



# CONTENTS

|                                                     |           |                                                       |            |                                                       |            |
|-----------------------------------------------------|-----------|-------------------------------------------------------|------------|-------------------------------------------------------|------------|
| <b>ABOUT THE REPORT</b>                             | <b>6</b>  | <b>VALUE FOR PEOPLE, INVESTING TO THE FUTURE</b>      | <b>65</b>  | <b>OUR ENVIRONMENTAL APPROACH WITH ALL OUR ENERGY</b> | <b>133</b> |
| <b>MESSAGE FROM THE CHAIRMAN</b>                    | <b>8</b>  | OUR MATERIAL ISSUES WITH “ALL OUR ENERGY”             | 66         | CLIMATE CHANGE                                        | 136        |
| <b>MESSAGE FROM THE GENERAL MANAGER</b>             | <b>10</b> | OUR INTEGRATED THINKING APPROACH                      | 70         | ENERGY MANAGEMENT                                     | 140        |
| <b>ABOUT ÇALIK ENERJİ</b>                           | <b>12</b> | OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS | 76         | MANAGING THE ENVIRONMENTAL IMPACT OF PROJECTS         | 142        |
| OUR VISION, MISSION AND CORPORATE VALUES            | 13        | INTERACTION WITH STAKEHOLDERS                         | 77         | WATER AND WASTE MANAGEMENT                            | 146        |
| ÇALIK ENERJİ IN TÜRKİYE                             | 14        | <b>OUR APPROACH TO GOVERNANCE WITH ALL OUR ENERGY</b> | <b>79</b>  | <b>FINANCIAL INFORMATION</b>                          | <b>149</b> |
| ÇALIK ENERJİ IN THE WORLD                           | 15        | CORPORATE GOVERNANCE                                  | 80         | <b>APPENDICES</b>                                     | <b>253</b> |
| OUR MILESTONES                                      | 16        | BOARD OF DIRECTORS AND SENIOR MANAGEMENT              | 96         | CORPORATE MEMBERSHIP                                  | 254        |
| OUR AREAS OF OPERATION                              | 18        | COMMITTEES AND POLICIES                               | 101        | PERFORMANCE INDICATORS                                | 255        |
| KEY FINANCIAL AND OPERATIONAL INDICATORS            | 56        | ETHICAL BUSINESS CONDUCT                              | 104        | REPORTING GUIDE                                       | 263        |
| HIGHLIGHTED DEVELOPMENTS IN OUR FOCUS AREAS IN 2022 | 57        | COMPLIANCE WITH LAWS AND REGULATIONS                  | 109        | GRI CONTENT INDEX                                     | 268        |
| OUR ACHIEVEMENTS, AWARDS AND CERTIFICATES           | 58        | DIGITAL SECURITY AND INNOVATION                       | 110        | REPORT COMMUNICATION                                  | 276        |
| GENERAL OVERVIEW OF GLOBAL DEVELOPMENTS IN 2022     | 59        | ECONOMIC PERFORMANCE                                  | 112        |                                                       |            |
| OVERVIEW OF THE ENERGY SECTOR IN 2022               | 62        | <b>OUR SOCIAL APPROACH WITH ALL OUR ENERGY</b>        | <b>113</b> |                                                       |            |
|                                                     |           | OCCUPATIONAL HEALTH AND SAFETY                        | 115        |                                                       |            |
|                                                     |           | EMPLOYEE SATISFACTION AND LOYALTY                     | 118        |                                                       |            |
|                                                     |           | CUSTOMER FOCUS                                        | 127        |                                                       |            |
|                                                     |           | SOCIAL IMPACT                                         | 128        |                                                       |            |
|                                                     |           | SUPPLY CHAIN MANAGEMENT                               | 131        |                                                       |            |

A woman and two children, dressed in winter clothing, are standing in a snowy field under a blue sky with clouds. They are looking at a futuristic, glowing blue energy visualization that appears to be emanating from the ground. The visualization consists of many bright blue lines and points, resembling a complex network or a map of energy flow. The woman is in the foreground, wearing a green parka and a grey beanie. Two children are behind her, also in winter gear. The background shows a snowy landscape with some trees and a building in the distance.

Energy for people



Energy for life

A vibrant, stylized image featuring a man with a beard carrying a young girl on his shoulders. They are standing in a field of green grass and white flowers. In the background, a large white wind turbine with red-tipped blades stands prominently. The sky is a deep blue with wispy white clouds. The entire image is framed by a yellow geometric border. The text "Energy for happiness" is overlaid on a dark green rectangular background in the center-left.

Energy for happiness



Energy for the future

In our first integrated annual report, which we prepared under the banner of “With All Our Energy”, we have objectively included our value creation journey, strategy, performance and future expectations.

# our first integrated annual report

## ABOUT THE REPORT



**With a perspective that does not compromise on transparency, we aim to publish an integrated annual report every year and provide our stakeholders with objective information pertaining to our progress.**

We have been publishing sustainability reports every year since 2019. In line with our key principles of corporate governance, accountability, transparency, fairness and responsibility, we are delighted this year to transform our sustainability report into an integrated annual report which will also include our financial and non-financial performance. Accordingly, we will present our holistic perspective to our valued stakeholders.

We provide integrated services on three of the basic links of the energy value chain; EPC (Engineering, Procurement and Construction) Contracting Operations, Renewable Energy Investments, and Distribution and Retail. We also observe the balance and compliance of our activities. We reflect our company strategy, values and sustainability approach in our practices.

Prepared under the banner of “**With All Our Energy**”, our first integrated annual report objectively includes our business model in connection with our material economic, environmental, social and governance areas, our value creation journey aligned with the six capital elements, our strategy, our performance and our future expectations.

Our integrated annual report covers the period between **1 January and 31 December 2022**. We have prepared the IR in compliance with the 2021 version of the Global Reporting Initiative (GRI) and the International Integrated Reporting Framework (<IR> Framework), which is published by the International Integrated Reporting Council (IIRC), and in accordance with the requirements of the United Nations Global Compact (UNGC), which we have been a signatory to since 2019. Our integrated annual report also includes the contributions we provide to the United Nations Sustainable Development Goals (SDGs) through our activities.

Our integrated annual report covers data and examples of good practice in all of our EPC Contracting Operations and Renewable Energy Investments business lines, and our YEDAŞ subsidiary, which is in our Distribution business line, for the period between 1 January and 31 December 2022.

Throughout the report, phrases such as “Çalık Enerji”, “Our Company” and “The Company” represent Çalık Enerji Sanayi ve Ticaret A.Ş., unless stated otherwise.

With a perspective that does not compromise on transparency, we aim to publish an integrated annual report every year and provide our stakeholders with objective information pertaining to our progress.



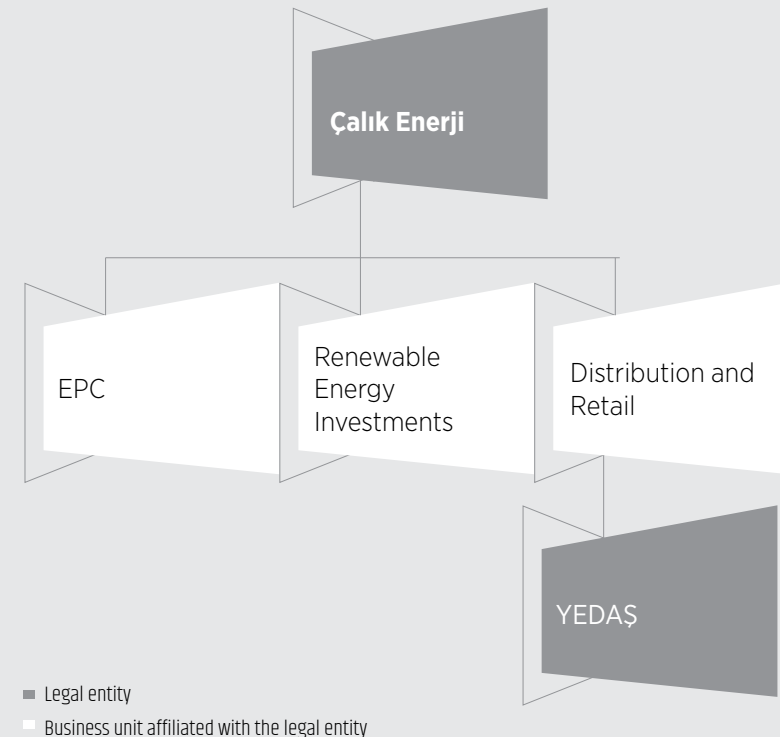
## Navigation Panel

| Capital Elements                                                                                       |                                                                                                                 | Stakeholders/Shareholders/Business Partners                                                    |                                                                                               | Areas of Operation                                                                                               |                                                                                                             |
|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
|  Financial Capital    |  Human Capital                 |  Shareholders |  Suppliers |  EPC                          |                                                                                                             |
|  Produced Capital     |  Social and Relational Capital |  Employees    |  Society   |  Renewable Energy Investments |  Link inside the report  |
|  Intellectual Capital |  Natural Capital               |  Customers    |  Investors |  Distribution                 |  Link outside the report |

## ABOUT THE REPORT

### Scope of the Report

We value the feedback we receive from our stakeholders in line with our goal of taking our sustainability performance one step further every day. In this regard, we welcome your feedback about the report from the e-mail address, [surdurulebilirlik@calikenerji.com](mailto:surdurulebilirlik@calikenerji.com).





We continued our work with the aim of contributing to the societies in which we live, with our understanding of “Value for People, Investing to the Future”.

## We continued to create value in 2022.

Çalık Enerji grew successfully in line with its targets through the new projects it undertook in 2022. It also demonstrated a performance which has strengthened its position in the market with the projects it is carrying out and has completed.

## MESSAGE FROM THE CHAIRMAN



In 2022, Çalık Enerji pressed ahead with its business development activities both in the countries where it is present and in new regions, complimenting the success the company has achieved in its activities.

Dear Stakeholders,

We still deeply feel the sorrow from the devastating earthquakes which struck the south of Türkiye in February 2023 with their epicenter near Kahramanmaraş. The disaster was a tragedy for our country and especially the 11 provinces which were affected. The Çalık Group contributes to economic development by providing a high level of employment in the region. We mobilized our entire resources in the very first day immediately after the earthquake. We established the Crisis Coordination Centre within the Holding. Through the Centre, working with Group Companies including Çalık Enerji and the Ahmet Çalık Foundation, we supported our citizens in the region with an aid package exceeding TL 200 million from the first day of the earthquake. We have sought to heal their wounds and we maintain our efforts in this direction. Going forward, we will focus on permanent solutions and continue to work to build a stronger future.

## MESSAGE FROM THE CHAIRMAN

### A year of critical transformations in the energy market

During the post-pandemic opening up process in 2022, we witnessed many global and local economic developments, with our country achieving an impressive 5.6% rate of growth in 2022, exceeding expectations. With this performance, Türkiye became the third fastest growing country in the G-20. In general, the high levels of inflation in the world economy and problems in the geopolitical sphere are expected to impact our country. However, the Turkish economy is expected to maintain its place among the rapidly growing countries in 2023.

One of the main goals of our country's energy strategy in 2022 was to diversify routes and resources in order to strengthen energy supply security. The other goal was to continue investing in renewable energy sources. In this context, there has been a massive ramping up of our country's solar energy and wind energy projects with a surge in their share of energy generation. At the same time, our country's efforts to generate energy from domestic resources have continued in order to strengthen Türkiye's energy independence. The discovery of new oil and natural gas reserves and the construction of storage facilities mark important milestones for the sector.

Around the world, the energy sector has been shaped by developments that have focused on climate change and sustainability. Many countries have stepped up their efforts to reduce carbon emissions and focused on energy conversion projects. Advances in renewable energy technologies have reduced the share of fossil fuels in global energy production. Energy efficiency and the use of clean energy has become a strategic priority around the world. Rising energy prices have become one of the most important drivers of global inflation. Energy prices, which surged in the spring months in response to global crises, raised concerns over access to energy. In particular, EU countries have once again brought the need for renewable energy sources to the top of the agenda in a bid to alleviate their energy security concerns and achieve their net zero emission targets.

At Çalık Enerji, we demonstrated a strong and healthy performance in 2022 by carrying out pioneering and exemplary work. In USD terms, Çalık Enerji's total assets amounted to USD 1.6 billion by the end of 2022, with its equity reaching USD 805 million, with turnover of USD 1.37 billion and consolidated profit of USD 351 million for the year.

In 2022, Çalık Enerji pressed ahead with its business development activities both in the countries where it is present and in new regions, complimenting the success the company has achieved in its activities in the EPC, renewable energy and distribution and retail business lines. We continued our work with the aim of contributing to the societies in which we live, with our understanding of "Value for People, Investing to the Future". In the coming period, we will continue to create value through our activities in line with our sustainability policy in order to provide environmental, social and financial contributions both in our country and the areas we operate in.

### We are working together with our stakeholders to build a more sustainable future

By signing the United Nations Global Compact in 2019, Çalık Enerji declared that sustainability, one of our core values, would be a determining factor in all decisions we take within the scope of our work. In this context, we believe that acting with our stakeholder's feedback on our sustainability activities will benefit both our Company and the society we live in.

We are delighted to be taking one step further each year on this path and sharing our environmental, social and managerial targets and risks with our valued stakeholders within the scope of the principle of transparency.

At Çalık Enerji, we attach the highest importance to carrying out successful projects in all of the regions where we operate, in compliance with the legislation, adopting an attitude that respects local cultures and values, and with the strength we derive from local resources. We prioritize customer satisfaction in our work and aim to carry out activities that will add value to human life.

In our first integrated report, on behalf of myself and our Board of Directors, I would like to take this opportunity to thank all of our local and foreign stakeholders, suppliers, investors and strategic business partners, and in particular our employees, who contributed to our performance with their dedication in our growth journey.

Respectfully,

**AHMET ÇALIK**  
**CHAIRMAN OF THE BOARD**

**adding value to  
human life**

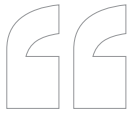
**We prioritize customer  
satisfaction in our work and aim  
to carry out activities that will  
add value to human life.**



**“Value for People, Investing to the Future”.**

At Çalık Enerji, we carry out our work aimed at building a more sustainable future with an integrated perspective, under the banner of “Value for People, Investing to the Future”.

## MESSAGE FROM THE GENERAL MANAGER



It was once again confirmed that our goal of boosting our investments in the renewable energy business line, in line with our Company’s strategy at Çalık Enerji, was the right decision.

Dear Stakeholders,

2022 was a year when the whole world fully emerged from the ravages of the pandemic and supply chains returned to their pre-pandemic functionality. However, despite these positive developments, economic balances struggled to stabilize. In particular, the outbreak of the war between Russia and Ukraine sparked an energy crisis, the fallout of which was not only felt in European countries but also all over the world. As a result of the strict energy policies implemented, especially in the EU, renewable and new energy resources have come to the forefront as material issues, once again confirming that our goal of boosting our investments in the renewable energy business line, in line with our Company’s strategy at Çalık Enerji, was the right decision.

## MESSAGE FROM THE GENERAL MANAGER

Looking at all of these changes and developments in 2022 from a broader perspective, it becomes clear that the concept of sustainability has ceased to be just a trend and has become a phenomenon which has a role in not only in the corporate arena but also in our personal lives.

We took the first step on our sustainability journey by signing the Global Compact in 2019. At Çalık Enerji, we sought to take the know-how and experience which we had gained in our sustainability journey one step further this year by publishing a report which meets international standards and fully reflects our integrated perspective.

We had referred to the years of 2020, 2021 and 2022 as the years of observation and planning. After taking a snapshot of our company's work in the field of sustainability, we set about planning the projects to carry out under the headings of social, environmental and financial sustainability as well as mapping out the improvements we could achieve in our operations. We built our sustainability strategy in line with these activities.

By 2023, we had transitioned into a new strategic period which we refer to as "Çalık Enerji Sustainability 2.0". We expanded the scope of our sustainability activities in order to ensure our integrated perspective was more tangible. To be sharing our first integrated annual report with you under the theme of "With All Our Energy" is indeed a source of tremendous excitement for us.

We have achieved many firsts during the preparation process of our integrated annual report. After a comprehensive benchmark study, we identified the projections of the sector's environmental, social and governance (ESG) priorities within Çalık Enerji. This report represents the culmination of exhaustive, comprehensive and meticulous work.

One of the firsts we achieved in the reporting process was to develop a system in which we can directly learn what our stakeholders expect from us by involving our stakeholders more closely in our Company's sustainability processes, and we re-created our materiality matrix by taking account of their valuable contributions. By seeing where our operational priorities intersect with or diverge from the expectations of our stakeholders, we have been able to focus on the projects and activities which we will carry out in the coming period with a different perspective.

Another reason this report is so special for us is that it is the first time we are sharing the goals which we have determined in line with the priorities we have set out with our stakeholders. While determining the goals, we adopted a Specific, Measurable, Achievable, Relevant, and Time-Bound approach, otherwise known as SMART, by taking the organization of our Company and the geographical area where we operate into account.

For the first time, this year we included our two construction sites abroad in our carbon footprint measurement, which we are expanding every year. We have set the year 2050 as the year in which we aim to be carbon neutral as a goal.

Sharing our Company's risks with the public is another issue we have focused on during the preparation of this report. As a result of the work we carried out with an integrated perspective, we are pleased to be including in this report the risks we have identified by taking into account all the geographical area where we operate.

Looking back at the year 2022 for Çalık Enerji, I see a year in which we developed, grew and succeeded. We successfully completed our first oil and gas project in the Iraq Baiji Refinery and our Fleet Maintenance and Service Providing Center Project in Turkmenistan, which includes many firsts. On the other hand, 2022 was also a year when we embarked on new projects. Starting our first renewable energy project in Turkmenistan and the Transmission Line Project, the first project in the tender we won in Angola, are just two such examples. We are delighted to continue increasing our rate of success in the distribution and retail sector.

At Çalık Enerji, we carry out our work aimed at building a more sustainable future with an integrated perspective, under the banner of "Value for People, Investing to the Future". In the coming period, our work will embody our belief in a sustainable future. In this context, we will continue to take decisive steps in our sustainability journey to raise the environmental, social and economic value we create. I would like to express my sincere gratitude to our Sustainability Ambassadors, who have contributed to the preparation of the report with such devotion, and to all our stakeholders who have placed their trust in us supported us throughout our reporting process.

Respectfully,

**Onur YÜCEKAL**  
General Manager

### Sustainability 2.0

By 2023, we had transitioned into a new strategic period which we refer to as "Çalık Enerji Sustainability 2.0".

# About Çalık Enerji

|                                                     |    |
|-----------------------------------------------------|----|
| OUR VISION, MISSION AND CORPORATE VALUES            | 13 |
| ÇALIK ENERJİ IN TÜRKİYE                             | 14 |
| ÇALIK ENERJİ IN THE WORLD                           | 15 |
| OUR MILESTONES                                      | 16 |
| OUR AREAS OF OPERATION                              | 18 |
| KEY FINANCIAL AND OPERATIONAL INDICATORS            | 56 |
| HIGHLIGHTED DEVELOPMENTS IN OUR FOCUS AREAS IN 2022 | 57 |
| OUR ACHIEVEMENTS, AWARDS AND CERTIFICATES           | 58 |
| GENERAL OVERVIEW OF GLOBAL DEVELOPMENTS IN 2022     | 59 |
| OVERVIEW OF THE ENERGY SECTOR IN 2022               | 62 |



## OUR VISION, MISSION AND CORPORATE VALUES

We have carried out our operations as a Çalık Holding group company with all our energy for future generations in our country and in different regions since 1998. From the date of our foundation, we have been working to build a sustainable future through our projects that respect nature by focusing on innovation and digitalization and with the vision of being the most commercially successful and preferred energy company in the target countries. In this context, we aim to build a sustainable future for all our stakeholders in line with our values by adopting the main principles of corporate governance, which are accountability, transparency, fairness and responsibility.



### ÇALIK ENERJİ IN NUMBERS

**2,365**  
employees

operating in  
**12**  
different  
countries

**4,365**  
operating profit  
(TL million)

**22,755**  
net sales  
(TL million)

**95**  
budget allocated  
to R&D and  
innovation (TL  
million) more  
than

**2.3**  
million customers

## OUR CORPORATE VALUES

### Sustainability

We attach importance to uninterrupted and long-term success and act responsibly for our environment.

### Fairness

We are a family that acts with the principles being ethical and fair in our work.

### People-Oriented

We devote all of our energy to improving human life. We always place the highest materiality on the happiness and development of our employees, our customers and all those we touch with the value we create.

### Reputation

We hold our reputation above everything else.

### Work from the Heart

Regardless of the circumstances, we work wholeheartedly for our organization, for our goals and for our projects that we believe will add value to human life.

### Innovation

We constantly improve our solutions and business models and find what will differentiate us from the rest.

### Agility

We have the flexibility and ability to be agile as conditions require.

