance with the legal requirements.

### Violation Notification

When employees determine any actions that are not compatible with Kazancı Holding's policies and procedures, they shall notify them via the Information Security Page, Violation Notification Form immediately.









**KAZANCI HOLDING**

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