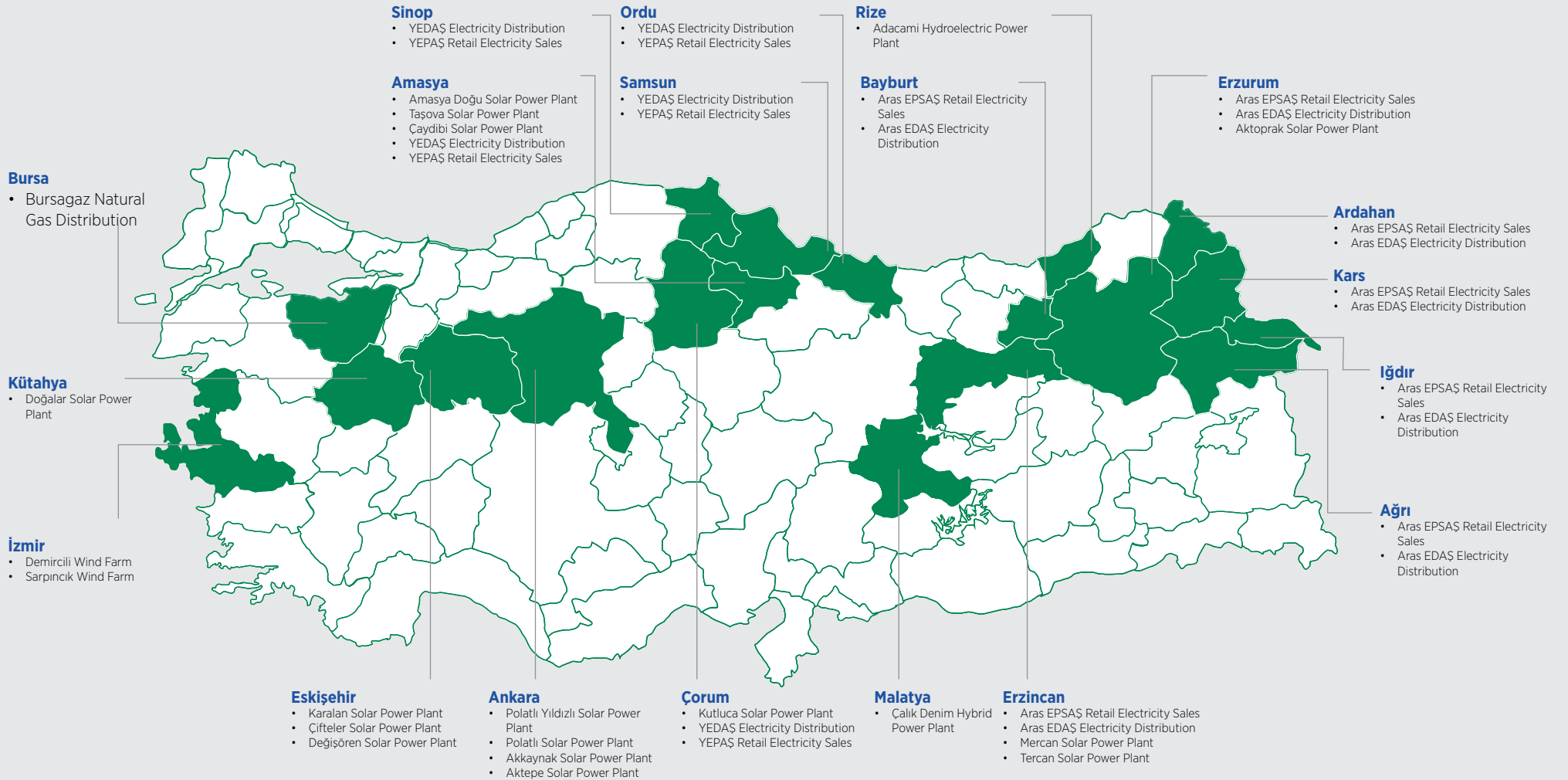
### Mutual Trust and Solidarity

We maintain mutual trust and solidarity in our work, teamwork, and interdepartmental work.

## ÇALIK ENERJİ IN TÜRKİYE



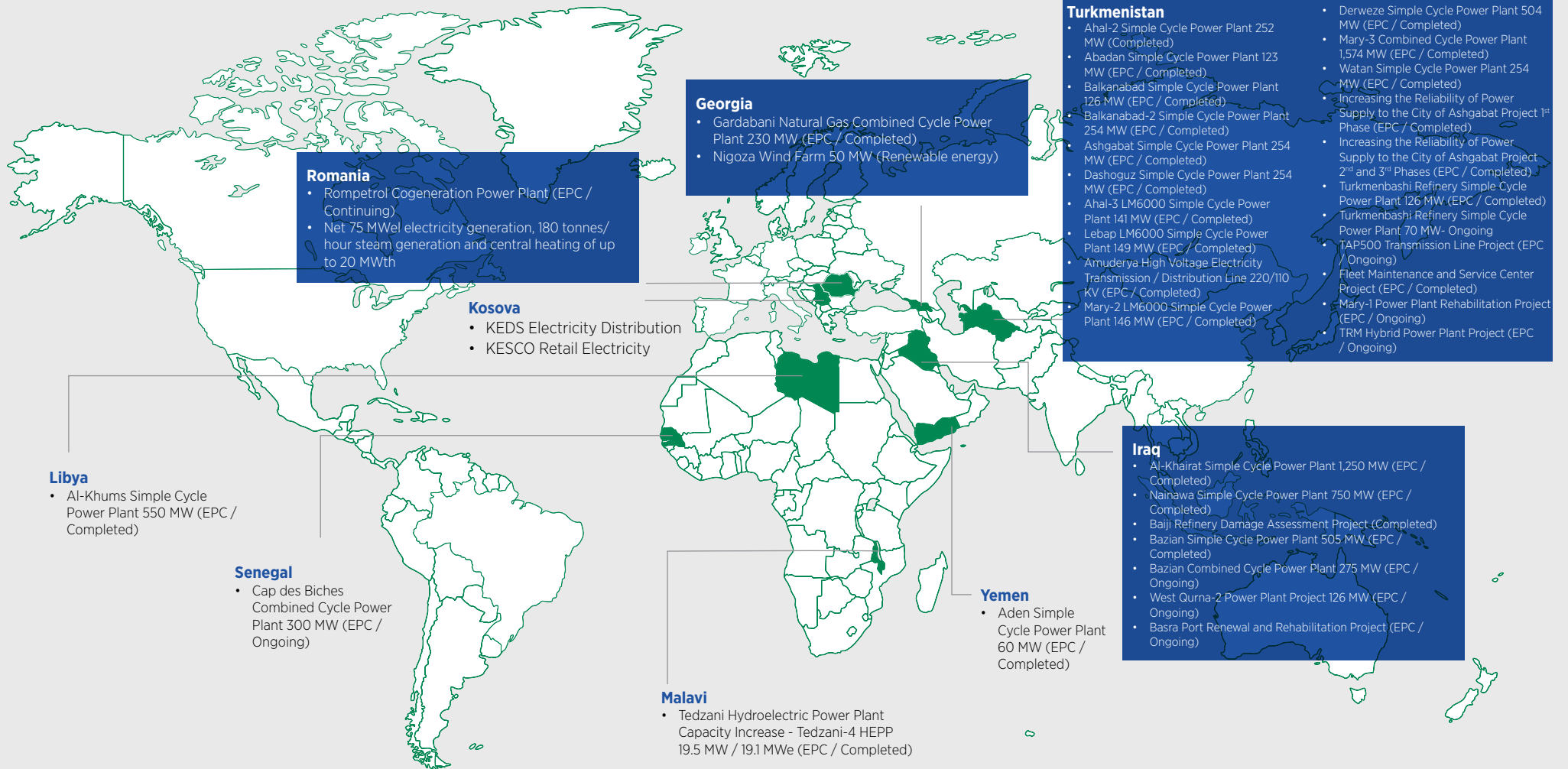
Continuing its activities in all areas of the energy sector with its expert and experienced staff and with creative and innovative solutions using new technologies, Çalık Enerji's services cover a wide area in our country.



## ÇALIK ENERJİ IN THE WORLD



We contribute to sustainable growth and social development with our experience in the sectoral over a wide region covering the Middle East, Central Asia, Africa and the Balkans.



**1998**

## Establishment

Çalık Enerji established

**2003**

First power plant project completed in Turkmenistan.

**2004**

Acquisition of Bursagaz (a natural gas distribution company) by Çalık Enerji through a privatization tender.

**2007**

Acquisition of Çalık Enerji Kayserigaz, a natural gas distribution company operating in Kayseri.

**2010**

Acquisition of Yeşilirmak Elektrik Dağıtım A.Ş.  
First Combined Cycle Power Plant Project

## OUR MILESTONES

**2011**

Contract signed for the construction of power plants with a total capacity of 2,000 MW in the Mosul and Karbala regions of Iraq

**2012**

Kosovo Electricity distribution acquired by Çalık Holding and Limak Holding partnership.

Included in the ranking of the 250 global companies in the list of "ENR Engineering News Record," which ranks the world's largest international companies.

**2013**

Construction and entry into operation of the 1,250 MW Al-Khairat Simple Cycle Power Plant, the largest power plant in Iraq in the Al-Khairat region.

The Rize Adacami Hydroelectric Power Plant, the Company's first investment project in Türkiye, entered operation.

Acquisition of Aras Elektrik Dağıtım A.Ş., which distributes electricity to seven provinces in Eastern Anatolia, by Çalık Holding in partnership with Kiler Holding.

**2014**

1,250 MW Al-Khairat Simple Cycle Power Plant Project, completed in Iraq, selected as the "Best Industrial Project of the World" by ENR. Entry into operation of the 750 MW Nainawa Power Plant, the second largest power plant in Iraq, in the city of Mosul.

**2015**

Partnership agreement signed with Mitsubishi Corporation

Completion of Gardabani Natural Gas Combined Cycle Power Plant in Georgia. Operation of the facility also carried out by the Company, thereby marking the Company's move into the area of combined cycle power plant operation.

## OUR MILESTONES

### 2016

Izmir Demircili and Izmir Sarpıncık wind farms, the Company's first wind power investment with an installed capacity of 72 MW, become operational.

Completion and entry into operation of the "AST Project - Increasing the Reliability of Power Supply to the City of Ashgabat" in the largest electricity infrastructure replacement project in Turkmenistan.

Çalık Enerji constructs its first solar power plant project in Polatlı, Ankara.

### 2017

We aim to create sustainable value for all of our stakeholders while achieving our strategic goals with our integrated thinking approach.

We carry out all of our activities in compliance with the principles of corporate governance. We are aware that an effective governance structure is vital to sustainability, and we continue our work with this awareness.

The involvement of our Board of Directors, which is the highest decision-making authority, in the implementation of our strategic goals and the management of our sustainability strategy in a transparent, fair and accountable manner are at the heart of our corporate governance approach.

### 2018

Mary-3 Combined Cycle Power Plant with a capacity of 1,574 MW brought into operation in the Mary region of Turkmenistan as the largest combined cycle power plant to be established in Central Asia since the independence of the Central Asian republics.

Contract signed for the TAP500, 500 kV transmission line project, which will be the first international transmission line project undertaken by Çalık Enerji which will pave the way for the sale of Turkmenistan's electricity to Afghanistan and Pakistan

Çalık Enerji enters agreement for the Project of Renewal and Rehabilitation of the Basra Seaport, Iraq's most important gateway to the sea.

### 2019

Turkmenistan Fleet Maintenance and Service Center Projects initiated in the largest maintenance project to be undertaken by Çalık Enerji

Çalık Enerji becomes a signatory of the United Nations Global Compact (UNGC)

### 2020

Çalık Enerji wins tender for the "Romp petrol Cogeneration Power Plant Project" (Romania), the first EPC project to be undertaken by Çalık Enerji in Europe

Çalık Enerji's "Cap des Biches 300 MW Combined Cycle Power Plant Project" was the first EPC project in Senegal and the second in Sub Saharan Africa  
Çalık Enerji publishes its first Sustainability Report.

Agreement signed for the construction of two new high-tech gas turbines at the Oil Refinery Complex in Turkmenbashi and the reconstruction of the power plant

Çalık Enerji starts carbon footprint calculation process

### 2021

Çalık Enerji wins the Iraq Bazian Combined Cycle Transformation project tender as the first "Add-on" project undertaken by the company.

Realization of the "Energetic Schools Social Responsibility Project", the company's largest social responsibility and sustainability organization project.

## OUR AREAS OF OPERATION



Çalık Enerji operates with more than 2,360 employees as of the end of 2022 in EPC (Engineering, Procurement and Construction) Contracting Operations, Renewable Energy Investments and the Distribution and Retail business lines.

In line with Çalık Holding's main goals under the banner of **“Valuing People, Investing in the Future”**, we act with the principle of treating all cultures, beliefs, ethnicities and genders equally by prioritizing diversity, sustainability and robustness in all of the regions we operate with our integrated thinking approach.

Çalık Enerji operates with more than 2,360 employees as of the end of 2022 in EPC (Engineering, Procurement and Construction) Contracting Operations, Renewable Energy Investments and the Distribution and Retail business lines. We contribute to sustainable growth and social development with our experience in the sectoral over a wide region covering the Middle East, Central Asia, Africa and the Balkans.

### Our Areas of Operation

#### EPC (Engineering-Procurement-Construction) Contracting Operations

In line with our vision of being the most commercially successful and preferred energy company, we combine our extensive experience with our integrated thinking approach. With our business models centered on technology and innovation and our expert staff with high industry experience, we have the capacity to provide all kinds of engineering procurement-construction services in the best possible way, which is proven by the projects we have undertaken and successfully completed. We provide engineering, procurement, construction, operation and commissioning, guaranteed period services and spare parts support.

### turnkey delivery

We carry out turnkey contracting operations in various regions.

### increased investments

We are stepping up our investments in renewable energy in target markets.

### achievement goal

We aim for success in quality, leadership and sustainability in our distribution and retail activities.

### equal approach

We apply an equal approach to all cultures, beliefs, ethnicities and genders.

## OUR AREAS OF OPERATION

In this context, we carry out the following projects.

- natural gas combined and simple cycle power plants,
- oil and gas facilities
- renewable energy power plants,
- thermal power plants,
- switchyards and transformer centers,
- high voltage power transmission lines

We are a company that adopts innovation and digitalization. Accordingly, we build an appropriate communication infrastructure between project areas and management centers with innovative solutions that also use Artificial Intelligence. The Investment Resource Management Program, SAP, the Supplier Life Cycle (SLC) Module, Supplier Relationship Portal (SRM) and other special software provide sufficient opportunities to monitor technical progress and planning, in addition to monitoring financial performance in the realization of projects.

We carry out our EPC projects in a wide geographical area which extends to Turkmenistan, Senegal, Romania, Georgia, Iraq, Libya, Yemen and Malawi. Our

special collaborations with well-known companies such as General Electric (GE), Mitsubishi and Honeywell contribute greatly to the development of our EPC capacity. We have achieved tremendous success with our engineering, construction, supply and logistics capabilities in the EPC projects we have undertaken in Turkmenistan since the early 2000s. In the light of these achievements, we have brought many projects into service, including power plants, transmission lines, electricity distribution services and energy infrastructure projects in different countries around the world.

As of 2022, we successfully completed a wide array of electricity generation power plants in different countries, including Turkmenistan, Iraq, Georgia, Libya, Yemen and Malawi. One of these projects, the Mary-3 Combined Cycle Power Plant, was the largest combined-cycle power plant to be built at one time using modern technology in Central Asia, as of the date of its completion. At Çalık Enerji, we have achieved great success in the field of energy infrastructure projects by completing the “Ashgabat City, Project of Increasing Energy Supply Reliability (AST)”. This project, in Ashgabat, the capital of Turkmenistan, was the first time the electrical infrastructure of a whole city was completely renewed using state-of-the-art technology in the world. Within the scope of the project, load distribution centers, high voltage transmission lines and switchgear centers were built. Engineering News Record (ENR) Magazine is one of the world's most respected publications in the field of contracting and engineering. Moreover, the 1,250 MW capacity “Al-Khairat Simple Cycle Power Plant”, which we built in Iraq, was selected as the “World's Best Industrial Project” by the Engineering News Record (ENR) Magazine in 2014.

We positively contribute to the local community by meeting the energy needs in relevant countries with our EPC projects. We are also delighted to have successfully completed our projects in compliance with national and international standards. We aim to undertake new EPC projects in target markets and enter new business areas in the coming years.



### new business areas

**We aim to undertake new EPC projects in target markets and enter new business areas in the coming years.**



## innovation and digitalization

## OUR AREAS OF OPERATION

### Our Developments in the EPC Field of Activity in 2022

#### Conducting Refinery Damage Assessment in Iraq

On 2 August 2022, Çalık Enerji signed the project contract with the North Refineries Company under the Iraqi Ministry of Oil regarding the damage assessment of the Baiji Refinery with a capacity of 150,000 barrels/day. The Company executed a range of activities within the scope of the project for a period of three months by taking account of the documents, reports and a bill of quantities prepared by the Employer North Refineries Company (NRC) including the preliminary construction and engineering work in order to determine the scope of the repair of the refinery and the scope of new sections to be built, field survey and damage assessment and the evaluation of the refinery, developing the concept design application plan which will guide the next phase to be executed to bring the refinery back into operation, and finalizing the project requirements and implementation strategy. Our project was successfully completed in November 2022.

#### Turnkey Combined Cycle Power Plant in Senegal

Çalık Enerji won the turnkey tender for the 300 MW “Cap des Biches Combined Cycle Power Plant” in Senegal in the latest addition to the projects which we will carry out in Sub-Saharan Africa. Once completed, the project is expected to provide 25% of the country's electricity. Work on the project started with the groundbreaking ceremony held in Dakar on 1 April 2021, with the participation of the Minister of Energy, Sophie Gladima. The project, which is currently continuing with more than 400 field personnel, is planned to be delivered in 2025.

#### Turnkey Cogeneration Power Plant in Romania

In 2020, Çalık Enerji won the EPC construction work tender for the “Rompotrol Cogeneration Power Plant”. The tender was held by Rompetrol Energy S.A., which is owned by the Romania-based KazMunay Gas International. KazMunay Gas International is the state oil and gas company of the Republic of Kazakhstan. The project is to be built with a net electricity generation capacity of 75 MWel, a steam production capacity of 180 tonnes per hour and a central heating capacity of up to 20 MWth. The project's groundbreaking ceremony took place in 2021, which is an important milestone for Çalık Enerji as the first EPC project that the Company have undertaken in Europe. The project is planned to be delivered to the customer in 2024.

#### Power Plant in West Qurna-2 Oil Field, Iraq

Çalık Enerji will carry out the engineering, procurement, construction, installation, testing and commissioning of the power plant project and all associated auxiliary equipment and structures within the scope of West Qurna 2, which is one of the largest oil fields in Iraq and developed and operated by LUKOIL. Construction work got underway in February 2021 after the signing of the contract with LUKOIL on 21 December 2020. We had completed 500,000 person hours of work on the project with zero work accidents as of the end of 2022. We plan to complete the project in 2024.

### Our first EPC project in Europe

The “Rompotrol Cogeneration Power Plant” is an important milestone for Çalık Enerji as the first EPC project that the Company have undertaken in Europe.

## OUR AREAS OF OPERATION

### Turkmenistan Fleet Maintenance and Service Providing Center Project

With the aim of enabling the gas turbine fleet to carry out stable and reliable production, Çalık Enerji is implementing the Turbine Fleet Maintenance Project, which includes many firsts. In cooperation with Turkmenenergo. The turbines are owned by the Ministry of Energy of Turkmenistan. We started work on the project, the contract process of which was completed in 2019 and was completed financially in 2020. This project is also important as being the largest maintenance project we have carried out and is also the first project we have carried out in Turkmenistan with exim-supported international financing. We finance the project with export credits obtained from the European banks such as Credit Suisse and Commerzbank supported by exim (Swiss "SERV"). Within the scope of the project, we started maintenance activities on the Turkmenenergo turbine fleet and construction work for the "Service Providing Center" in Ashgabat. The opening of the project took place in Ashgabat in June 2022.

### Northern Iraq Region Bazian Simple Cycle Power Plant Project and Bazian Combined Cycle Power Plant (Add-On) Project

Çalık Enerji won the tender for two different projects, one being the 505 MW simple cycle and the other being the 275 MW conversion from the existing simple cycle to combined cycle (add-on) project. The projects are planned to be built near the city of Sulaymaniyah in Northern Iraq and financed by Onex. We later signed the contracts in September 2021. We have accordingly continued to increase our power and influence in the region by starting the first simple to combined cycle conversion (add-on) project. The simple cycle project has a planned delivery time of 12 months, while the combined cycle project has a planned delivery time of 25 months.

### Turkmenistan-Afghanistan-Pakistan Transmission Line Project (TAP500)

The High Voltage Electricity Transmission Line Project is considered to be the most important high voltage transmission line project in Asia. It will proceed in parallel with the (TAPI) Natural Gas Pipeline Project extending from Turkmenistan to India. The preliminary contract for this project was signed with the participation of relevant country representatives. The project is one of the most important investment projects undertaken by a Turkish company in Asia. The project will serve Turkmenistan and start exporting electricity to Southeast Asian countries.

### Angola 220 kV Transmission Line Project

Within the scope of the strategy to improve the supply of energy to the Angolan population, we signed a turnkey contract for the Supply, Construction and Installation Project for the 220 kV Transmission Line and Substations with the National Electricity Transmission Network (RNT - Rede Nacional de Transporte de Electricidade) on 4 October 2022. Through this project, we aim to provide a safe and continuous supply of electricity to the Lunda Norte, Lunda Sul and Moxico regions. The project aims to improve access to electricity in the regions, not only for residential users but also in the fields of agriculture and industry, and to create a direct positive impact on the economic development and welfare of those living in the region. In line with our goal of maintaining our active role in the energy and energy-related infrastructure sectors in fast-growing markets such as Africa and the Middle East, we are proud to be expanding our areas of interest this year. To this end, we have branched out into the oil and gas, water treatment and hybrid energy sectors.

### Basra Port Project

Çalık Enerji signed an agreement to execute the Project of Renovation and Rehabilitation of the Port in Basra, Iraq's most important sea port. We are implementing the project in cooperation with the Mitsubishi Corporation. The scope of the project includes the expansion of the oil products dock at the Khor Al-Zubair Port, which will be located next to the existing industrial port facilities around Basra. The project scope also includes the construction of a new dock for ships and service vessels operating at the Port of Umm Qasr. We anticipate that the project, which is financed by the JICA, will be completed in 2024.

**our first exim-supported project in Turkmenistan**

Turkmenistan Fleet Maintenance and Service Providing Center Project is the first project we have carried out in Turkmenistan with Exim-supported international financing.

## OUR AREAS OF OPERATION

### Renewable Energy Investments

Since the day we were founded under the banner of “**Value for People, Investing to the Future**”, we have been nourished by the experience we have gained through the services we provide in a wide range of fields such as engineering, procurement, construction and installation, project management, operation and maintenance. We have pursued a strategy based on environmentally friendly growth using renewable resources and implementing efficient projects so future generations can live in a cleaner world. We are stepping up our investments in renewable energy in target markets. We contribute to meeting our country's clean energy needs in light of the comprehensive, solid know-how and experience we have built up as a global energy sector player. Our Renewable Energy portfolio includes solar power plants, wind farms and hydroelectric power plants.

Our portfolio Adacami was enriched by the 30 MWm hydro-electric power plant which we commissioned in Rize/ Güneysu in 2013, the Demircili wind farm (40 MWm), which we commissioned in İzmir-Urla in 2016, the Sarpıncık wind farm (32.5 MWm), operating in İzmir Karaburun, the Çorum solar power plant (10.32 MWp), which we commissioned in 2016 and 2017, the Amasya solar power plant (11.29 MWp), the Erzincan solar power plant (5.18 MWp), the Erzurum solar power plant (5.09 MWp), the Polatlı solar power plant (1.07 MWp), the Amasya Çaydibi and Doğu solar power plant (5.94 MW) which we commissioned in 2019 and the solar power plant (0.957 MW) installed on the Çalık Denim factory roof which we commissioned in 2020. In 2021, we commissioned the pilot hybrid power plant facility, consisting of a 167 kWh Storage Facility, a 64 kW Diesel Generator and a 64 kW Test Load, which is integrated into the Çalık Denim factory Roof solar power plant.



The 500 GWh of electricity generated by our solar plants have prevented the emission of 332,200 tonnes of CO<sub>2</sub> to date. We carry out some of the operational and maintenance work at our wind farms with our own teams. We invest in the wind farms and for which we provide operational and maintenance services. We also carry out all of our operational and maintenance work with our own teams at our hydroelectric and solar power plants.

The Adacami hydroelectric power plant was the first energy production plant for which we completed the feasibility, design development and construction phases and which we brought into operation. Along with the electricity generated by this hydro-electric power plant, a total of 373 million kWh in electricity was generated from the Demircili wind farm, the Sarpıncık wind farm and the solar power plants located in five different provinces in 2022. Building on this experience in renewable energy production facilities, we have started to provide EPC services to some of the world's largest energy investors, while also implementing our own investment projects.

In addition, in 2021, we started working on production plants for our own electricity needs. By determining strategies regarding the business model, we created package systems for hybrid power stations (Solar + Diesel + Storage). In addition to the developed modular package systems, we also offer special solutions and operational maintenance service packages tailored to customer needs. We offer services specific to the EPC/EPC-F/BOO/IPP business models along with appropriate financial solutions to customers in potential markets, especially in Africa. As a continuation of these solutions, we started working on the development and installation of off-grid solar power projects for companies to meet their own consumption.

In line with our sustainability goals, we plan to expand our portfolio to 1,000 MW by 2025 through our investments in new renewable energy plants. In addition to the renewable energy investments, we undertake in Türkiye in line with our goal, we also seize the opportunities in the global market in the developing and growing field of new energy resources.

With our vision of being innovative, we closely follow developments in innovation and digitalization in the field of energy investments and closely monitor new technologies and implement them in our power plants. In this context, we add value to our investments by monitoring all power plants through a digital system with the integrated energy monitoring platform which we have developed for our investment portfolio.

### our renewable energy portfolio

**Our Renewable Energy portfolio includes solar power plants, wind farms and hydroelectric power plants.**

## OUR AREAS OF OPERATION

### Developments in Our Investments in Renewable Energy in 2022

#### Work on the Wind Farm in Georgia

We completed the Environmental Impact Assessment (EIA), design development and preliminary engineering activities for the 50 MW Nigoza Wind Farm in Georgia, following the approval of the Georgian Parliament. We obtained the necessary approval for the project's EIA report from the Ministry of Environmental Protection and Agriculture. Comprehensive negotiations regarding the construction contract to be signed with the Ministry of the Economy and Sustainable Development on behalf of the State of Georgia were completed in 2022. Following the signing of the contract in the first half of 2023, we aim to obtain the construction permit by the end of 2023, start construction work in 2024 and bring the power plant into commercial operation in the following year.

#### Work to Convert Our Wind Farms to Hybrid operation in Izmir

Within the scope of the Hybrid Regulation, we started work on a hybrid solar power project in the Sarpıncık and Demircili wind farm projects. We completed our official applications for 2.5 MW of combined auxiliary resources to the Demircili wind farm and 25.1 MW for the Sarpıncık wind farm. We aim to complete the permit processes by the end of 2023.

#### Installation of Solar Power Plants in School Gardens within the Scope of Social Responsibility

Within the scope of our Energetic Schools social responsibility project, we are proud to have completed the installation of a 12.75 kWp Solar Power Plant at the Şehit Gökhan Ertan Vocational School in Malatya.

#### Turkmenistan's First Renewable Energy Power Plant

Çalık Enerji started the project construction processes of Turkmenistan's first renewable energy project in 2022. The project is financed by the Abu Dhabi Development Fund. The project envisages the establishment of a 3 MW wind farm, a 7 MW solar power plant, a 2 MW Diesel Generator, Power Plant Buildings and a 110 kV Open Switchyard on a turnkey basis. Under the plans, Çalık Enerji will procure the 160 km of energy transmission line materials. Once the project is completed, Çalık Enerji will provide electricity to the region's ecological village with the facility's ability to operate as on-grid (connected to the electrical grid) and off-grid (not connected to the electrical grid). In addition, the company aims to transmit the surplus electricity to the central grid through energy transmission lines. We aim to commission the project by the first quarter of 2024.

#### Carbon Certification Processes for Solar Power Plant Projects

Çalık Enerji initiated the GCC (Global Carbon Council) Carbon Certification processes of the Solar Power Plant portfolio in 2022. We aim to complete the certification of our solar power plants by 2024.

#### Turkmenistan's first renewable energy project

Çalık Enerji started the project construction processes of Turkmenistan's first renewable energy project in 2022.

## OUR AREAS OF OPERATION

### Electricity Distribution and Retail Operations

We carry out our electricity distribution and retail activities with our subsidiaries, Yeşilırmak Electricity Distribution (YEDAŞ), Yeşilırmak Electricity Retail Sales (YEPAS), Aras Electricity Distribution (Aras EDAŞ), Aras EPAŞ, Kosovo Electricity Distribution (KEDS) and Kosovo Electricity Supply (KESCO). We carry out our natural gas distribution activities through the Bursagaz and Kayserigaz companies. As of 2022, we were serving 7.2 million users in 19 different locations with a capacity of 15 million MWh.

We aim for success in terms of quality, leadership and sustainability in all of our work processes, in line with our vision of corporate and operational excellence in our distribution and retail activities.



a capacity of 15 million MWh

As of 2022, we were serving 7.2 million users in 19 different locations with a capacity of 15 million MWh.



operational excellence

## OUR AREAS OF OPERATION

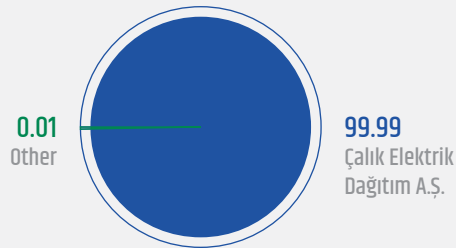


### Yeşilirmak Elektrik Dağıtım A.Ş. (YEDAŞ)

YEDAŞ, one of our substantial electricity distribution companies in the field of energy, **distributed approximately 5.6 billion kWh of electricity** to more than 3 million residents of Samsun, Amasya, Çorum, Ordu and Sinop, meeting the region's needs for electricity consistently, without interruption and to a high level of quality within the framework of the principle of delivering “**superior customer/stakeholder satisfaction**”. Using all its facilities, effort and energy and with the goal of being the best in its sector, the Company is taking firm steps towards its target of becoming the leading brand in Europe's electricity distribution industry. YEDAŞ strengthened its distribution grid and technological infrastructure with the TL 2.45 billion investment which it undertook between 2011 and 2022, and the company was continuing to provide services over a region of 39,367 km<sup>2</sup> as of the end of 2022.

As one of the few companies with its own dedicated software team, YEDAŞ continues to invest in digitalization in line with its strategic priorities and objectives. Having integrated Türkiye's first distribution grid-scale Energy Storage System, the company aims to provide a high quality, uninterrupted supply of electricity by establishing remote monitoring and control systems including SCADA, OSOS, LVMS and the Mobile Workforce Management System.

### Shareholding Structure (%)



| Financial Summary (TL million) | 2020  | 2021  | 2022  |
|--------------------------------|-------|-------|-------|
| Total Assets                   | 2,426 | 3,331 | 7,810 |
| Net Sales                      | 1,542 | 2,134 | 5,770 |
| Total Equities                 | 1,209 | 1,892 | 4,836 |
| Total Investments              | 359   | 522   | 1,071 |
| EBITDA                         | 820   | 731   | 2,833 |
| EBITDA Margin (%)              | 53    | 34    | 49    |

| Province                 | Area (km <sup>2</sup> ) |
|--------------------------|-------------------------|
| Samsun                   | 1,055                   |
| Amasya                   | 1,730                   |
| Çorum                    | 12,820                  |
| Ordu                     | 303                     |
| Sinop                    | 5,862                   |
| Total                    | 21,770                  |
| <b>Türkiye Ratio (%)</b> | <b>2.77</b>             |



**5.6 billion kWh of electricity**

YEDAŞ distributed approximately 5.6 billion kWh of electricity to more than 3 million people.

## OUR AREAS OF OPERATION



### Yeşilirmak Elektrik Perakende Satış A.Ş. (YEPAŞ)

YEPAŞ, which supplies electricity to a broad customer base including industrial establishments and individual residential customers throughout Türkiye, has been providing high quality, reliable, uninterrupted and affordable electricity to its customers since 2012. In addition to supplying electricity, YEPAŞ began retail sales and retail service operations in the region covering Samsun, Ordu, Çorum, Amasya and Sinop in 2013.



| Financial Summary (TL million) | 2018  | 2019  | 2020  | 2021  | 2022  |
|--------------------------------|-------|-------|-------|-------|-------|
| Total Assets                   | 603   | 515   | 669   | 1,116 | 1,672 |
| Net Sales                      | 1,362 | 1,632 | 2,148 | 3,304 | 8,608 |
| Total Equities                 | 37    | 102   | 99    | 142   | 56    |
| EBITDA                         | -6    | 96    | 125   | 105   | 354   |
| EBITDA Margin (%)              | -4    | 58    | 58    | 32    | 4     |

### a broad customer base

YEPAŞ supplies electricity to a broad customer base including industrial establishments and individual residential customers throughout Türkiye.

reliable and uninterrupted

## OUR AREAS OF OPERATION



### Aras Elektrik Dağıtım A.Ş. (Aras EDAŞ)

With its headquarters in Erzurum, Aras EDAŞ distributes electricity to 2.2 million customers in seven provinces including Ağrı, Ardahan, Bayburt, Erzincan, Iğdır and Kars. The company had more than 1.1 million subscribers at the end of 2022. Aras EDAŞ's service area covers seven provinces in Eastern Anatolia, which is home to the majority of Türkiye's rural population, corresponding to 11.1% of our country's surface area and about 2.8% of the population. Aras EDAŞ undertook TL 1.9 billion of investments in 2022, with its investments prioritizing grid improvement, technological infrastructure, the high quality and uninterrupted distribution of electricity and customer satisfaction.

| Province                 | Area (km <sup>2</sup> ) |
|--------------------------|-------------------------|
| Ağrı                     | 11,376                  |
| Ardahan                  | 5,576                   |
| Bayburt                  | 3,652                   |
| Erzincan                 | 11,903                  |
| Erzurum                  | 25,066                  |
| Iğdır                    | 3,539                   |
| Kars                     | 9,442                   |
| Total                    | 70,554                  |
| <b>Türkiye Ratio (%)</b> | <b>11.1</b>             |



| Financial Summary (TL million) | 2020  | 2021  | 2022  |
|--------------------------------|-------|-------|-------|
| Total Assets                   | 1,759 | 1,961 | 4,156 |
| Net Sales                      | 1,287 | 1,465 | 3,050 |
| Total Equity                   | 1,079 | 1,157 | 1,669 |
| EBITDA                         | 661   | 551   | 932   |
| EBITDA Margin (%)              | 51    | 38    | 31    |



high quality and uninterrupted

# technological infrastructure

In its investments, Aras EDAŞ prioritizes grid improvement, technological infrastructure, the high quality and uninterrupted distribution of electricity and customer satisfaction.

## OUR AREAS OF OPERATION



### **Kosovo Electricity Distribution Company J.s.c. (KEDS) and Kosovo Electricity Supply Company J.s.c. (KESCO)**

Established by the Çalık Holding - Limak Holding partnership to distribute electricity in Kosovo after winning the tender in 2012, Kosovo Çalık Limak Energy Sh.A. operates in the field of electricity distribution and retail sales. Operating as an electricity distributor with the Kosovo Electricity Distribution Company J.S.C. (KEDS) and as an energy supplier with the Kosovo Electricity Supply Company J.S.C. (KESCO), the company meets 100% of Kosovo's net demand for electricity.

Drawing on the knowledge and experience of the Çalık Group and Limak Group in the electricity sector, KEDS is taking steps toward achieving its goals. KEDS has advanced a wide array of innovations under its "Ten-Year Distribution System Operator Network Development Plan" (2014-2023) which was designed to provide a reliable electricity service at low prices and was implemented step-by-step, in addition to continuous improvements on reliable working systems and

coordinated customer tracking. All of these advantages and distinctive features have paved the way for a steady expansion of the company's subscriber base. KEDS aims to provide the highest standards of service to all its subscribers and to eliminate all problems related to the electricity infrastructure. Distributing a total of 6,196 GWh of electricity in Kosovo in 2022, KEDS undertook a total of EUR 19.1 million in investment within the scope of technology, infrastructure, low voltage (LV) and medium voltage (MV) projects. This brought the total investment undertaken by KEDS aimed at reducing technical and commercial losses to approximately EUR 209 million. In addition, in 2022, KEDS implemented a new process to evaluate environmental impacts related to sustainability starting and carried out the environmental risk assessment process within the scope of ISO 14001 requirements. Work continues on contributing to our environmental sustainability approach by determining the impact of business processes on the environment and conducting risk assessments for each business process.

| Financial Summary (TL million) | 2020  | 2021  | 2022  |
|--------------------------------|-------|-------|-------|
| Total Assets                   | 2,072 | 3,748 | 5,506 |
| Net Sales                      | 1,945 | 3,167 | 6,604 |
| Total Equities                 | 1,438 | 1,668 | 2,454 |
| EBITDA                         | 268   | -338  | 504   |
| EBITDA Margin (%)              | 14    | -11   | 8     |



**EUR 209 million investment**

**KEDS has invested approximately EUR 209 million since 2013.**



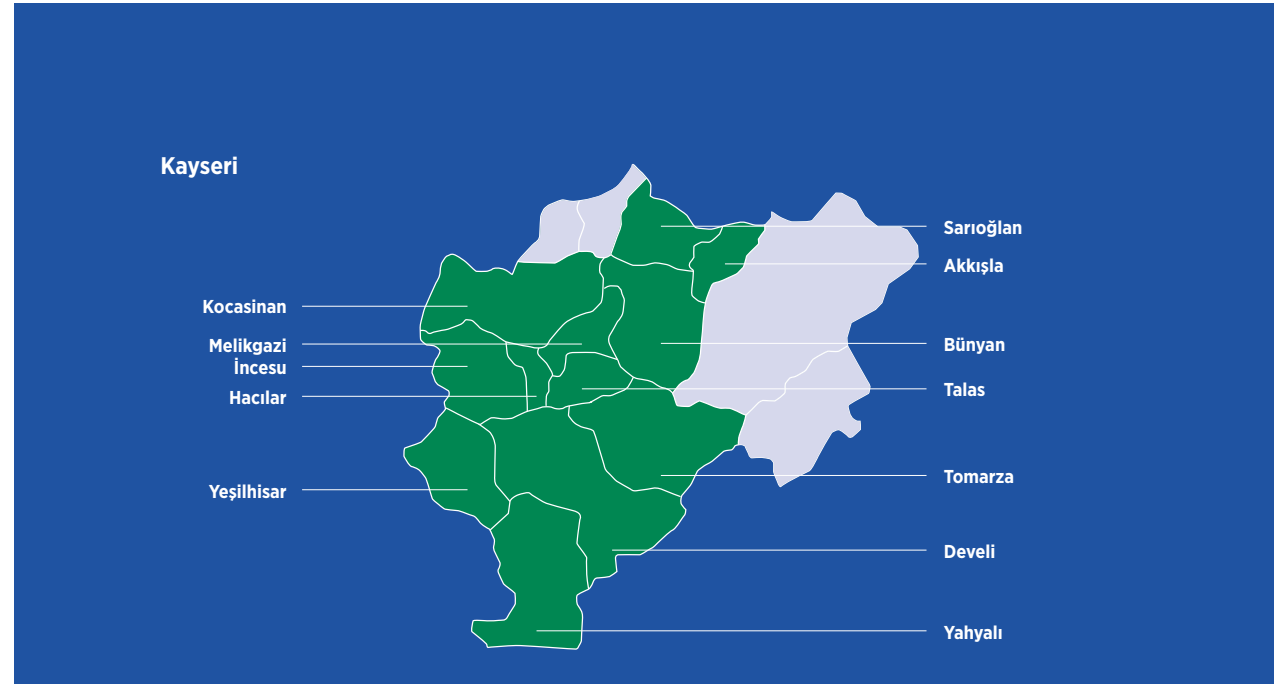
## 100% of electricity distribution in Kosovo

## OUR AREAS OF OPERATION



### Kayseri Doğal Gaz Dağıtım Pazarlama ve Ticaret A.Ş. (Kayserigaz)

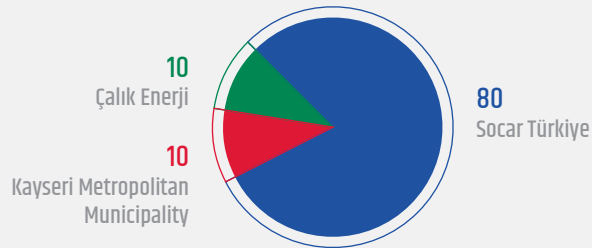
Kayserigaz was established in 2003 and entered operation following the first natural gas distribution tender held by the Energy Market Regulatory Authority (EMRA). The company carries out the natural gas distribution in Kayseri and is one of the most important players in the Turkish energy sector, providing energy to every avenue and street in the Kayseri city center and supplying natural gas supply to almost all urban areas within Kayseri. Reaching 630,038 BBS subscribers by the end of 2022, Kayserigaz supplied a total of 0.77 billion  $\text{sm}^3$  of natural gas to its subscribers in 2022. Over the 2022-2026 tariff period, Kayserigaz plans to carry out regional expansion investments in the Felahiye, Özvatan, Pınarbaşı and Sarız districts depending on the city's needs, along with investments in the city center. In addition to its investment in the medium pressure steel ring line for natural gas supply security, the company also plans to bring natural gas to the Özvatan and Felahiye districts, the Gürpınar, Büyük Bürüngüz and Germir neighborhoods of the Melikgazi district and the Sancaktepe neighborhood of the Kocasinan district in 2023.



#### Kayserigaz's Distribution Network

- Kocasinan
- Bünyan
- İncesu
- Develi
- Hacılar
- Melikgazi
- Talas
- Tomarza
- Yahyalı
- Yeşilhisar
- Sarıoğlu
- Akkışla

#### Shareholding Structure (%)



#### OPERATIONS IN NUMBERS IN 2022

**6,179** km  
Year-End Total Length

**0.77** billion  $\text{sm}^3$   
Annual Natural Gas Supply

**630,038** BBS  
Number of Subscribers as of Year-End

**583** km  
Length of new line that has been installed

one of the most important players in the energy sector

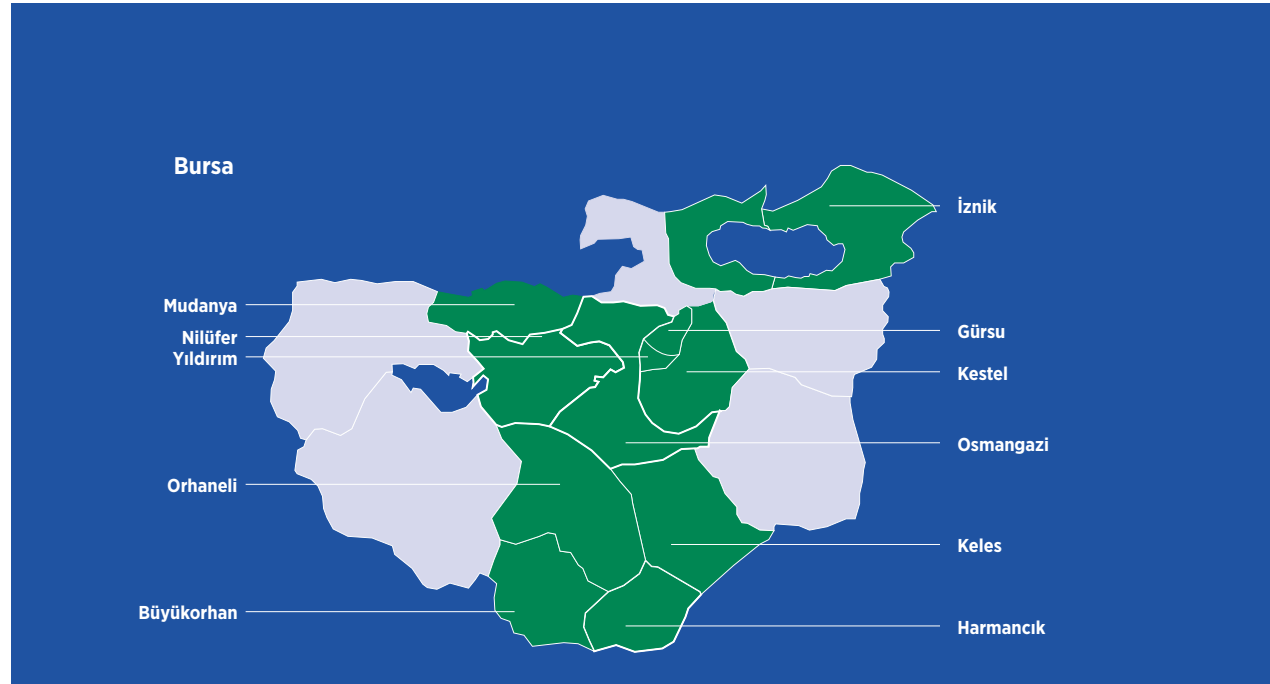
The first natural gas distribution tender held by the Energy Market Regulatory Authority, Kayserigaz is one of the most important players in the Turkish energy sector.

## OUR AREAS OF OPERATION



### Bursa Şehiriçi Doğalgaz Dağıtım Ticaret ve Taahhüt A.Ş. (Bursagaz)

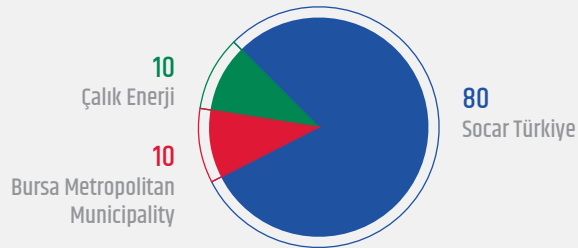
Established by BOTAŞ in 1992 to sell natural gas, Bursagaz was acquired by Çalık Enerji in 2004 through a privatization tender. Bursagaz, which has implemented exemplary practices in Türkiye with its technology-oriented management approach, was also awarded the Platinum LEED (Leadership in Energy and Environmental Design) Certification in recognition of its environmentally sensitive Head Office building. The Company has pressed ahead with its investments aimed at achieving an uninterrupted supply of natural gas and installed a new city entrance station and a medium pressure ring line in the Dirazali, Orhaniye and Çakırca neighborhoods of the İzmit district in 2022.



#### Bursagaz's Distribution Network

- Mudanya
- Kestel
- Osmangazi
- Yıldırım
- Nilüfer
- Keles
- Harmancık
- Orhaniye
- Büyükorhan

#### Shareholding Structure (%)



#### OPERATIONS IN NUMBERS IN 2022

**7,356** km  
Year-End Total Length

**2.34** billion sm<sup>3</sup>  
Annual Natural Gas Supply

**1,154,938** BBS  
Number of Subscribers as of Year-End

**174** km  
Length of new line that has been installed



#### technology-oriented

Bursagaz has implemented exemplary practices in Türkiye with its technology-oriented management approach.

## OUR AREAS OF OPERATION

### Our Developments in the Field of Electricity Distribution and Retail in 2022

#### Distribution Network-Scale Battery Energy Storage Facility

Türkiye's first distribution network-scale battery storage facility, commissioned by YEDAŞ in Çorum, Alaca in 2020, was integrated into the Head Office building by repositioning the 500 kW - 639 kWh energy storage system in 2021. The system offers solutions for a wide array of issues, from increasing flexibility for network operators to improving supply continuity and technical quality. It is the first time it is being used by YEDAŞ and is seen as an important step for the Turkish electricity distribution sector.

#### Providing Quality Energy Service

Pressing ahead with its activities in line with its mission of providing high quality energy services, Aras EDAŞ once again successfully completed its Integrated Management Systems audits this year, which it has undergone regularly since 2015. Meanwhile, YEPAŞ commissioned the QDMS program for Integrated Management System Documents.

KEDS and KESCO were awarded the ISO 14001, ISO 9001 and ISO 45001 management system certificates.

#### Customer Experience and Satisfaction

With its "Let Us Call You" app, YEDAŞ sets itself apart in the sector in terms of customer experience and satisfaction, offering consumers easy and fast service regarding their transactions through calls made at any time they wish.

In 2022, YEPAŞ continued to provide Lean 6 Sigma Training and the project to raise the IVR usage rate was implemented. Under this project, customers calling the Call Center will be able to complete their transactions via IVR without connecting to a customer representative.

Aras EDAŞ provides electricity distribution services to 2.2 million residents of Eastern Anatolia. The company achieved tremendous success and was ranked 2<sup>nd</sup> in Türkiye in the ALO 186 Call Center Satisfaction Survey, which was conducted by an independent research company commissioned by TEDAŞ.



**a first in Türkiye**

Türkiye's first distribution network-scale battery storage facility, commissioned by YEDAŞ, is seen as an important step for the Turkish electricity distribution sector.



## OUR AREAS OF OPERATION

### R&D and Innovation Projects

Within the scope of YEDAŞ's R&D activities, the "Increasing Efficiency with New Generation Double Active-Core Transformer Design and its Pilot Application" project broke new ground in Türkiye. As part of the project, a New Generation Transformer will be produced domestically and will have two separate active cores, in contrast with distribution transformers. The transformer is expected to contribute significantly to transformer loss optimization at times when load changes in the distribution network are dynamic, while additionally significantly contributing to supply continuity.

We maintain our leading position in the sector with the R&D and innovation projects developed by Aras EDAŞ, Kayserigaz and Bursagaz. Five R&D projects carried out by Aras EDAŞ, five R&D projects by Kayserigaz and 12 R&D projects by Bursagaz were approved by EMRA. Our R&D activities continue within the scope of the "Research Project on Natural Gas Network Equipment Production with 3D Printing Technology" and the "Valve Manhole Control System" projects, in which Bursagaz is the project manager and Kayserigaz is the project partner.

The Research on Natural Gas Network Equipment Production with the 3D Printing Technology Project aims to pave the way for the production of parts which are included in the network equipment inventory of natural gas distribution companies, by printing them with 3D technology. There have, periodically, been occasional difficulties procuring some of the materials used for the installation of new distribution networks or during the maintenance of existing networks, as well there have been delays with the supply. In order to prevent the recurrence of such supply issues, we plan to develop a system and software that can provide a basis for the sector. This system and the software will enable the production of a wide range of equipment included in the natural gas distribution network operation and maintenance equipment inventory, using 3D technology.

With the Valve Manhole Inspection System Project, we aim to carry out detection of damage such as cracks and closures, which may occur in natural gas valve manholes, more quickly, safely and at a lower cost using cameras and sensors equipped with image processing software integrated into gas leak control vehicles. With an awareness of how important the inspection and detection of damaged, defective or leaking natural gas valve manholes is for public safety and public service, the project aims to automate the process to detect any malfunctions and defects in advance and, in doing so, reduce the operational costs and HSE risks.

### Work on Digitalization

Thanks to the New Generation Fleet System, which was launched by YEDAŞ within the scope of digitalization efforts, field operations are managed quickly and easily in the digital environment. Additionally, fleet operations began to be managed from a single center, enabling tracking of real-time location, vehicle maintenance and repair, fuel consumption, tire and other spare parts usage. Moreover, the project aims to ensure zero traffic accidents by increasing driver efficiency with the driver performance system. Field installations and system integrations were carried out within the scope of YEDAŞ's SCADA Expansion Project by procuring domestic SCADA hardware. In 2022, we contributed to the adaptation and commissioning work at 288 stations, thus increasing the number of stations within the scope of YEDAŞ's SCADA system by 21% to 1,649.

By focusing on digitalization, YEPAŞ increased the number of digital invoices sent out by 16.7% in 2022 and sent 244,166 digital invoices. In another project carried out by YEPAŞ, End-to-End Tracking allows relevant personnel to instantly access the information of customers who owe debts within the specified periods and amount ranges after the due date of the invoice payment has passed, thus ensuring faster collections. YEPAŞ took an important step within the scope of digitalization by redesigning the website in accordance with digital trends, corporate needs and the user experience.

In line with the importance placed on digitalization, KEDS and KESCO included 13.3% of all customers in the smart grid system by the end of 2022. This paved the way for reduced energy losses, which is one of the important problems in the region, from 32% in 2013 to 16.79% by the end of 2022. KEDS and KESCO's digitalization focus includes continuing to maintain the entire infrastructure of the SCADA system, completing the implementation of DMS and OMS systems, and integrating various functions to facilitate network monitoring and control.

### For detailed information regarding our areas of operation:

Contracting Operations 

Renewable Energy Investments 

Distribution and Retail 

We care about creating value for all of our stakeholders in our areas of operation. In this context, we focus on the environmental, social and economic impacts of all our activities and integrate sustainability issues into our strategy and corporate management.

## OUR AREAS OF OPERATION

### OUR OTHER AFFILIATES



At Çalık Enerji, we aim to create value with our subsidiaries outside of our main areas of operation. We continue to grow by adopting a holistic approach in our sustainability journey together with our subsidiaries.



#### Çalık Proje Mühendislik

Çalık Proje Mühendislik is Çalık Holding's engineering company and serves a number of companies including contractors and employers, and financial institutions in the energy, oil, gas and industrial markets.

Founded in 1994 and incorporated into Çalık Holding in 2015, Çalık Proje Mühendislik acts with an optimization approach in high-quality engineering and design to support its people-centric products and services.

Combining its engineering competence with the synergy of the group companies, Çalık Proje Mühendislik is focused on offering creative and optimal solutions in challenging projects with its dynamic structure, aiming to turn each of these challenges into an opportunity for lifelong development.

Çalık Proje Mühendislik's vision and mission have been created to add value to our stakeholders and our future, reflecting a corporate understanding which all of its employees comply with throughout their professional lives.

The company's vision is to become one of the leading, most preferred, reputable and high quality engineering and consultancy companies in the region with sectoral portfolio diversity in the long term by ensuring the reliability and continuity of its services.

The company's mission is to provide engineering services that are necessary for the realization of energy, electricity generation, transmission and distribution, oil & gas, construction, health facilities, infrastructure and superstructure facilities projects that will add value to human life, and to become a company that



**synergy**

Çalık Proje Mühendislik combines its engineering competence with the synergy of the group companies.



**creative and optimal solutions**

## OUR AREAS OF OPERATION

provides services to projects both at home and abroad with the ability to provide detailed engineering work.

The company's Quality Policy is "To act in accordance with the concepts of "Quality", "Information and Sustainability", "Customer Focus and Feedback", "HSE Conditions" and "Professional Ethics".

Within the scope of Çalık Proje Mühendislik's mission and vision principles, the goals and implementation plans were set out in 2022 in order to operate as an engineering organizational structure that provides services to international standards.

Taking into account the scope of the services currently carried out by Çalık Proje Mühendislik and the services that will be carried out in line with future targets, the organizational structure was renewed in 2022, and we aim to increase the company's competence through a personnel-oriented structuring and organization. We are expanding the company portfolio by recruiting experienced and competent personnel in the fields of Commissioning, Supplier Quality and Project Control within the company. In this way, we aim to provide more comprehensive services in new and existing projects.

The company started the digitalization process in 2022 with an awareness that knowledge and experience in digital applications play a critical role for companies.

All human resources processes, including personnel recruitment and training process management, the development of company policies and ensuring the continuity of our employees' career development started to be managed within the company from 2022. With this system, we aim to ensure that our competent personnel, who will provide services to all group companies, remain within the company and are trained, and to have competent personnel to serve all projects when necessary.

Çalık Proje Mühendislik, which undertook the engineering work of Çalık Enerji's projects in 2022, continued to undertake engineering management work, prepare detailed designs and conduct checks of the detailed designs prepared by third parties. In addition, the company supported Çalık Enerji's preparatory work for bids, such as tender preparation, bid evaluation and budgeting. Çalık Proje Mühendislik's services in these areas include the provision of technical evaluations on requested issues by engineering proposals, providing technical opinions and suggestions and preparing equipment or system calculations, technical specifications and drawings. In addition, a system evaluation opportunity was created in the proposal and initial stages of the projects, drawing on the competencies of the team in the newly established Commissioning Department.

In the last quarter of 2022, Çalık Proje Mühendislik started to carry out preliminary engineering work within the scope of our Ahal and Dashoguz projects in Turkmenistan, which we carry out under the responsibility of Çalık Enerji.



### international standards

The goals and implementation plans were set out in 2022 in order to operate as an engineering organizational structure that provides services to international standards.



## OUR AREAS OF OPERATION

### Services Provided by Çalık Proje Mühendislik

#### Pre-Basic Engineering, Design Services and Concept Design Services;

- Facility layout report, permit application,
- Process design work,
- Physical property data collection,
- Economic feasibility study.

#### Detail Engineering Design;

- Civil engineering, structural and architectural design,
- Process design services,
- mechanical design,
- Pipe design services,
- Electrical design services,

- Instrument control design services,
- Supply management services,
- Existing facility modernization projects.

#### Supply Management Services;

- To manage the research, evaluation, selection and Inspection and Discovery processes in order to prevent repair and correction activities in the field In order to deliver the project materials to the site in accordance with the project requirements in terms of quality, time and with their documentation.

#### Early Stage/Planning Engineering Design or Basic Engineering;

- Preliminary architectural and structural design approach,
- Basic process design developments, process flow charts, material movement analysis,
- Equipment documentation and data sheet development,
- Electrical loads that will form the basis of the design of High & Low voltage schemes
- Evaluation of the equipment, piping and utilities to be used in new processes
- Preliminary risk assessment and process risk assessment work



## OUR AREAS OF OPERATION

- Establishing the general design basis for new projects or expansion projects with an integrated design approach
- Wastewater generation and disposal mechanism engineering activities,
- Evaluation of equipment, instruments, piping and installations to be used in new process modernization projects
- Plumbing system evaluation,
- Preliminary risk assessment and process hazard analysis,
- Establishing the general design basis for new projects or expansion modernization projects with an integrated design approach
- Safety designs,
- Waste generation and disposal mechanism,
- Commissioning
- Pre-commissioning phase

(Carrying out activities during the construction phases, including the preparation of the unit and enabling the transition to the main commissioning phase, and supporting the transition from the construction to commissioning



process by the subsystem (filter installation, cleaning of pipes and equipment, participation in vendor and factory acceptance tests, creation of deficiencies report lists and engine cycle testing.),

- During the main commissioning phase  
(Managing the pre-commissioning process of various systems and equipment items, energizing the systems and completing hot commissioning activities according to the system),
- Completion of the commissioning process  
(Providing all procedure preparation and consultancy services during the actual commissioning of the facility such as performing all final tests and adjustments, conducting performance tests, providing training, operation and maintenance support).

### Supplier Quality;

- Accurately determining quality requirements in projects, reviewing engineering documents and performing revisions according to the specifications,
- Ensuring quality certificate approvals between customers and suppliers,
- Analyzing the customer's quality needs and taking the necessary actions to fulfill the contract,
- Conducting inspections and audits of suppliers in terms of quality requirements,
- Monitoring supplier performance and clarifying quality concerns,
- Analyzing the supplier quality process, and taking necessary precautions and preventing data collection to implement continuous improvement .



## OUR AREAS OF OPERATION



Çalık Enerji Swiss AG was established to expand long-term collaborations with Swiss exporters.



### Çalık Enerji Swiss AG

Çalık Enerji Swiss AG was established in Lucerne, Switzerland, in 2017 to expand long-term collaborations with Swiss exporters and facilitate their integration into our global supply network.

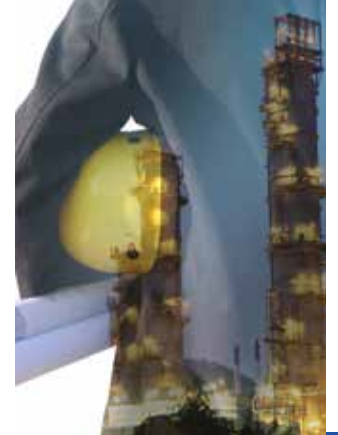
Çalık Enerji Swiss AG successfully completed a “Service Maintenance Center Project” in Turkmenistan in 2022. The project includes the installation of systems and units involved in power plants and other facilities in Turkmenistan’s energy system, including General Electric (GE) gas turbines. This service center will allow high-quality, high-tech maintenance and revision.

The Project meets important international standards and was certified by the UK-based London Energy Club, the Fraunhofer Institute for Energy Economics and Technology of Energy Systems, the TÜV and the University of Duisburg-Essen in Germany confirming its advanced engineering. The project was the first of its kind in Central Asia with the introduction of sustainable and advanced technologies, the high quality of the construction and the environmentally-friendly nature of the project

The Project is Çalık Enerji’s first project in Turkmenistan to be executed with financing in collaboration with Swiss Export Risk Insurance (SERV).

Çalık Enerji Swiss AG aims to play an important role in integrating the Swiss supply chain into Çalık Enerji Group’s global purchasing network, with a particular focus on Swiss SMEs, through its memberships and sectoral partnership networks.

Çalık Enerji Swiss AG is actively working on new EPC projects in its determined target markets.



**the first of its kind in  
Central Asia**

Çalık Enerji Swiss AG successfully completed a major “Service Maintenance Center Project” in Turkmenistan in 2022.



# expanding long-term collaborations

## OUR AREAS OF OPERATION

### Çalık Enerji Swiss Business Areas

Combined and Simple Cycle Power Plants

Switchyards

Renewable Energy Plants

Oil & Gas Plants

Hybrid Energy Systems

Petrochemical & Refinery plants

Pumping Stations

High Voltage Transmission Lines

Compressor Stations

Water Treatment Plants



## OUR AREAS OF OPERATION



Workindo updated its interfaces and features in 2022, taking customer needs and characteristics into account.

### WORKINDO

Established in 2019 to seek technological solutions to problems in the construction sector, Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. aims to become the sector's solution partner in finding subcontractors, bidding on projects, buying and selling materials and reaching employees.

Carrying out its activities in five countries with the collaboration of Emlak Girişim Danışmanlığı A.Ş., Workindo invests in technology and human resources with rational strategies. As an entrepreneurial company, Workindo aims to add permanent value to the lives of every person in its region of operation with innovative and sustainable business models through the importance it places on inclusivity and diversity.



With Workindo, companies are able to:

- Find employees domestically and internationally for construction projects
- Through corporate packages, publish job postings for the positions they need, manage applications and benefit from all the features of the platform
- Find the personnel they are seeking by accessing the Workindo candidate pool even without opening a job posting.

Employees are able to ;

- Easily apply for and find the jobs that best suit them,
- Even if candidates miss current job opportunities, they are discoverable and may be contacted by companies thanks to Workindo's "Smart Candidate Suggestions" feature.

### Activities in 2022

Workindo, a career platform specific to the construction industry, updated its interfaces and features in 2022, taking customer needs and characteristics into account. With these updates, the platform has become easier to use and another important step has been taken towards ensuring it to be accessible to everyone in the industry. In 2022, the content of the packages was renewed with German, French and Ukrainian language options added to the existing English, Russian and Uzbek language options, with the platform starting to provide services in a total of seven languages.



operating in 5 countries

Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. carries out its activities in five countries



a career platform specific to the construction industry

## OUR AREAS OF OPERATION



Machinego offers its customers requiring machinery as well as the machine owners it is in partnership with a wide range of advantages.

### MACHINEGO

Founded in 2022 with the vision of creating a global, digital and first address construction equipment platform, Machinego Teknoloji Danışmanlık ve İş Makinaları A.Ş. today stands as a leading digital marketplace dedicated to the companies in need of construction and stacking machinery rental in Türkiye. With more than 11,000 items of construction equipment registered in the system, Machinego has far surpassed its competitors during its one-year period of operation and has become Türkiye's largest construction equipment platform.

Machinego offers its customers requiring machinery as well as the machine owners it is in partnership with a wide range of advantages.

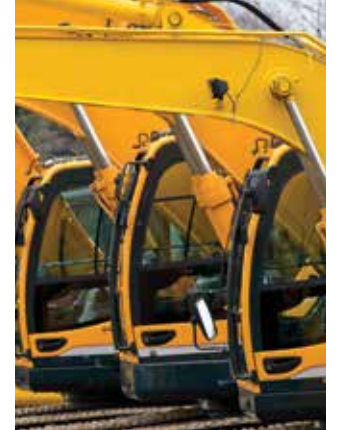


The most important advantages it offers its customers can be listed as follows:

- safe rental of construction and industrial construction machinery from a single source,
- receiving offers from more than one machine owner at the same time,
- providing machines which would normally be difficult to access,
- obtaining corporate services at the most affordable prices,
- rapid response to evolving needs and a customer-friendly approach,
- technical and commercial know-how and consultancy on construction equipment

Machine owner companies may also gain important advantages with Machinego, including the following:

- accessing new and reliable companies,
- receiving payments on time,
- utilizing their machinery inventory much more efficiently



**+11,000 items of construction equipment**

Machinego has more than 11,000 items of construction equipment registered in the system



a digital construction machinery platform

## OUR AREAS OF OPERATION

Machinego, which started its activities in the field of construction machinery rental, continues its work by diversifying its service models and increasing market penetration.

Currently operating in the field of construction machinery rental, the Company aims to expand its service range by developing business models in the fields of machinery listing, second-hand sales and machinery analytics in the near future.

Machinego, which currently has sales teams in İstanbul, İzmir, Ankara and Adana in Türkiye, presses ahead with its preparations for international expansion.

### Activities in 2022

- Machinego continued to invest in digitalization in 2022. In addition to renewing its web interfaces in line with new needs and current design trends, the infrastructure of the platform continued to be developed and new panels serving customers and machine owners were introduced. With the updates, the platform has become easier to use and another important step has been taken towards becoming more accessible for players in the industry.
- Machinego, which also digitalized its internal processes, launched its CRM project in 2022. Machinego also acquired a number of high profile customers in 2022 including Abaloğlu, A-101, Toyo ink, Iss and Sarten.
- In 2022, the number of Machinego employees reached seven and teams related to functions such as sales, sales support, reporting and accounting started to be developed.



### CRM project

Machinego, which also digitalized its internal processes, launched its CRM project in 2022



## OUR AREAS OF OPERATION

### OUR PROJECTS

#### Our Ongoing Project Portfolio

##### Ongoing EPC Projects



**West Qurna-2 Power Plant Project**

**Power Plant Type**

Gas Turbine Power Plant

**Capacity**

126 MW (3 x 42 MW)

**Equipment**

GE MS6001, Heavy Duty Dual Fuel Gas Turbine Generators Simple Cycle

**Scope**

Gas Turbine Power Plant Expansion Project Phase 2 (GTPP) Engineering, Procurement, Construction and Commissioning Work

**Date of entry into operation**

December 2021

**Employer**

LUKOIL



**Bazian Simple Cycle Power Plant**

**Power Plant Type**

Simple Cycle Power Plant

**Capacity**

505 MW

**Equipment**

Simple Cycle, 2 x GE 9F.04 Frame GTG Set

**Scope**

Turnkey EPC Main Contractor

**Date of entry into operation**

September 2021

**Employer**

Taurus Power Generation



**Bazian Combined Cycle Power Plant**

**Power Plant Type**

Conversion Project - Conversion project from simple cycle to combined cycle

**Capacity**

257 MW

**Equipment**

Combined cycle, 4 x GE waste heat boilers and 1 x GE STF-D200 STG set

**Scope**

Turnkey EPC Main Contractor

**Date of entry into operation**

September 2021

**Employer**

Taurus Power Generation

## OUR AREAS OF OPERATION



**Turkmenbashi Refinery**

### Power Plant Type

Oil refinery

### Capacity

70 MW

### Equipment

General Electric Gas Turbine (2 x 6B)

### Scope

Basic and Detailed Engineering, Central Line and BOP Equipment Supply, Construction, Mechanical and Electrical Installation Work

### Date of entry into operation

June 2021

### Employer

Ministry of Oil and Gas, Turkmenistan



**Cap des Biches Combined Cycle Power Plant (Senegal)**

### Power Plant Type

Combined Cycle Power Plant

### Capacity

300 MW

### Equipment

2 x GE 9E.03 Gas Turbine 1 x GE STF-A200 Steam Turbine

### Scope

Turnkey EPC Main Contractor

### Date of entry into operation

June 2021

### Employer

Senegal Ministry of Energy



**Rompetrol Cogeneration Power Plant (Romania)**

### Power Plant Type

Combined Cycle Power Plant

### Capacity

Net 75 MWe1 Electricity Generation, 180 Tonnes/ Hour Steam Production and Central Heating up to 20 MWth

### Equipment

2 x Gas Turbine  
2 x Waste Heat Boiler  
2 x GSUT, 2 x UAT, 6 x Gas Comp.  
RMS  
4.2 km Natural Gas Pipeline

### Scope

Turnkey EPC Main Contractor

### Date of entry into operation

June 2021

### Employer

Rompetrol Energy KMG

## OUR AREAS OF OPERATION



**Turkmenistan-Afghanistan-Pakistan  
Transmission Line Project (TAP500)**

**Power Plant Type**

Electricity Transmission Line  
EPC Project

**Capacity**

-

**Equipment**

-

**Scope**

Turnkey EPC Main Contractor

**Date of entry into operation**

-

**Employer**

Ministry of Energy of  
Turkmenistan



**Basra Port Renewal and Rehabilitation  
Project**

**Power Plant Type**

Port Rehabilitation Project

**Capacity**

-

**Equipment**

-

**Scope**

Partial Procurement and  
Construction Work of Khor  
Al Zubayr Port Extension  
and Umm Qasr Port  
Construction

**Date of entry into operation**

-

**Employer**

Iraqi Ministry of Transport

## OUR AREAS OF OPERATION

### Renewable Energy Investments Projects



**Adacami HPP**



**Demircili Wind Farm**



**Sarpıncık Wind Farm**

**Power Plant Type**

Hydroelectric PP

**Capacity**

2 x (14.951 MWm/14.652 MWe)

**Date of entry into operation**

2010

**Energy Production**

**Commencement Date**

August 2013

**Explanation**

Unit 1 Commissioning Date, 16.12.2013 Unit 2 Commissioning Date

**Power Plant Type**

Wind Farm

**Capacity**

40 MW

**Date of entry into operation**

September 2015

**Energy Production**

**Commencement Date**

September 2016

**Explanation**

-

**Power Plant Type**

Wind Farm

**Capacity**

32 MWe/32.5 MWm

**Date of entry into operation**

November 2015

**Energy Production**

**Commencement Date**

October 2016

**Explanation**

Ten turbines were commissioned in 2016. The last turbine was brought into operation in 2019.

## OUR AREAS OF OPERATION



**Polatlı Solar Power Plant**

**Power Plant Type**

Solar Power Plant

**Capacity**

1.07 MWp/0.93 MWe

**Date of entry into operation**

March 2016

**Energy Production**

**Commencement Date**

June 2016

**Explanation**

Annual Energy Generation:  
1,671 MWh



**Erzincan Solar Power Plant**

**Power Plant Type**

Solar Power Plant

**Capacity**

5.189 MWp/4.84 MWe

**Date of entry into operation**

June 2017

**Energy Production**

**Commencement Date**

December 2017

**Explanation**

Annual Energy Generation:  
8,583 MWh



**Erzurum Solar Power Plant**

**Power Plant Type**

Solar Power Plant

**Capacity**

5.096 MWp/4.79 MWe

**Date of entry into operation**

June 2017

**Energy Production**

**Commencement Date**

December 2017

**Explanation**

Annual Energy Generation:  
8,514 MWh

## OUR AREAS OF OPERATION



**Taşova Solar Power Plant**



**Amasya Çaydibi and Doğu Solar Power Plant**

**Power Plant Type**

Solar Power Plant

**Capacity**

5.35 MWp/5.00 MWe

**Date of entry into operation**

August 2017

**Energy Production**

**Commencement Date**

February 2018

**Explanation**

Annual Energy Generation:  
7,412 MWh

**Power Plant Type**

Solar Power Plant

**Capacity**

5.94 MWp/5.00 MWe

**Date of entry into operation**

August 2019

**Energy Production**

**Commencement Date**

December 2019

**Explanation**

Annual Energy Generation:  
8,222 MWh

## OUR AREAS OF OPERATION

### Completed EPC Projects



**Baiji Refinery Rehabilitation Project - Phase I**



**Tedzani Hydroelectric Power Plant Increase - Tedzani-4**



**Aden Simple Cycle Power Plant**

#### Power Plant Type

Oil Refinery

#### Location

Salahatin - Baiji

#### Status

Idle (destroyed in war)

#### Installed Capacity

150,000 barrels per day

#### Scope

Damage Assessment of the Refinery, preparation of detection reports, creation of quantities according to the prepared reports and pricing of the created quantities.

#### Delivery Date:

November 2022

#### Power Plant Type

Run of River Type

#### Location

Malawi

#### Status

Under Construction

#### Installed Capacity

19.3 MW

#### River

Shire River

#### Commercial Operation

Date:

December 2020

#### Capacity

60 MW

#### Equipment

2 x GE TM2500+

#### Voltage Level

33 kV

#### Commencement Date

January 2017

#### Delivery Date

May 2017

#### Employer

Republic of Yemen / General Electric Company "PEC"

#### Scope

Turnkey EPC Main Contractor

## OUR AREAS OF OPERATION



**Gardabani Natural Gas Combined Cycle Power Plant Project**

**Installed Capacity**

230 MW

**Equipment**

2 x GE 6FA, 2 x Nooter Eriksen HRSG and Doosan-Skoda Steam Turbine

**Voltage Level**

220 kV

**Commencement Date**

October 2013

**Delivery Date**

July 2015

**Employer**

Partnership Fund and GOGC

**Main Contractor**

Çalık Enerji Sanayi ve Ticaret A.Ş.

**Scope**

Turnkey EPC Main Contractor



**Lebap Simple Cycle Power Plant**

**Capacity**

149.2 MW

**Equipment**

3 x GE LM6000

**Voltage Level**

110 kV

**Commencement Date**

May 2013

**Delivery Date**

February 2014

**Employer**

Ministry of Energy of Turkmenistan

**Scope**

Turnkey EPC Main Contractor



**Ashgabat City Energy Supply Reliability Improvement Project 1**

**Transformer Station**

16 units of 110 kV, 11 units of 35 kV, 97 units of 10 kV

**Cabling**

111.3 km 110 kV, 31.5 km 110 kV Overhead power cable, 8 km 35 kV, 100 km 10 kV

**Management and Monitoring System**

unit SCADA and Control Building

**Commencement Date**

September 2012

**Delivery Date**

December 2015

**Employer**

Ashgabat Local Government Health provider

**Scope**

Turnkey EPC Main Contractor

## OUR AREAS OF OPERATION



**Balkanabad-2 Simple Cycle Power Plant**

**Capacity**

254.2 MW

**Equipment**

Simple Cycle, 2xGE-PG9161-E (Frame 9E)

**Voltage Level**

220 kV

**Commencement Date**

July 2008

**Delivery Date**

April 2010

**Employer**

Ministry of Energy of Turkmenistan

**Scope**

Turnkey EPC Main Contractor



**Mary-3 Combined Cycle Power Plant**

**Capacity**

1,574 MW

**Equipment**

Four GE F.03 Multi-Shaft Gas Turbines + Four HP-LP waste heat boiler + 2 Steam Turbines

**Voltage Level**

500 kV and 220 kV

**Commencement Date**

July 2015

**Delivery Date**

September 2018

**Employer**

Ministry of Energy of Turkmenistan

**Scope**

Turnkey EPC Main Contractor



**Ashgabat City Energy Supply Reliability Improvement Project 2 and 3**

**Transformer Station**

5 units 220 kV, 6 units 110 kV, 18 units 35 kV, 43 units 10 kV

**Cabling**

0.95 km of 220 kV, 22.43 km of 220 kV Overhead Power Lines, 8.45 km of 110 kV, 27.2 km of 110 kV Overhead Power Lines, 93 km of 35 kV, 2.35 km of 35 kV Overhead Power Lines, 418.72 km of 10 kV

**Management and Monitoring System**

CADA Communication System

**Commencement Date**

August 2014

**Delivery Date**

October 2016

**Employer**

Ashgabat Local Government Health Service

**Scope**

Turnkey EPC Main Contractor

## OUR AREAS OF OPERATION



**Derweze Simple Cycle Power Plant**

**Capacity**

504.4 MW

**Equipment**

4 x GE 9E PG9171-B (Frame 9E)

**Voltage Level**

110 kV / 220 kV

**Commencement Date**

July 2013

**Delivery Date**

September 2015

**Employer**

Ministry of Energy of Turkmenistan

**Scope**

Turnkey EPC Main Contractor



**Mary-2 Simple Cycle Power Plant**

**Capacity**

146.7 MW

**Equipment**

3 x GE LM6000

**Voltage Level**

110 kV

**Commencement Date**

May 2013

**Delivery Date**

February 2014

**Employer**

Ministry of Energy of Turkmenistan

**Scope**

Turnkey EPC Main Contractor



**Nainawa Simple Cycle Power Plant**

**Capacity**

750 MW

**Equipment**

6 x GE PG9161-E (Frame 9E)

**Voltage Level**

132 kV and 400 kV

**Commencement Date**

March 2011

**Delivery Date**

January 2014

**Employer**

Iraq Ministry of Electricity

**Scope**

Turnkey EPC Main Contractor

## OUR AREAS OF OPERATION



**Fleet Maintenance and Service Center Project**



**Watan Simple Cycle Power Plant**



**Al-Khums Simple Cycle Power Plant**

### **Service and Maintenance Center Project**

#### **Capacity**

Full gas turbine fleet

#### **Location**

Turkmenistan

#### **Commencement Date**

March 2020

#### **Delivery Date**

June 2022

#### **Scope**

Turbine Spare Parts Supply, Technical Consultancy Services and Training, Spare Parts Repair and Turnkey EPC Method Construction and Delivery of the Service Center

#### **Partner**

GE (General Electric)

#### **Capacity**

254 MW

#### **Equipment**

2 x GE 9E PG9171

#### **Voltage Level**

110 kV and 220 kV

#### **Commencement Date**

January 2015

#### **Delivery Date**

July 2016

#### **Employer**

Ministry of Energy of Turkmenistan

#### **Scope**

Turnkey EPC Main Contractor

#### **Capacity**

550 MW

#### **Equipment**

2 x GE 9FA MS9001 FA

#### **Voltage Level**

220 kV

#### **Commencement Date**

June 2014

#### **Delivery Date**

February 2017

#### **Employer**

Libya General Electric Company

#### **Scope**

Turnkey EPC Main Contractor

## OUR AREAS OF OPERATION



**Ahal-2 Simple Cycle Power Plant**

**Capacity**

252.2 MW

**Commencement Date**

July 2013

**Equipment**

2 x GE 9E PG9171

**Delivery Date**

December 2014

**Voltage Level**

110 kV and 220 kV

**Employer**

Ministry of Energy of Turkmenistan

**Scope**

Turnkey EPC Main Contractor



**Ahal-3 Simple Cycle Power Plant**

**Capacity**

141.7 MW

**Delivery Date**

February 2014

**Equipment**

3 x GE LM6000

**Employer**

Ministry of Energy of Turkmenistan

**Voltage Level**

110 kV

**Scope**

Turnkey EPC Main Contractor

**Commencement Date**

May 2013



**Dashoguz Simple Cycle Power Plant**

**Capacity**

254.2 MW

**Commencement Date**

February 2006

**Equipment**

2xGE-PG9161-E (Frame 9E)

**Delivery Date**

October 2007

**Voltage Level**

110 kV

**Scope**

Turnkey EPC Main Contractor

## OUR AREAS OF OPERATION



**Amuderya High Voltage Electricity Transmission/Distribution**

### Location

Turkmenabad - Turkmenistan

### Commencement Date

January 2007

### Delivery Date

March 2007

### Employer

Ministry of Energy of Turkmenistan

### Scope

Engineering, Purchasing, Logistics and Installation Supervising Services



**Abadan Simple Cycle Power Plant**

### Capacity

123.6 MW

### Equipment

Simple Cycle, GE-PG9161-E (Frame 9E)

### Commencement Date

February 2002

### Delivery Date

October 2003

### Employer

Ministry of Energy of Turkmenistan

### Scope

Turnkey EPC Main Contractor



**Balkanabad Simple Cycle Power Plant**

### Capacity

126.4 MW

### Equipment

Simple Cycle, 3xGE-PG6581-B (Frame 6B)

### Voltage Level

35 kV and 110 kV

### Commencement Date

November 2002

### Delivery Date

October 2003

### Employer

Ministry of Energy of Turkmenistan

### Scope

Turnkey EPC Main Contractor

## OUR AREAS OF OPERATION



**Turkmenbashi Refinery Simple Cycle Power Plant**

**Capacity**

126.4 MW

**Equipment**

Simple Cycle, 3xGE-PG6581-B (Frame 6B)

**Voltage Level**

35 kV and 110 kV

**Commencement Date**

September 2001

**Delivery Date**

May 2003

**Employer**

Ministry Oil and Natural Gas of Turkmenistan

**Scope**

Turnkey EPC Main Contractor



**Al-Khairat Simple Cycle Power Plant**

**Capacity**

1,250 MW

**Equipment**

10 x GE PG9161-E (Frame 9E)

**Voltage Level**

132 kV and 400 kV

**Commencement Date**

April 2011

**Delivery Date**

November 2013

**Employer**

Iraq Ministry of Energy

**Scope**

Turnkey EPC Main Contractor



**Ashgabat Simple Cycle Power Plant**

**Capacity**

254.2 MW

**Equipment**

2 x GE-PG9161-E (Frame 9E)

**Voltage Level**

110 kV

**Commencement Date**

December 2004

**Delivery Date:**

February 2006

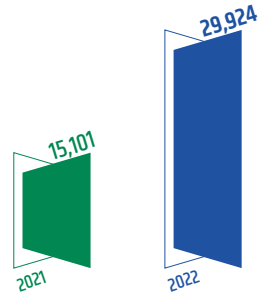
**Employer**

Ministry of Energy of Turkmenistan

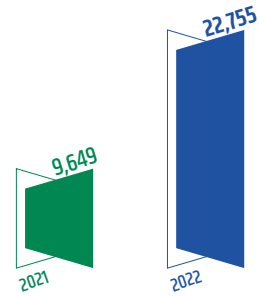
**Scope**

Turnkey EPC Main Contractor

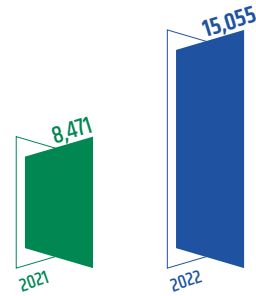
Total Assets



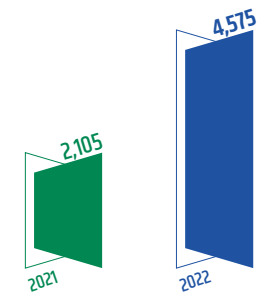
Net Sales



Total Shareholders' Equity



EBITDA



## KEY FINANCIAL AND OPERATIONAL INDICATORS

“As a result of our strong financial management, we achieved an increase of 98.1% in our net sales in 2022 compared to the previous year.”

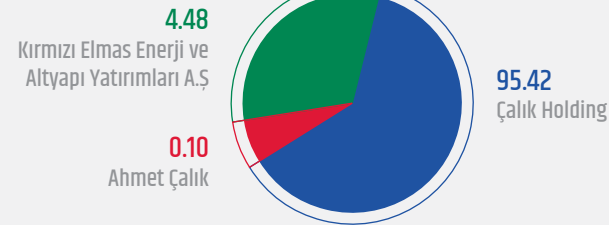
As a result of our strong financial management, we achieved an increase of 98.1% in our net sales in 2022 compared to the previous year.

In 2022, our total assets amounted to TL 29.9 million with total equity of TL 15.05 million. Detailed information is included in the “Economic Performance” section of our report.

| Financial Summary (TL million) | 2020  | 2021   | 2022   |
|--------------------------------|-------|--------|--------|
| Total Assets                   | 8,173 | 15,101 | 29,924 |
| Net Sales                      | 5,573 | 9,649  | 22,755 |
| Total Shareholders' Equity     | 4,751 | 8,471  | 15,055 |
| EBITDA                         | 1,960 | 2,105  | 4,575  |
| EBITDA Margin (%)              | 35    | 22     | 20     |

# strong financial structure

Shareholding Structure (%)



## HIGHLIGHTED DEVELOPMENTS IN OUR FOCUS AREAS IN 2022

### OUR ENVIRONMENTAL APPROACH WITH ALL OUR ENERGY

**4**

We carried out 4 emergency drills on the environment.

**51.2 %**

We reduced our Scope 2 emissions by 51.2% compared to the previous year.

**671,058**

We undertook TL 671,058 in environmental investments.

### OUR APPROACH TO GOVERNANCE WITH ALL OUR ENERGY

#### ESG Risk Inventory

We decided to establish a Risk Committee and prepared an ESG risk inventory.

**502**

We evaluated 502 of our EPC suppliers in terms of environmental and social aspects.

**1%**

We allocated 1% of our turnover to R&D activities.

#### Sustainability Committee

We have established a Sustainability Committee which reports to the Executive Committee.

### OUR SOCIAL APPROACH WITH ALL OUR ENERGY

**55%**

In the satisfaction survey we carried out with the participation of 71% of our employees, we recorded a satisfaction score of 55% among our employees.

**1,331,677,524**

We provided TL 1,331,677,524 of economic benefit to our employees.

**92,476**

We provided 92,476 hours of training on Occupational Health and Safety.

**2,230**

We reached 2,230 people through Corporate Social Responsibility projects.

**1,000**

Within the scope of the Energetic Schools Phase II Project, we held a sustainability awareness seminar in Amasya, Malatya and Samsun, which was attended by more than 1,000 vocational high school teachers and students.

**>200**

In cooperation with the Food Rescue Association, we met the 1-month basic food needs of more than 200 people.

## OUR ACHIEVEMENTS, AWARDS AND CERTIFICATES

### Our Energy is Our Future Awards

"Best Sustainability Project Award" given by Para Magazine and the Ministry of Energy and Natural Resources.

### CAPITAL 500

Çalık Enerji ranked 82<sup>nd</sup> in the "Türkiye's 500 Largest Companies" of Capital 500 list

### International Contracting Services Achievement Award

Çalık Enerji ranked 19<sup>th</sup> in the 2021 list of International Contracting Services achievement awards hosted by the Turkish Contractors Association

### ENR Top 250 International Contractors List

Çalık Enerji climbed 40 places from the previous year to rank 117<sup>th</sup> in the ENR list of the Top 250 International Contractors

### The ONE Awards Integrated Marketing Awards

Ranked in the top 3 in Türkiye's most reputable energy company category on a sector basis in reputation and brand value performance measurement.

### EFQM Excellence 5 Star Award

Aiming for excellence in its quality journey, YEDAŞ received the European Foundation for Quality Management (EFQM) Competence in Excellence 5 Star award.

### International Data Corporation (IDC) Digital Transformation Awards

YEDAŞ, which pioneers digital transformation in its sector, received third prize in the category of 'Future of the Best Digital Infrastructures Project' with its "Seagull Project" within the scope of the 5.0 Digital Transformation Program in the IDC Digital Transformation Awards.

### A Great Place to Work

YEDAŞ and YEPAŞ received the "Great Place to Work" certificate

### Women Energizing Türkiye Award

The Professional of the Year Award was given to Meryem Akpınar, the Provincial Coordinator for Aras EDAŞ in Ardahan region

### Our Certificates

ISO 9001:2015 Quality Management System

ISO 10002:2014 Customer Satisfaction Management System (YEDAŞ/YEPAŞ)

ISO 14001:2015 Environmental Management System

ISO 45001:2018 Occupational Health and Safety Management System

ISO/IEC 27001:2013 Information Security Management System

ISO 18295-1 Communication Center Management System

TSE COVID-19 Safe Service Certificate

ISO 50001 Energy Management System

# GENERAL OVERVIEW OF GLOBAL DEVELOPMENTS IN 2022



We have left behind a year in which such factors increased their influence in terms of input, outcome and value creation for many companies that have adopted the integrated thinking approach.

In recent years, sustainability issues have come to the forefront as material issues for all private sector players as well as governments, a process which has been gaining momentum every year. This in turn has stimulated a transition among all suppliers and consumers as well as subcontractors, especially in 2022.

At Çalık Enerji, we closely monitor all current developments in the field of sustainability from a global perspective. We manage the repercussions of these developments by focusing on our capital elements.

There was a plethora of sustainability-related developments in 2022, in which such factors increased their influence in terms of input, outcome and value creation for many companies that have adopted the integrated thinking approach. As the world finally emerged from the pandemic in 2022, its fallout became all the more apparent, and trends, regulations and stakeholder expectations were shaped according to the new world order.

PwC's 2022 Mega Trends Report identifies climate change, technological transformation, demographic change, an image of a fragmented world and social change as the mega trends for 2022.

"Climate change" again emerged as the leading trend in many sustainability surveys. The survey results indicate that industry players now clearly accept the seriousness of the climate crisis and the need to switch to more sustainable behavior



## climate change

An ever increasing number organizations are setting out net zero commitments.

## technological transformation

The negative effects should also be measured and the risk factors taken into account.

## demographic change

With changing generations came the need to meet changing expectations.

## a fragmented world

Countries are increasingly prioritizing national resilience and more domestication.

## social change

Stakeholders are increasingly pushing the business world to change approach.

## GENERAL OVERVIEW OF GLOBAL DEVELOPMENTS IN 2022

throughout the economy. In this vein, many countries are increasing the share of renewable energy in their electricity generation while an ever increasing number of organizations are setting out net zero commitments. However, many net zero commitments remain long-term goals, despite the urgency of the climate crisis.

Despite the positive impact of technology and digitalization on all levels of society and their contribution to solving some of the challenges we face, the “technological transformation” trend underlines that the negative effects of technology and digitalization should also be measured and the risk factors taken into account.

The title of “demographic change” emphasizes the need to meet changing expectations along with changing generations. When we look at the effects of demographic changes on the public, we can clearly see the dramatic changes in social systems of some countries, the labor shortages in some critical sectors, the imbalances in economies which are caused by mass migration from certain countries where there is a lack of sufficient employment to countries where there is a shortage of labor, and the pressure exerted on social security networks.

When we look at the changes caused by demographic changes in the private sector, whereas companies may have been able to approach their employees with the same attitude and strategy until recently, they now have to develop an approach based on age and generation for those now entering the labor market, due to their expectations and competencies.

The “image of a fragmented world” leads us to the conclusion that due to competition and differences in levels of development, countries are increasingly turning their focus inward, prioritizing national resilience and more domestication or nationalization.

The topic of “social change” reveals the need for the business world to increasingly change its approach towards consumers, employees and other stakeholders. With this change in approach, private sector players are expected to serve as the pioneers of a new economic system in which value creation and increased growth improve the lives of individuals and the health of societies.

In 2022, in addition to the environmental, social and governance (ESG) issues, the area of sustainability has become one of the focus areas that has come to the forefront in providing economic benefit. The ESG and Climate Trends to Watch for 2023 Report, prepared by Morgan Stanley Capital International (MSCI), reflects on the repaid growth of green bonds since their first major launch in 2007, from a total issuance of USD 37 billion in 2014 to USD 578 billion in 2021, following an impressive upward trajectory. On the other hand, despite all inflationary pressures, the supply of green bonds decreased by just 1% in the first half of 2022 compared to the second half of 2021.



climate change

“Climate change” again emerged as the leading trend in many sustainability surveys.



changing generations, changing expectations

## GENERAL OVERVIEW OF GLOBAL DEVELOPMENTS IN 2022

As sustainability issues have become more prominent and have become something of a buzzword in various sectors, the concept of “greenwashing” has also become a hotly debated topic, in addition to real work and value creation initiatives. Accordingly, public authorities and legislators continue to work to prevent the word “sustainability” from being devalued, by imposing new regulations.

The United Nations (UN) 26<sup>th</sup> Conference of the Parties to Climate Change (COP26) and the Foundation for International Financial Reporting Standards (IFRS) announced that the parties to the agreement would develop a comprehensive, global and high-quality baseline of sustainability disclosure standards in order to meet the information needs of investors. They also announced the establishment of a new International Sustainability Standards Board (ISSB). It was announced that one of the biggest missions of the ISSB would be to ensure that companies create comprehensive sustainability information for the global capital markets. In this context, the ISSB published two drafts, on general requirements and the climate theme, on 31 March 2022.

Another important development in 2022 was the UN's 27<sup>th</sup> Conference of the Parties to Climate Change (COP27) held in Egypt. At the conference, Türkiye updated its Nationally Determined Contributions (NDC) and committed to a 41% reduction in emissions by 2030 and net zero emissions by 2053. In addition, the parties agreed to establish a Loss Damage Fund for developing and underdeveloped countries at the COP27. With this development, the foundations of financial cooperation were laid so that all countries could take simultaneous measures to tackle climate change. The issue of biodiversity remained in the limelight in the COP27, with the subject of Forests and Protection of Natural Diversity included for the first time in the conclusion text. Finally, the importance of accelerating implementation rather than the commitments made was emphasized within the scope of combating climate change.

Additionally, on 24 June 2022, the Council and the European Parliament reached an interim political agreement on the Corporate Sustainability Reporting Directive (CSRD). An obligation was introduced for all companies complying with the requirements defined by the CSRD to submit a report on their ESG impacts as defined in the directive.

The first projection of the regulations mentioned above regarding reporting standards in Türkiye took place with Article-9. An addition was made under the authority of the Public Oversight Accounting and Auditing Standards Authority (KGK) in Article 9 of the Law No. 7408 with the title “Law on the Establishment and Duties of the Turkish Exporters’ Assembly and Exporters’ Associations and the Law on Amendments to Certain Laws”, published in the Official Gazette under No. 31856 dated 4 June 2022. Accordingly, the Public Oversight, Accounting and Auditing Standards Authority (KGK) is authorized to determine and publish Turkish Sustainability Reports Standards in a manner which complies with international standards in order to ensure unity in practice for the businesses and organizations it investigates, and ensure the international validity of sustainability reports in the international arena.



**COP27**

**Another important development in 2022 was the UN's 27<sup>th</sup> Conference of the Parties to Climate Change (COP27) held in Egypt.**



**Türkiye: Commitment to net zero emissions by 2053**

## OVERVIEW OF THE ENERGY SECTOR IN 2022



Russia's invasion of Ukraine and subsequent developments precipitated a global energy crisis.

Russia's invasion of Ukraine sparked a global energy crisis. As the world's largest exporter of fossil fuels, Russia's move to restrict natural gas supplies to Europe and Europe's sanctions on oil and coal imports from Russia have raised the risk that one of the main arteries of global energy trade for the whole world will be cut off.

Today's high energy prices have given rise to expectations of lower energy demand growth in the period to 2030 than in 2021. Industrial production is decreasing due to the downward trend in purchases by consumers, who are faced with unpredictability and high prices in the market. In its World Energy Outlook 2022 Report, the International Energy Agency (IEA) revised its forecast for global gross domestic product (GDP) growth for the rest of the decade down to 3%, despite the strong economic recovery in 2021 after the pandemic. However, despite this downward revision, the rise of clean energy in the transition to a low-carbon economy has unleashed a new growth story and provided great cost advantages, for example with wind and solar energy.

According to the survey included in the Clean Energy Supply section of the same Report, low-emission sources constitute approximately 40% of current electricity generation, with 30% of the generation derived from renewable energy and 10% from nuclear energy. The rollout of solar photovoltaic (PV) and wind power is expected to accelerate in all scenarios, setting new records every year until 2030. By the middle of the century,

### lower demand

Today's high energy prices have given rise to expectations of lower energy demand growth in the period to 2030 than in 2021.

# -10%

Total energy supply is predicted to decrease by 10% between 2021 and 2030 .

### clean energy

The rise of clean energy in the transition to a low-carbon economy has unleashed a new growth story.

# -40%

Low-emission sources constitute approximately 40% of current electricity generation.

## OVERVIEW OF THE ENERGY SECTOR IN 2022

these two technologies are expected to have a combined share of 45% in total electricity generation according to the stated policy scenarios, and as much as 60% according to the announced commitment scenarios. The report also sets out the prediction that 70 million people will have difficulty accessing electricity in the future due to the impacts of the energy crisis and the Covid-19 pandemic, with the impact of the climate crisis becoming more apparent.

Provided countries take the necessary steps to meet their climate commitments, the world will be using approximately 210 GW of wind capacity and 370 GW of solar energy each year within a decade. The expectation is that the distribution balance will vary between regions and countries. For example, in the United States and India, solar PV is becoming the leading technology, while the European Union is moving towards an electricity system in which both sources will amount to more than 40% of total generation by 2050 according to the Stated Policies Scenario (STEPS) and more than 50% of total generation in the Net Zero Emissions (NZE) by 2050 Scenario, with onshore and offshore wind being the dominant source of energy.

As the share of low-emission resources in production increases, the global energy sector is undergoing a process of deep transformation. Despite the scenario of the global economy growing by a third, total energy supply is predicted to decrease by 10% between 2021 and 2030 due to the effects of energy efficiency on consumer behavior.

The energy sector has the power to redefine its ESG performance and values. This positions the sector in a strategic position as the environmental and social footprint of its activities affect almost all sectors. For this very reason, as the energy transition gains momentum, higher ESG standards are being set for the energy sector with the sector being expected to undergo a process of adaptation.

Companies in the energy sector, on the other hand, already have significant experience in addressing environmental concerns, measuring impact, contributing to environmental remediation and undertaking post-shutdown site remediation. For all these reasons, the energy sector is one of the priority sectors included in the implementation of new regulations.

Announced by the European Union (EU), the European Green Deal was established on 11 December 2019. With the European Green Deal, the EU determined its goal of becoming the first climate-neutral continent by 2050.



### green deal

With the European Green Deal, the EU determined its goal of becoming the first climate-neutral continent by 2050.



## deep transformation in the global energy sector

## OVERVIEW OF THE ENERGY SECTOR IN 2022

The aim of the Deal is to transform climatic and environmental problems into opportunities in order to ensure sustainability and to set out a new growth strategy that aims to achieve a modern, resource-oriented and fair transformation. The energy sector is one of the sectors prioritized by the Deal.

In order to reduce energy consumption, in September 2022, the EU Parliament decided to support a reduction of at least 40% in final energy consumption such as household electricity consumption and a reduction of at least 42.5% in primary energy consumption (referring to the total energy demand within a country) by 2030.

Support mechanisms provided by the Green Deal include supporting the decarbonization of electricity systems, including the design of renewable energy friendly markets and regulatory frameworks, developing support programs for renewable energy and energy efficiency investments and developing national energy and climate plans.

In order to reduce emissions arising from power plants and industry, the EU launched its first major carbon market. Under the Emission Trading System (ETS), companies will receive permits for the CO<sub>2</sub> they emit, where the less they pollute, the less they pay. The system will cover 40% of total EU greenhouse gas emissions. By pricing carbon within the scope of the ETS, the EU will limit carbon emissions in emission intensive sectors such as electricity generation, cement, refining and iron and steel. Producers who exceed this limit will be required to pay additional fees.

The ETS has been updated to align with the Green Deal's more ambitious target of a 62% reduction in industry emissions by 2030. The renewed ETS will include buildings and polluting sectors such as road and maritime transport from 2027.



Emission Trading System

Under the Emission Trading System (ETS), companies will receive permits for the CO<sub>2</sub> they emit, where the less they pollute, the less they pay.



the first major carbon market in the EU

# Value for People, Investing to the Future

OUR MATERIAL ISSUES WITH “ALL OUR ENERGY”

66

OUR INTEGRATED THINKING APPROACH

70

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

76

INTERACTION WITH OUR STAKEHOLDERS

77

## OUR MATERIAL ISSUES WITH “ALL OUR ENERGY”

“After creating our materiality matrix in the past period solely to meet the expectations of our internal stakeholders, we have taken the matrix one step further with a collective perspective this year.

Determining our material issues from a holistic perspective and learning the expectations of internal and external stakeholders on this issue are at the very heart of our sustainability journey. In 2022 we carried out our materiality analysis, which is of critical importance in our sustainability strategy, by reviewing it with our holistic value creation approach and have determined our material issues accordingly. After creating our materiality matrix in the past period solely to meet the expectations of our internal stakeholders, we have taken the matrix one step further with a collective perspective this year. In this vein, we carried out our materiality analysis study in five stages.

### 1) Determining Operational Borders

We determined the borders of Çalık Enerji's operations before starting the materiality analysis. We also took the decision that carrying out a comprehensive internal and external stakeholder materiality analysis in the fields of EPC, Renewable Energy Investments and Distribution - our main business lines - would be the most efficient way of meeting the expectations of all parties, in addition to creating a consolidated materiality matrix.

### 2) Determining Potential Material Issues

We conducted a comprehensive external environmental analysis when determining our list of potential material issues. Our analysis included an evaluation of sectoral priorities, examples of good practice, current regulation expectations, widely accepted indices such as the MSCI ESG Industry Materiality Map, SASB Sector Priorities and the S&P Risk Atlas, along with global developments and mega trends. Following this evaluation, we created a long list with the analysis we carried out, leaving no issue unturned.



3,200

Surveys were sent to 3,200 external stakeholders

142

142 responses were received from the External Stakeholder Survey

100%

A 100% participation rate was recorded in the Internal Stakeholder Survey

90%

Our suppliers provided 90% of the responses to the External Stakeholder survey

## OUR MATERIAL ISSUES WITH “ALL OUR ENERGY”

With our perspective that it is not practically possible for an institution to have a large number of priorities, and that it is not productive to focus on many issues at the same time, we pared back our list from our Sustainability Committee and external environment analysis to 15 issues. Rather than eliminating topics in line with our integrated thinking approach, we decided to come up with overarching topics.

### 3) Determining Internal and External Stakeholders

We determined our internal and external stakeholders in order to review the material issues of our stakeholder groups separately.

We have included our Sustainability Committee, consisting of representatives of all our business lines and our support functions, our Board of Directors and all managers in our Executive Committee as internal stakeholders in our materiality analysis process.

We covered all business lines when determining our external stakeholders. After this evaluation, we determined our key stakeholder groups, which include external stakeholders with whom we interact the most with in an integrated thinking approach and who have a direct impact on our sustainability issues. While determining our external stakeholders, we exercised care to include stakeholders who have a transformative effect on our Company's sustainability journey, who are the most critical links in our value chain and who will **directly** contribute to our risks, opportunities, goals and activities within the framework of our collaborations.

### 4) Seeking Stakeholder Opinions

Our internal stakeholders listed our 15 material issues, determined following our evaluations, in line with our business line-specific sustainability strategy, goals and activities.

We delivered the materiality survey, which we prepared in Turkish and English, to our external stakeholders through the digital platform. We asked our external stakeholders to rank the 15 material issues in our survey in order of their importance, taking into account our activities and stakeholder relations.

We completed our external stakeholder survey approximately 2 months after submitting it to our stakeholders. We evaluated the responses by comparing them with the results from internal and external stakeholders in our business lines (EPC, Renewable Energy Investments and Distribution) and the Head Office.



### HIGHLIGHTS OF OUR MATERIALITY SURVEY

## 3 different business lines

Separate Internal and External Stakeholder Surveys were prepared for three different business lines and the Head Office

## 3,200

Surveys were sent to 3,200 external stakeholders

## 142

142 responses were received from the External Stakeholder Survey

## 100%

A 100% participation rate was recorded in the Internal Stakeholder Survey

## Accessibility

The survey, prepared in Turkish and English, can be accessed from computers, tablets and smartphones.

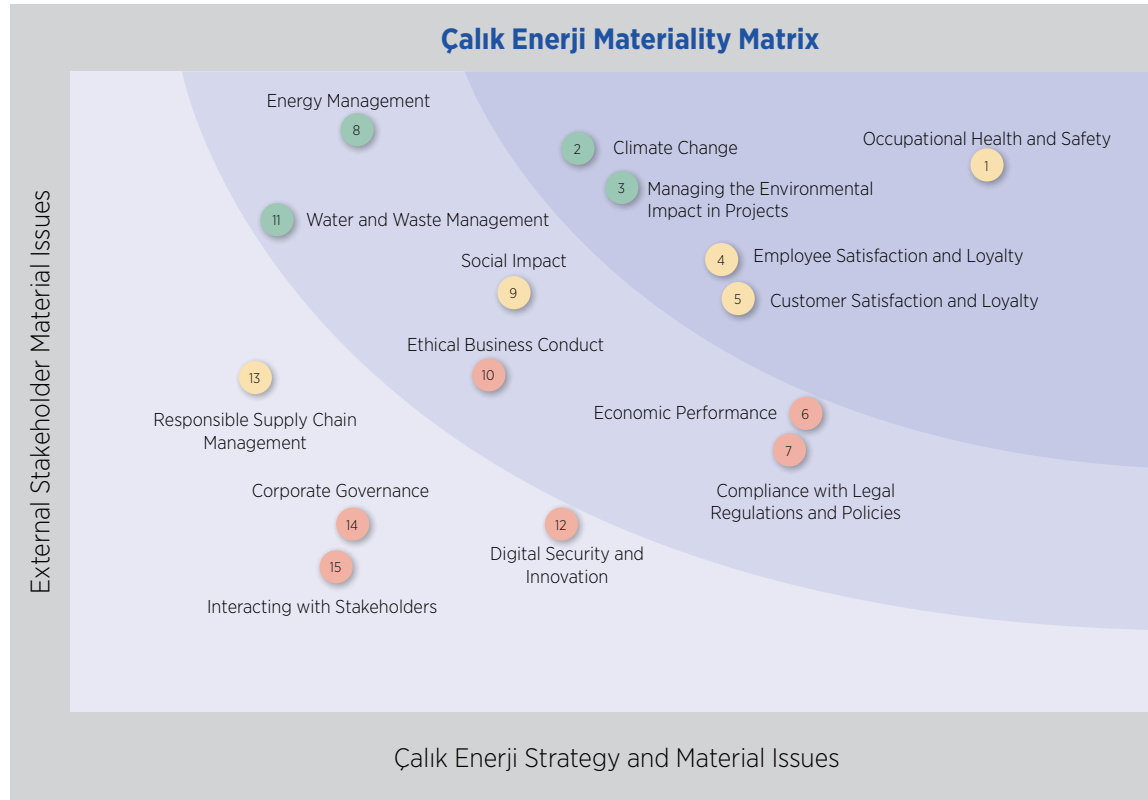
## 90%

Our suppliers provided 90% of the responses to the External Stakeholder survey

## OUR MATERIAL ISSUES WITH “ALL OUR ENERGY”

### 5) Creating the Materiality Matrix

While creating the matrix, we analyzed 15 material issues in order of importance. After obtaining the opinions of our internal and external stakeholders, we created our Çalık Enerji materiality matrix with the approval of our Board of Directors and the Executive Committee.



The outputs of our materiality matrix are listed in the following order:

| Çalık Enerji's Material Issues |                                                |
|--------------------------------|------------------------------------------------|
| 1                              | Occupational Health and Safety                 |
| 2                              | Climate Change                                 |
| 3                              | Managing the Environmental Impact in Projects  |
| 4                              | Employee Satisfaction and Loyalty              |
| 5                              | Customer Satisfaction and Loyalty              |
| 6                              | Economic Performance                           |
| 7                              | Compliance with Legal Regulations and Policies |
| 8                              | Energy Management                              |
| 9                              | Social Impact                                  |
| 10                             | Ethical Business Conduct                       |
| 11                             | Water and Waste Management                     |
| 12                             | Digital Security and Innovation                |
| 13                             | Responsible Supply Chain Management            |
| 14                             | Corporate Governance                           |
| 15                             | Interacting with Stakeholders                  |

#### Focus Area

- Environment
- Social
- Governance

#### Material Issue

- High
- Middle
- Low

We carried out our materiality analysis according to business line breakdowns in order to accurately analyze and meet expectations in all of our areas of activity. Thus, this analysis based on breakdowns helped us determine our material issues with its comprehensive approach, without excluding any issue while determining our sustainability strategy, goals and actions. The results of the external stakeholder survey are provided by business line in the tables below on page 69.

## OUR MATERIAL ISSUES WITH “ALL OUR ENERGY”

| #  | EPC                                            | #  | Distribution                                   | #  | Renewable Energy                               |
|----|------------------------------------------------|----|------------------------------------------------|----|------------------------------------------------|
| 1  | Energy Management                              | 1  | Climate Change                                 | 1  | Climate Change                                 |
| 2  | Climate Change                                 | 2  | Energy Management                              | 2  | Energy Management                              |
| 3  | Occupational Health and Safety                 | 3  | Occupational Health and Safety                 | 3  | Occupational Health and Safety                 |
| 4  | Managing the Environmental Impact in Projects  | 4  | Managing the Environmental Impact in Projects  | 4  | Managing the Environmental Impact in Projects  |
| 5  | Water and Waste Management                     | 5  | Employee Satisfaction and Loyalty              | 5  | Water and Waste Management                     |
| 6  | Employee Satisfaction and Loyalty              | 6  | Water and Waste Management                     | 6  | Social Impact                                  |
| 7  | Customer Satisfaction and Loyalty              | 7  | Customer Satisfaction and Loyalty              | 7  | Employee Satisfaction and Loyalty              |
| 8  | Social Impact                                  | 8  | Social Impact                                  | 8  | Customer Satisfaction and Loyalty              |
| 9  | Ethical Business Conduct                       | 9  | Ethical Business Conduct                       | 9  | Responsible Supply Chain Management            |
| 10 | Responsible Supply Chain Management            | 10 | Responsible Supply Chain Management            | 10 | Ethical Business Conduct                       |
| 11 | Economic Performance                           | 11 | Economic Performance                           | 11 | Economic Performance                           |
| 12 | Compliance with Legal Regulations and Policies | 12 | Compliance with Legal Regulations and Policies | 12 | Compliance with Legal Regulations and Policies |
| 13 | Corporate Governance                           | 13 | Digital Security and Innovation                | 13 | Digital Security and Innovation                |
| 14 | Digital Security and Innovation                | 14 | Interacting with Stakeholders                  | 14 | Corporate Governance                           |
| 15 | Interacting with Stakeholders                  | 15 | Corporate Governance                           | 15 | Interacting with Stakeholders                  |

With our integrated thinking approach, we carried out our mapping study specific to our focus areas by aligning our material issues with six capital elements. The detailed actions we have taken on our material issues in 2022 and the details of the road map we will follow are set out on the following sections of our Integrated Annual Report. **Our Environmental Impact with All Our Energy** 📍, **Our Social Impact with All Our Energy** 📍, **Our Governance Structure with All Our Energy** 📍

We will continue to monitor our company's performance, our impact on potential sustainability issues, and our activities by learning the expectations of our internal and external stakeholders. We aim to harmonize our materiality analysis, which we plan to review every two years, with the Double Materiality perspective under the guidance of the European Union Corporate Sustainability Reporting Directive (CSRD) in the coming period.

We will continue to work with all our energy to continuously improve our stakeholder engagement processes, support our sustainability approach through our entire value chain and create long-term value.



### long-term value

We will continue to work with all our energy to continuously improve our stakeholder engagement processes, support our sustainability approach through our entire value chain and create long-term value.

## OUR INTEGRATED THINKING APPROACH



Our ultimate goal is to create sustainable value for all of our stakeholders.

We based our value creation story on a number of sources, broadly categorized as Financial, Generated, Intellectual, Human, Social and Relational, and Natural Capital. We are aware that the efficient and correct use of these different forms of capital is the key to achieving our goals. We have reflected our understanding of sustainability, the way we manage our operations with our corporate strategies, and the connection of our material issues with six capital elements in our value creation model.

Our ultimate goal is to create sustainable value for all of our stakeholders. Thanks to our holistic perspective while creating this value, we consider all elements that will allow us to deliver value now and in the future, with the principle of leaving no one behind.

### Our Capital Elements:



**Our Financial Capital with All Our Energy:**  
Our capital consisting of the economic assets we obtain or earn as a result of our performance.



**Our Capital Produced with All Our Energy:**  
Our physical assets and infrastructural capital required to ensure the continuity of our business.



**Our Intellectual Capital with All Our Energy:**  
Our brand is our capital, which includes the intellectual capabilities and intangible assets associated with our technical expertise and experience.



**Our Human Capital with All Our Energy:**  
Our capital consisting of competent employees that we see as our most valuable resource to carry out our operations.



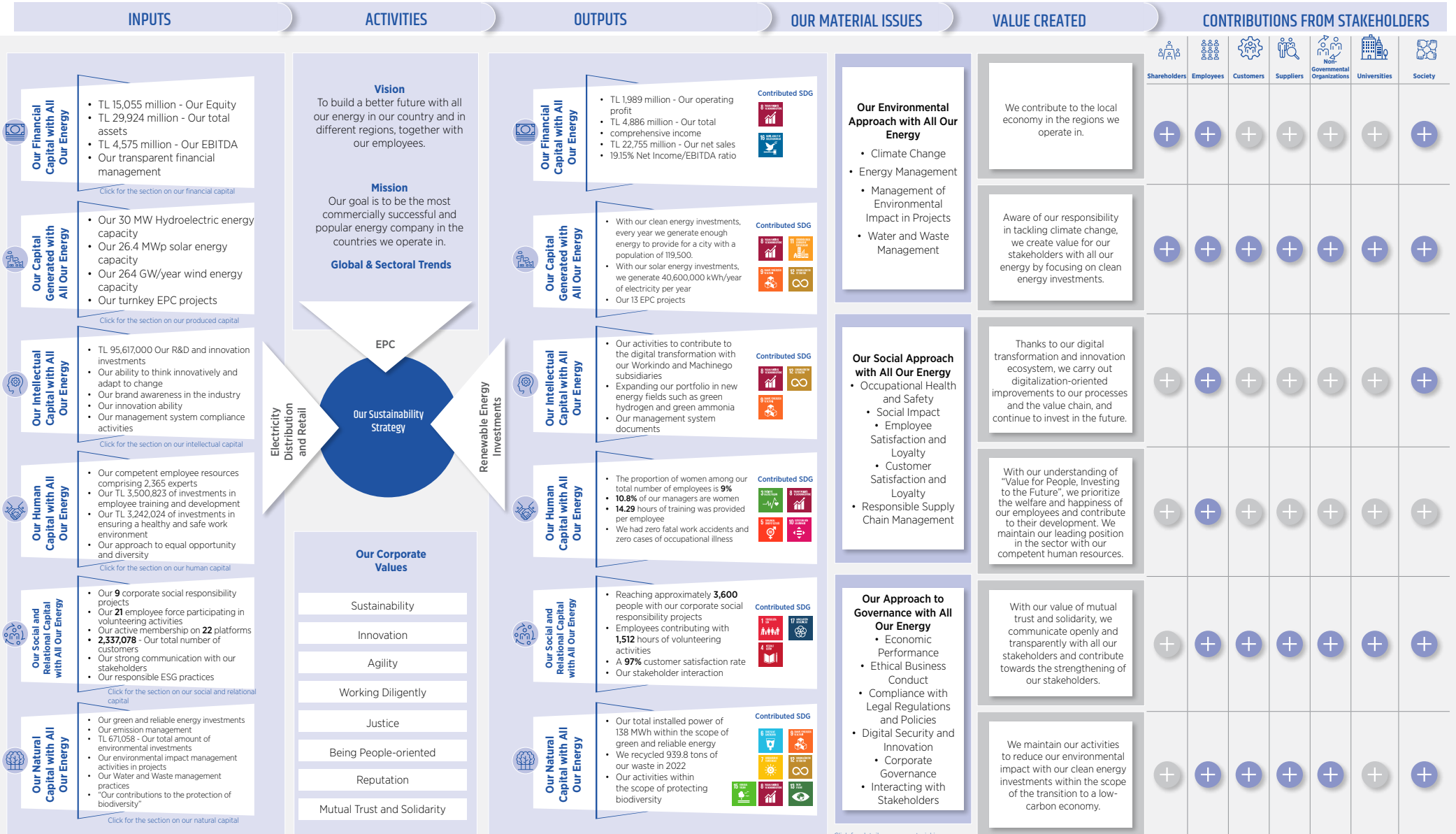
**Our Social and Relational Capital with All Our Energy:**  
Our capital arising from our relationship and network between our business and our stakeholders.



**Our Natural Capital with All Our Energy:**  
Our capital, which refers to the natural resources we use, such as air, water and fuel, that support the prosperity of our operations.

# OUR INTEGRATED THINKING APPROACH

## ÇALIK ENERJİ'S VALUE CREATION MODEL



# OUR INTEGRATED THINKING APPROACH

## Our Environmental Goals with All Our Energy

| Related Capital Element                                        |                                                | SDGs We Contribute to                                                                                               |                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Focus Area                                                                                                                                      | Material Issue                                 | Performance Indicator (KPI)                                                                                                                                                                            | Goal                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                 |
|                                                                                                                                                 |                                                |                                                                                                                                                                                                        | Short Term                                                                                                                                                                                                         | Medium Term                                                                                                                                                                                                                                                                           | Long Term                                                                                                                                                                                                                                                       |
| Our Environmental Approach with All Our Energy                                                                                                  | Climate Change                                 | <ul style="list-style-type: none"> <li>Emission Measurement</li> <li>Scope 1 &amp; Scope 2 Emissions (tCO<sub>2</sub>e)</li> <li>Ratio of employees participating in awareness training (%)</li> </ul> | <ul style="list-style-type: none"> <li>Emission Measurement</li> <li>Organizing climate awareness training that includes climate-focused risks, developments and mega trends specific to business units</li> </ul> | <ul style="list-style-type: none"> <li>Conducting a road map study within the scope of transition to a low carbon economy</li> <li>Carrying out emission target activities compatible with the target to limit global warming to 1.5°C</li> <li>80% completion of training</li> </ul> | <ul style="list-style-type: none"> <li>Setting a target compatible with the goal of limiting global warming to 1.5°C</li> <li>Achieving the Net Zero Target (Scope 1 &amp; Scope 2) (Target Term = 2050)</li> <li>All employees to complete training</li> </ul> |
|                                                                                                                                                 | Energy Management                              | <ul style="list-style-type: none"> <li>Management System Certificates</li> <li>Number of projects realized</li> </ul>                                                                                  | <ul style="list-style-type: none"> <li>Completion of the ISO 50001 (Energy Management System) Certification process</li> <li>Realization of at least 2 projects within the scope of Energy Management</li> </ul>   | <ul style="list-style-type: none"> <li>Renewal of ISO 50001 (Energy Management System) Certification process</li> <li>Realization of at least 4 projects within the scope of Energy Management</li> </ul>                                                                             | <ul style="list-style-type: none"> <li>Renewal of ISO 50001 (Energy Management System) Certification process</li> <li>Realization of at least 6 projects within the scope of Energy Management</li> </ul>                                                       |
|                                                                                                                                                 | Management of Environmental Impact in Projects | <ul style="list-style-type: none"> <li>Number of environmental accidents</li> </ul>                                                                                                                    | <ul style="list-style-type: none"> <li>Zero high-level environmental accidents</li> </ul>                                                                                                                          | <ul style="list-style-type: none"> <li>Zero high-level environmental accidents</li> </ul>                                                                                                                                                                                             | <ul style="list-style-type: none"> <li>Zero high-level environmental accidents</li> </ul>                                                                                                                                                                       |
|                                                                                                                                                 | Water and Waste Management                     | <ul style="list-style-type: none"> <li>Waste consumption (tons)</li> <li>Waste Density (ton/turnover)</li> </ul>                                                                                       | <ul style="list-style-type: none"> <li>Regular monitoring of waste data in the Head Office Building</li> <li>Reducing waste intensity in the Head Office Building by 10% compared to the base year</li> </ul>      | <ul style="list-style-type: none"> <li>Realization of waste recycling projects in certain projects</li> <li>Reducing waste intensity in the Head Office Building by 20% compared to the base year</li> </ul>                                                                          | <ul style="list-style-type: none"> <li>Realization of waste recycling projects in all operations</li> <li>Reducing waste intensity in the Head Office Building by 30% compared to the base year</li> </ul>                                                      |
| Stakeholders who we will collaborate with to achieve the goal  |                                                |                                                                                                                                                                                                        |                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                 |

# OUR INTEGRATED THINKING APPROACH

## Our Social Goals with All Our Energy

| Related Capital Element                 |                                   | SDGs which we contributed to                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Focus Area                              | Material Issue                    | Performance Indicator (KPI)                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Goal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|                                         |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Short Term                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Medium Term                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Long Term                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Our Social Approach with All Our Energy | Occupational Health and Safety    | <ul style="list-style-type: none"> <li>Lost Time Incident Rate (LTIR)</li> <li>Number of fatal work accidents</li> <li>Accident Severity Rate (%)</li> <li>Total Recordable Incidents Rate (TRIR) (%)</li> <li>OHSE Training Rate</li> </ul>                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>Lost time incident rate of less than 0.075</li> <li>Zero fatal work accidents</li> <li>Accident severity rate less than 2.25</li> <li>Total recordable incident rate of less than 0.5</li> <li>OHSE training rate higher than 0.6%</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>Lost time incident rate of less than 0.06</li> <li>Zero fatal work accidents</li> <li>Accident severity rate less than 1.58</li> <li>Total recordable incident rate of less than 0.4</li> <li>OHSE training rate higher than 0.7%</li> </ul>                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Lost time incident rate of less than 0.05</li> <li>Zero fatal work accidents</li> <li>Accident severity rate of less than 1.1</li> <li>Total recordable incident rate of less than 0.33</li> <li>OHSE training rate higher than 0.8%</li> </ul>                                                                                                                                                                                                                                                                    |
|                                         | Social Impact                     | <ul style="list-style-type: none"> <li>Number of Corporate Social Responsibility projects carried out</li> </ul>                                                                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>Increasing the number of projects compared to the previous year</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Increasing the number of projects compared to the previous year</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>Increasing the number of projects compared to the previous year (Carrying out a CSR project in each region we operate in. For example, carrying out projects in 4 locations in Iraq)</li> </ul>                                                                                                                                                                                                                                                                                                                    |
|                                         | Employee Satisfaction and Loyalty | <ul style="list-style-type: none"> <li>Number of human Rights violations</li> <li>Amount of local employment</li> <li>Employee satisfaction rate (%)</li> <li>Ratio of women in White-collar positions (%)</li> <li>Ratio of women in Senior management positions (%)</li> <li>Training hours per employee</li> <li>Ratio of employees participating in evaluation processes (%)</li> <li>Equal pay for equal work approach</li> <li>Creating an employee welfare program</li> </ul> | <ul style="list-style-type: none"> <li>Zero cases of human Rights violations</li> <li>Supporting local employment capacity</li> <li>Measures to support employee satisfaction evaluation process</li> <li>Increasing the ratio of women in white collar positions by 10%</li> <li>Increasing the proportion of women in senior management positions by 10%</li> <li>16 hours of training per employee</li> <li>Establishment of a 360-degree performance evaluation system for all employees and managers (non-anonymous system, inclusion of the feedback approval process)</li> <li>Adoption and politicization of the equal pay for equal work approach</li> <li>Designing training and implementation programs on topics such as mental/emotional support, financial health, a sense of purpose, personal support and relationship management in the work environment</li> </ul> | <ul style="list-style-type: none"> <li>Zero cases of human Rights violations</li> <li>Supporting local employment capacity</li> <li>Employee satisfaction to be 60% or higher</li> <li>Increasing the ratio of women in white collar positions by 20%</li> <li>Increasing the proportion of women in senior management positions by 20%</li> <li>24 hours of training per employee</li> <li>Completion of evaluation processes of all employees</li> <li>Obtaining Equal Salary Certification</li> <li>Ensuring continuity of programs</li> </ul> | <ul style="list-style-type: none"> <li>Zero cases of human Rights violations</li> <li>Supporting local employment capacity</li> <li>Employee satisfaction of 80% or above</li> <li>Increasing the ratio of women in white collar positions by 30%</li> <li>Increasing the proportion of women in senior management positions by 30%</li> <li>32 hours of training per employee</li> <li>Completion of evaluation processes of all employees</li> <li>Inclusion in the Bloomberg Gender Equality Index</li> <li>Ensuring continuity of programs</li> </ul> |

# OUR INTEGRATED THINKING APPROACH

## Our Social Goals with All Our Energy

| Related Capital Element                                                                                                                                                                                                                                                                                                                                                                                 |                                     | SDGs which we contributed to                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Focus Area                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Material Issue                      | Performance Indicator (KPI)                                                                                                                                                                                                                                                                          | Goal                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                     |                                                                                                                                                                                                                                                                                                      | Short Term                                                                                                                                                                                                                                                                                                                                                   | Medium Term                                                                                                                                                                                                                                                                                                                                                   | Long Term                                                                                                                                                                                                                                                                                                                                                      |
| Our Social Approach with All Our Energy                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Customer Satisfaction and Loyalty   | <ul style="list-style-type: none"> <li>Customer satisfaction rate (%)</li> <li>EMRA Goals</li> </ul>                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>Ranking in the top three in the customer satisfaction survey of electricity distribution companies in Türkiye</li> <li>Obtaining 7 full points by achieving all targets within the scope of key performance indicators (KPIs) determined by EMRA</li> </ul>                                                           | <ul style="list-style-type: none"> <li>Ranking in the top three in the customer satisfaction survey of electricity distribution companies in Türkiye</li> <li>Obtaining 7 full points by achieving all targets within the scope of key performance indicators (KPIs) determined by EMRA</li> </ul>                                                            | <ul style="list-style-type: none"> <li>Ranking in the top three in the customer satisfaction survey of electricity distribution companies in Türkiye</li> <li>Obtaining 7 full points by achieving all targets within the scope of key performance indicators (KPIs) determined by EMRA</li> </ul>                                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Responsible Supply Chain Management | <ul style="list-style-type: none"> <li>Number of people attending the training provided to suppliers</li> <li>Training hours provided to suppliers</li> <li>Number of suppliers included in the Supplier Assessment</li> <li>Supplier Selection Procedure and number of audited suppliers</li> </ul> | <ul style="list-style-type: none"> <li>Increasing awareness among suppliers on sustainability issues (training, briefing, e-mail communication, etc.)</li> <li>At least 30 suppliers from each discipline to be evaluated in the supplier evaluations carried out every 6 months.</li> <li>Establishing sustainable supplier selection procedures</li> </ul> | <ul style="list-style-type: none"> <li>Organizing climate and environmental awareness training for key suppliers, including climate-focused risks, developments and mega trends</li> <li>At least 40 suppliers from each discipline to be evaluated in the supplier evaluations carried out every 6 months.</li> <li>Auditing 60% of key suppliers</li> </ul> | <ul style="list-style-type: none"> <li>Organizing climate and environmental awareness training for all suppliers, including climate-focused risks, developments and mega trends</li> <li>At least 50 suppliers from each discipline to be evaluated in the supplier evaluations carried out every 6 months.</li> <li>Auditing 100% of key suppliers</li> </ul> |
| Stakeholders with whom we will collaborate to achieve the goal      |                                     |                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                |

# OUR INTEGRATED THINKING APPROACH

## Our Governance Goals with All Our Energy

| Related Capital Element                                        |                                                | SDGs which we contributed to                                                                        |                                                                                                                                                                             |                                                                                                                                                                                  |                                                                                                                      |
|----------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Focus Area                                                     | Material Issue                                 | Performance Indicator (KPI)                                                                         | Goal                                                                                                                                                                        |                                                                                                                                                                                  |                                                                                                                      |
|                                                                |                                                |                                                                                                     | Short Term                                                                                                                                                                  | Medium Term                                                                                                                                                                      | Long Term                                                                                                            |
| Our Approach to Governance with All Our Energy                 | Economic Performance                           | Amount of investment related to sustainability                                                      | Investing in 260 MW of renewable energy                                                                                                                                     | Investing in 320 MW of renewable energy                                                                                                                                          | Investing in 450 MW of renewable energy                                                                              |
|                                                                | Ethical Business Conduct                       | Ethics training completion rate (%)                                                                 | 70% completion of ethics and code of conduct training                                                                                                                       | 80% completion of ethics and code of conduct training                                                                                                                            | 100% completion of ethics and code of conduct training                                                               |
|                                                                | Compliance with Legal Regulations and Policies | Incidence of non-compliance with legal regulations and policies                                     | Zero incidence of non-compliance with legal regulations and policies                                                                                                        | Zero incidence of non-compliance with legal regulations and policies                                                                                                             | Zero incidence of non-compliance with legal regulations and policies                                                 |
|                                                                | Digital Security and Innovation                | Time taken to resolve high security vulnerabilities detected as a result of weekly scans in systems | Resolving 85% of high security vulnerabilities within 90 days                                                                                                               | Resolving 85% of high security vulnerabilities within 45 days                                                                                                                    | Resolving 85% of high security vulnerabilities within 24 hours                                                       |
|                                                                |                                                | Awareness rate raised by training and announcements regarding data security (%)                     | Reducing the proportion of employees with low awareness to 30%                                                                                                              | Reducing the proportion of employees with low awareness to 20%                                                                                                                   | Reducing the proportion of employees with low awareness to 10%                                                       |
|                                                                |                                                | The amount invested in a low carbon economy                                                         | Creating value with a strong innovation-focused portfolio by investing in funds and technology startups working in the field of Energy Conversion                           | Increasing R&D investments and carrying out new energy projects with our global partners in regions where Çalık Group has a strong presence in the field of Energy Conversion.   | Becoming a player in the global market as an investor and contractor in projects where new energy resources are used |
|                                                                | Corporate Governance                           | Sustainability Management                                                                           | Assigning the necessary role to the Risk Committee to be established so that it will monitor climate risks and integrate them into the Corporate Risk Management Procedure. | Updating and monitoring the ESG Risk inventory                                                                                                                                   | Updating and monitoring the ESG Risk inventory                                                                       |
|                                                                |                                                |                                                                                                     | Including the issue of sustainability in the performance evaluation of the CEO and Senior Management                                                                        | Including the issue of sustainability in the performance evaluation of the CEO and Senior Management                                                                             | Including the issue of sustainability in the performance evaluation of the CEO and Senior Management                 |
|                                                                |                                                |                                                                                                     | Establishing a Risk Management Committee and Determining Committee Working Procedures and Principles                                                                        | Establishment of the Corporate Risk Management system, determining its policies and its implementation in line with the risk appetite to be determined by the Board of Directors | Updating and monitoring corporate risks                                                                              |
|                                                                | Interacting with Stakeholders                  | External stakeholder survey                                                                         | Obtaining stakeholders’ opinions through external stakeholder survey                                                                                                        | Obtaining stakeholders’ opinions through external stakeholder survey                                                                                                             | Obtaining stakeholder opinions through the external stakeholder survey                                               |
|                                                                |                                                | Holding a roundtable meeting on sustainability issues with key stakeholders                         | Joint evaluation of sustainability outcomes once a year                                                                                                                     | Evaluating sustainability outcomes together once every 6 months and expanding scope of key stakeholders                                                                          | Joint evaluation of sustainability outcomes once every 3 months and expanding the scope of key stakeholders          |
| Stakeholders with whom we will collaborate to achieve the goal |                                                |                                                                                                     |                                                                                                                                                                             |                                                                                                                                                                                  |                                                                                                                      |

## OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS



Çalık Enerji supports the achievement of the SDGs and their goals by placing sustainability at the heart of our vision and core values.

Sustainable Development Goals (SDGs), which are adopted by United Nations (UN) member countries include the goals to be achieved by the target date of 2030, address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice with the principle of “leaving no one behind” as a plan to achieve a better and more sustainable future for all. We contribute to the SDGs, which consist of 17 goals and sub-goals, accepted with the awareness that sustainability is a collective movement.

The New Sustainable Development Solutions Network (SDSN) Report, published in 2022, states that an urgent global plan should be created to provide financing for the SDGs. According to the report, all states and industrial organizations that constitute the biggest link in sustainability issues must be a part of this plan. In this context, Çalık Enerji supports the achievement of the SDGs and their goals by placing sustainability at the heart of our vision and core values. Acting in accordance with the SDGs is an integral part of our company strategy and culture, as part of our integrated thinking approach.

We have determined our material issues and the SDGs to which we directly contribute. These contributions, which we detail in our value creation model, are included in the **“Our Integrated Thinking Approach”** section of our report.

We continue to create long-term value, setting ambitious sustainability goals that help us grow with these values, and working with all our energy to achieve these goals. While establishing our sustainability goals, we follow all global efforts that we believe can support goals such as the Paris Climate Agreement and the UN Global Compact and include them among our goal setting criteria.

### a collective movement

We contribute to the SDGs, which consist of 17 goals and sub-goals, accepted with the awareness that sustainability is a collective movement.

### global initiatives

While establishing our sustainability goals, we follow all global initiatives that we believe can support goals.

## INTERACTION WITH STAKEHOLDERS



We deem our stakeholders' contributions to be most valuable in shaping the strategic issues on our Company's agenda and our roadmap, as well as the needs and expectations of our stakeholders.

### IMPORTANCE FOR OUR STAKEHOLDERS

24%

We continue our work by interacting with all stakeholders in our value chain with the awareness that sustainable development and growth is not a transformation that institutions can achieve alone. We focus on understanding and meeting the needs of stakeholders correctly. In this regard, we attach importance to fostering an environment of continuous and open dialogue in our interactions with stakeholders. We deem our stakeholders' contributions to be most valuable in shaping the strategic issues on our Company's agenda and our roadmap, as well as the needs and expectations of our stakeholders.

We are aware of the importance of stakeholder interaction in creating collective sustainability awareness. We go to great lengths to work in cooperation and harmony, taking our stakeholders into account in every step we take. We move forward with an awareness that taking action in a timely manner together with our key stakeholders plays a crucial role in achieving success. We work with all our energy with a wide range of stakeholders to transform our journey into our "common goal" by working with a common mind.

We completed our materiality analysis in line with the feedback we received from our key stakeholders, which we interact with most closely with our integrated thinking approach and who have a direct impact on sustainability issues. Detailed information is provided in the "**Materiality Analysis**" section of our report. We have outlined the needs of our identified key stakeholder groups with our materiality survey and taken action to meet the basic expectations.

## open dialogue

We attach importance to fostering an environment of continuous and open dialogue in our interactions with stakeholders.

## cooperation

We go to great lengths to work in cooperation and harmony, taking our stakeholders into account in every step we take.

### Our short-term goals within the scope of Interacting with Stakeholders with All Our Energy

Seeking stakeholders' opinions through the external stakeholder survey

Joint evaluation of sustainability outcomes, carried out annually

# INTERACTION WITH STAKEHOLDERS

Table of our Interaction with our stakeholders

| Stakeholder Group                                                                                                                 | Our Communication Status                                                                                      | Importance to us | Our Material Issues Contributed to                                                                                                                       | Capital Item Contributed to                                                                             | The Value We Create Together                                                                                                     | Our Communication Channels                                                                         | Our Communication Frequency        | Highlights of the Value We Created Together in 2022                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Our employees                                | ●●●●●                                                                                                         |                  | Customer Satisfaction and Loyalty, Economic Performance, Social Impact, Ethical Business Conduct, Corporate Governance, Interaction with Stakeholders    | Human Capital, Financial Capital, Intellectual Capital, Social and Relational Capital, Produced Capital | Justice, Reputation, Human Orientation, Innovation, Agility, Working Wholeheartedly, Sustainability, Mutual Trust and Solidarity | Meetings, Digital Communication Channels, Face-to-Face Meetings, Internal Communication Activities | W                                  | We strengthened our R&D and innovations with our motivation to develop new projects.                                                                                      |
| <br>Our Sustainability Committee                 | ●●●●●                                                                                                         |                  | Environmental Impact Management in Projects, Climate Change, Energy Management, Water and Waste Management, Social Impact, Interaction with Stakeholders | Human Capital, Social and Relational Capital, Natural Capital                                           | Working Wholeheartedly, Human Orientation Sustainability, Mutual Trust and Solidarity                                            | Meetings, Digital Communication Channels                                                           | M                                  | With our integrated perspective, we worked to internalize our sustainability strategy, monitor our goals and transform it into the corporate culture.                     |
| <br>Our customers                                | ●●●●●                                                                                                         |                  | Economic Performance                                                                                                                                     | Financial Capital, Produced Capital                                                                     | Justice, Reputation, Mutual Trust and Solidarity                                                                                 | Meetings, Digital Communication Channels                                                           | W                                  | We have implemented a wide array of new projects to meet customer expectations and keep up with current trends.                                                           |
| <br>Our suppliers                                | ●●●●●                                                                                                         |                  | Responsible Supply Chain Management                                                                                                                      | Financial Capital, Produced Capital                                                                     | Justice, Reputation, Mutual Trust and Solidarity                                                                                 | Meetings, Digital Communication Channels                                                           | Q                                  | We constantly evaluated various collaborations and opportunities with our suppliers in order to ensure sustainability throughout our entire value chain.                  |
| <br>Government agencies                          | ●●●○○                                                                                                         |                  | Compliance with Legal Regulations and Policies                                                                                                           | Social and Relational Capital, Produced Capital                                                         | Reputation                                                                                                                       | Meetings, Digital Communication Channels                                                           | Y                                  | We have endeavored to do our part in our relations with government institutions by following all national and international regulations.                                  |
| <br>Universities                                 | ●●○○○                                                                                                         |                  | Social Impact, Interaction with Stakeholders                                                                                                             | Social and Relational Capital                                                                           | Reputation, People-oriented, Innovation                                                                                          | Career Days, Sponsorships                                                                          | T                                  | We organized career days in cooperation with different universities to bring young talent into business life.                                                             |
| <br>Other National-International Organizations | ●○○○○                                                                                                         |                  | Social Impact, Interaction with Stakeholders                                                                                                             | Social and Relational Capital                                                                           | Reputation                                                                                                                       | Meetings, Digital Communication Channels                                                           | Y                                  | We developed new projects and collaborations with national and international organizations by evaluating all the factors affecting our business with a holistic approach. |
| <br>Non-Governmental Organizations             | ●●○○○                                                                                                         |                  | Social Impact, Interaction with Stakeholders                                                                                                             | Social and Relational Capital                                                                           | Human Orientation, Sustainability, Reputation, Mutual Trust and Solidarity                                                       | Corporate Social Responsibility Projects, Meetings, Events, Digital Communication Channels         | Q                                  | We implemented our Energetic Schools Phase II Project within the scope of our cooperation with non-governmental organizations.                                            |
| <b>Our Communication Status</b>                                                                                                   |                                                                                                               |                  |                                                                                                                                                          |                                                                                                         |                                                                                                                                  |                                                                                                    | <b>Our Communication Frequency</b> |                                                                                                                                                                           |
| ●○○○○                                                                                                                             | We do not have effective communication                                                                        |                  |                                                                                                                                                          |                                                                                                         |                                                                                                                                  |                                                                                                    | W                                  | Weekly                                                                                                                                                                    |
| ●●○○○                                                                                                                             | We have a relationship, but there are steps that need to be taken to improve the quality of the relationship. |                  |                                                                                                                                                          |                                                                                                         |                                                                                                                                  |                                                                                                    | M                                  | Monthly                                                                                                                                                                   |
| ●●●○○                                                                                                                             | We have a relationship, but we need to improve our connection to create value together                        |                  |                                                                                                                                                          |                                                                                                         |                                                                                                                                  |                                                                                                    | Q                                  | Quarterly                                                                                                                                                                 |
| ●●●●○                                                                                                                             | We have a quality, mutually beneficial relationship, but there is still room to enhance it further            |                  |                                                                                                                                                          |                                                                                                         |                                                                                                                                  |                                                                                                    | T                                  | Twice a Year                                                                                                                                                              |
| ●●●●●                                                                                                                             | We have a strong relationship that creates mutual value                                                       |                  |                                                                                                                                                          |                                                                                                         |                                                                                                                                  |                                                                                                    | Y                                  | Yearly                                                                                                                                                                    |

## Our Approach to Governance with All Our Energy

|                                          |     |
|------------------------------------------|-----|
| CORPORATE GOVERNANCE                     | 80  |
| BOARD OF DIRECTORS AND SENIOR MANAGEMENT | 96  |
| COMMITTEES AND POLICIES                  | 101 |
| ETHICAL BUSINESS CONDUCT                 | 104 |
| COMPLIANCE WITH LAWS AND REGULATIONS     | 109 |
| DIGITAL SECURITY AND INNOVATION          | 110 |
| ECONOMIC PERFORMANCE                     | 112 |

## CORPORATE GOVERNANCE



Transparency, accountability, fairness and responsibility are the cornerstones of our way of doing business.

### IMPORTANCE FOR OUR STAKEHOLDERS

28%

We aim to create sustainable value for all of our stakeholders while achieving our strategic goals with our integrated thinking approach. We carry out all of our activities in compliance with the principles of corporate governance. We are aware that an effective governance structure is vital to sustainability, and we continue our work with this awareness.

The involvement of our Board of Directors, which is the highest decision-making authority, in the implementation of our strategic goals and the management of our sustainability strategy in a transparent, fair and accountable manner are at the heart of our corporate governance approach.

### Strong Progress in Corporate Values with All Our Energy

We adopt a corporate governance approach that is compatible with ethical values in all of our activities, adhering to our basic principles of justice, reputation, being people-centric, innovation, agility, working wholeheartedly, sustainability and mutual trust and solidarity. We create our business principles with an awareness that effective corporate management depends on a sound approach to governance. We strengthen our effective corporate governance in accordance with our integrated thinking approach through compliance with legal regulations, ethical business conduct, corporate risk management, internal control mechanisms and the stakeholder participation.

Transparency, accountability, fairness and responsibility are the cornerstones of our way of doing business. The focus of this way of doing business is to demonstrate a transparent approach to issues such as financial status, activity reports and strategic direction, to gain the trust of our stakeholders and to convey our operations in an understandable manner.

## stakeholder participation

We view stakeholder participation as a key driving force of our sustainable and growing success.

## highest body

Our sustainability strategy and short-, medium- and long-term goals are determined and embraced by our highest management body.

## risk awareness

We attach importance to spreading the risk awareness we have adopted throughout the company to all levels of the Company

## reliability

By establishing an effective internal control system, we aim to ensure the reliability of financial and operational transactions.

## CORPORATE GOVERNANCE

Commitment to values is among our most important corporate values. In line with our corporate values, we encourage all our managers and employees to behave in accordance with the principles of honesty, justice, respect and transparency. We aim to raise awareness and the commitment to our ethical values by providing ethical training for our employees in line with the policies and procedures we have established to raise ethical standards and prevent ethical violations.

We view stakeholder participation as a key driving force of our sustainable and growing success. We consider the interests of all stakeholders and ensure their participation in our processes. By seeking stakeholder opinions, collaborating with them and maintaining open communication channels, we contribute to the growth of our Company on the basis of mutual trust and long-term cooperation. Detailed information is included in the **“Interaction with Our Stakeholders”** section of our report.

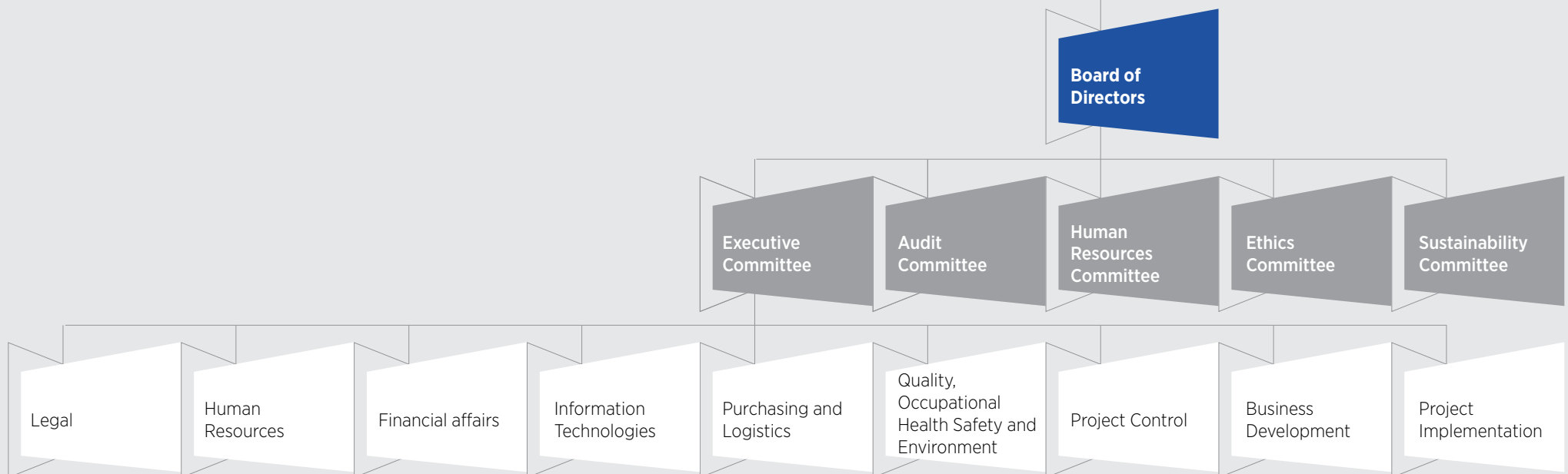
### Our key goals within the scope of Sustainability Management with All Our Energy

Assigning the necessary roles to the Risk Committee to be established so that it will monitor climate risks and integrate them into the Corporate Risk Management Procedure. Updating and monitoring the ESG risk inventory

Updating and monitoring the ESG risk inventory

Including the issue of sustainability into the Performance Evaluation of the CEO and Senior Management

### OUR CORPORATE GOVERNANCE STRUCTURE



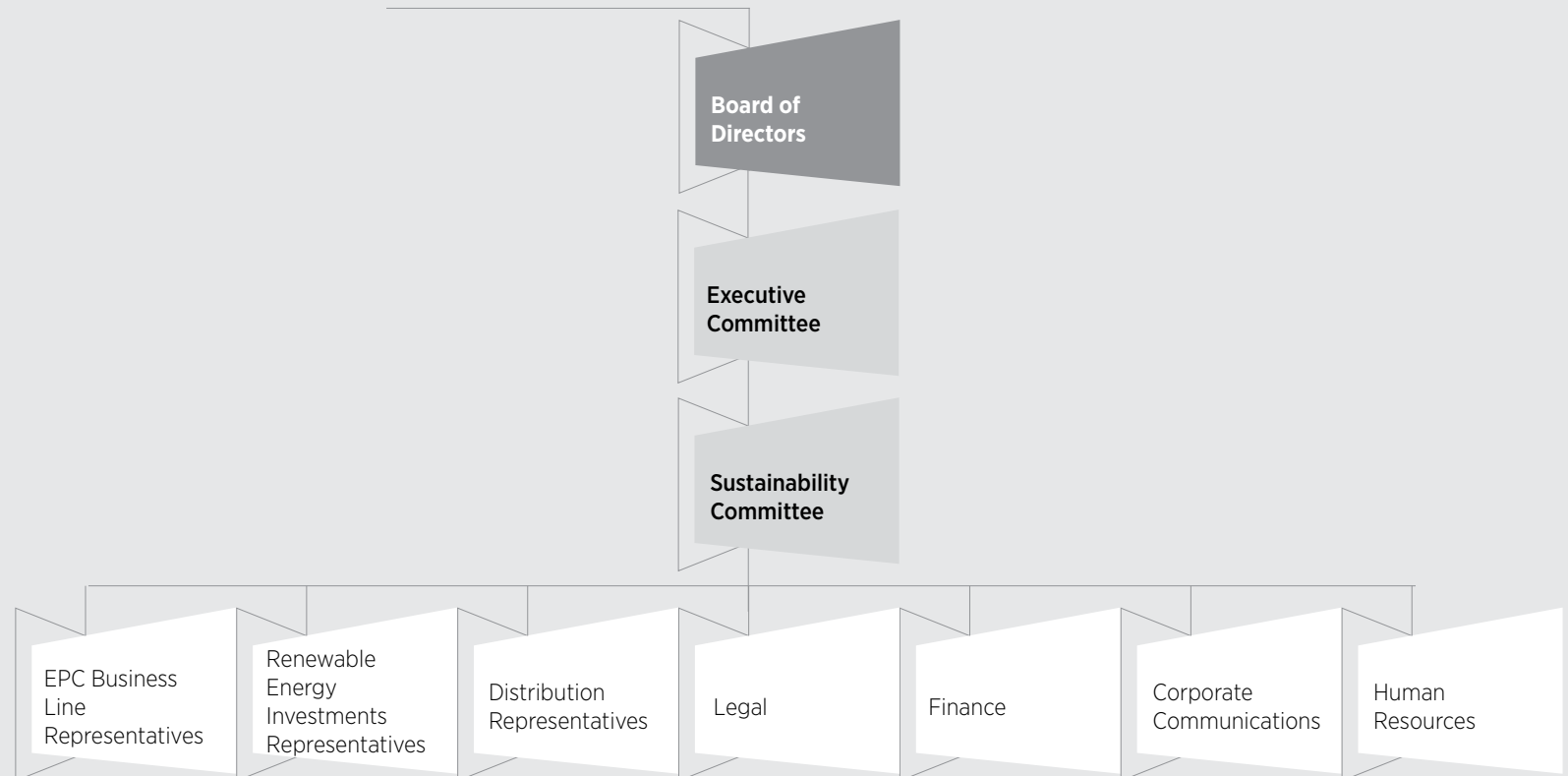
## CORPORATE GOVERNANCE

### ESG Governance

The concept of governance is basically a concept that provides trust to stakeholders in every institution and ensures continuity by increasing the company's durability with its strong structure. Sustainability governance, on the other hand, is the adoption of an approach in which an organization's management responsibility for sustainability issues is defined, sustainability activities and performance are monitored and measured and all these issues are placed as an integral part of the overall corporate governance structure. The cornerstone of sustainability governance is to integrate sustainability into the organization's corporate culture, its way of doing business and its decision-making processes.

Our sustainability strategy and short-, medium- and long-term goals are determined and embraced by our highest management body. We manage our operations in all regions we operate in and throughout our value chain in compliance with the principles of ESG governance that we have determined and adopted. Despite the range of studies we have carried out in the field of ESG, we are well aware that we are still at the beginning in this process. With this awareness, we are committed to continuing to improve every year with all our energy in our sustainability journey, which is endless and open to continuous improvement. Therefore, we plan to integrate ESG issues into our senior management's performance targets in the coming reporting period.

### OUR ESG GOVERNANCE STRUCTURE



## CORPORATE GOVERNANCE

All issues that may directly or indirectly affect our ESG approach and sustainability strategy are embraced by our Board of Directors and Executive Committee. Our Board of Directors regularly follows our sustainability plans and strives to direct all the opportunities and competencies to our work within these plans. In addition, our Board Members are regularly informed of current sustainability issues and developing trends.

Our Sustainability Committee, which reports to our Board of Directors and Executive Committee, consists of our Sustainability Ambassadors, who are representatives of our different business lines and support functions. Our Sustainability Committee meets every two months to monitor changes, new trends and the current status of our ESG performance regarding our sustainability strategy. Our Sustainability Committee shares these changes and our current Performance Evaluation with our Board of Directors and Executive Committee in quarterly meetings.

In addition to taking responsibility for our ESG strategies and the targets set by our Board of Directors, the Executive Committee and the Sustainability Committee, our employees are also responsible for adopting them as a part of the corporate culture as an indicator of our integrated way of doing business. In

this regard, we closely follow global initiatives and developments regarding ESG governance, handle them with a holistic approach and integrate them into our activities in line with the vision and mission of our institution.

We act with an awareness of the importance that a sound sustainability governance approach plays in our success. We believe that an effective and sound approach to governance is indispensable in managing our risks, maintaining good communication with our stakeholders, determining and implementing our strategy correctly and ensuring the sustainability of our institution.

We focus on creating a good sustainability governance structure by being aware of the constantly growing expectations regarding sustainability issues among our stakeholders, business partners and many institutions and organizations we work with. We manage sustainability issues with the participation of all of our employees, and we are unwaveringly working to improve our sustainability-oriented governance structure with all our energy.

### Corporate Risk Management

We identify and systematically manage environmental, social and governance risks that may arise in all of the business lines in which we operate. We view Risk Management as a strategic priority. We effectively implement the processes of identifying, evaluating, managing and monitoring risks.



### ESG risks

**We identify and systematically manage environmental, social and governance risks that may arise in all of the business lines in which we operate.**



## effective and good governance

## CORPORATE GOVERNANCE

With our risk management strategy, we are committed to;

- creating risk awareness throughout the company and ensuring that responsibility is shared by all employees,
- managing risks in line with the company's vision, mission and values,
- addressing risks in accordance with the Company's sustainability goals and commitments,
- prioritizing risks in order to create appropriate responses to risks,
- avoiding risks and taking precautions against risks,
- continuously improving risk management processes and adopting best practices.

As a part of our corporate culture, we attach importance to spreading the risk awareness we have adopted throughout the company to all levels of the Company. In order to move forward with a more effective risk management approach, we plan to evaluate our current risks and then establish a risk management committee which will report to the CFO. We develop action plans to minimize or eliminate all risks that may affect our activities.

International commitments and guidelines such as those of the UN Global Compact, which we are a signatory to, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the requirements of the Integrated Management System contribute to our risk management approach.

In accordance with the integrated management system requirements, we follow the expectations and needs of the relevant parties and determine our risks and opportunities in our business processes in order to prevent negative impacts on our company, and carry out necessary improvements. We closely monitor possible risks and opportunities in our project processes with our project risk inventory in all regions we operate in. We regularly monitor the effectiveness of our risk mitigation activities in our project processes and report them to our senior management.

At Çalık Enerji, we define and evaluate our ESG-related risks that may affect our financial performance in accordance with the risk categories determined by TCFD and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Enterprise Risk Management Framework (COSO Enterprise Risk Management - ERM). We prioritize our ESG-related risks according to the likelihood of their realization and their impact. Our Board of Directors is responsible for managing risks and reaching decisions regarding mitigation activities.



### risk awareness

As a part of our corporate culture, we attach importance to spreading the risk awareness we have adopted throughout the company to all levels of the Company.



### risk mitigation activities

## CORPORATE GOVERNANCE

We evaluate our ESG risks in two basic categories - risks related to the transition to a lower carbon economy and physical risks - under the guidance of the TCFD. While have taken account of regulatory and legal risks, market risks, technology and reputation risks as transition risks, we have considered acute and chronic risks under the heading of physical risks. In this context, we have followed a detailed evaluation process to understand and handle risks correctly and have developed effective solutions to risks with action plans which we have created based on these frameworks. Thus, we have created our sustainability-related risk map within the framework of mitigation activities and actions to be taken in the short, medium and long term. We set out 14 ESG risks as a result of our work with our Sustainability Committee.

We carried out our risk analysis separately for the three business lines we serve (EPC, Renewable Energy Investments and Distribution). We considered all risks on a business line-specific basis with an awareness that not every risk is directly related to every business line, or that the mitigating and preventive actions to be taken in business lines will differ for each risk. In each business line, we undertook detailed evaluations with the process managers and our Sustainability Committee in each business line, and detailed our risks with specialists in each

field. In addition, we developed comprehensive risks for all business lines, as seen in the Risk Table. Our sustainability-related risk analysis study also guides us when creating our sustainability strategy. In addition, by adopting an approach of “Every risk contains an opportunity when positioned correctly”, we also evaluated the opportunities that may arise if all of our risks are detected early.

Determining our risks and opportunities first formed the basis for creating our mitigation and preventive activities, and then for the actions to be taken for these activities in the short, medium and long term. We associated these risks and opportunities with six capital elements from an integrated perspective, in accordance with the requirements of the International Integrated Reporting Council (IIRC). At the same time, we have set out our goals under a holistic perspective by blending the emerging risks and opportunities with our materiality analysis. Accordingly, we have designed our sustainability strategy in a manner which is inclusive, is based on risks and opportunities and is able to answer the questions of the future today.

We aim to fulfill our commitments regarding Risk Management and manage our activities in a sustainable manner. The risk Management strategy and practices are implemented with the aim of creating long-term value and increasing the trust of stakeholders by supporting the Company’s successful performance.



**turning risk into opportunity**

**By adopting an approach of “Every risk contains an opportunity when positioned correctly”, we also evaluated the opportunities that may arise if all of our risks are detected early.**



# CORPORATE GOVERNANCE

## Çalık Enerji ESG Risk Inventory

| Number | Risk Category | Subcategory                                  | Related Capital Element                                                                              | Risk Definition                                                                                                                                                                                                                                                                                                                                                                                                    | Business line                                                                                                     | Risk Area             | Relevant Stakeholder                                                                                     | Risk Mitigation Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Opportunity Areas                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------|---------------|----------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1      | Regulation    | Compliance with Current & Future Regulations | <br>Natural Capital | Failure to meet national (applicable in Türkiye and all regions of operation) and international regulations (such as environmental regulations, Carbon Border Adjustment Mechanism - CBAM, Emission Trading System, Corporate Sustainability Reporting Directive - CSRD, Greenhouse Gas Emission Monitoring Regulation), tariffs (tariffs determined by EMRA) etc.) and failure to meet stakeholders' expectations | <br>EPC                          | Operational Financial | <br>Employees         | We ensure compliance with regulations and monitoring by recruiting personnel specialized in their field in all regions in which we operate. We regularly follow regulatory changes and ISO standards and requirements. We closely monitor the Official Gazette, TEDAS and EMRA sites published for the region for which we are responsible, and report new decisions to the relevant units. One of our working groups, the Electricity Trade Group, works on the Emission Trading System in detail and regularly reports relevant developments to the relevant departments. | Despite the risks associated with compliance with current and future regulations, we aim to manage our processes according to global standards by strengthening governance and corporate risk management activities, develop methods of monitoring & measuring our carbon-based metrics to comply with the Carbon Border Adjustment Mechanism and Emission Trading System, and strengthen our carbon footprint targets. We consider the financial gains we can create with early positioning as an area of opportunity. |
|        |               |                                              |                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                    | <br>Distribution                 |                       | <br>Business partners |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|        |               |                                              |                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                    | <br>Renewable Energy Investments |                       | <br>Customers         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|        |               |                                              |                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                   |                       | <br>Investors         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|        |               |                                              |                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                   |                       | <br>Society           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

## CORPORATE GOVERNANCE

| Number | Risk Category      | Subcategory                             | Related Capital Element | Risk Definition                                                                                                                                                                   | Business line                                                                                                       | Risk Area           | Relevant Stakeholder                                                                                                                                                                                          | Risk Mitigation Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Opportunity Areas                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------|--------------------|-----------------------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2      | Technology         | Information Security and Cyber Security | Intellectual Capital    | Disruptions that may occur in the IT infrastructure due to incidents such as cyber attacks, data security violations and project and customer-specific data losses.               | <br>EPC                            | IT Risks            | <br>Employees                                                                                                              | In line with ISO 27001 standards, our Information Security Directorate monitors all processes and creates a precautionary plan to reduce the risk of cyber attacks. We carry out audits and drills to detect system vulnerabilities at certain intervals. We are carrying out a data center project to collect the data pertaining to our power plants in one place.                                                                                                                                                                                | Despite the risks associated with information security and cyber security, we consider these areas as an opportunity to raise awareness of cyber attacks and enhance our employees' instant crisis management skills through the cyber attack drills which we carry out.                                                                                                                                               |
|        |                    |                                         |                         |                                                                                                                                                                                   | <br>Distribution                   |                     | <br>Customers                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                        |
|        |                    |                                         |                         |                                                                                                                                                                                   | <br>Renewable Energy Investments   |                     | <br>Business partners<br><br>Investors  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 3      | Legal / Compliance | Misinterpretation of Regulations        | Financial Capital       | Legal disputes arising from non-compliance with legislation, contracts or internal company directives, misinterpretation of regulations or failure to fulfill obligations on time | <br>EPC                            | Strategic Financial | <br>Employees                                                                                                              | Our compliance team working within Calik Holding regularly provides information regarding legislation. Relevant legislative changes are communicated to our employees by following the Official Gazette. Internal audits are carried out specifically for our projects to monitor compliance with the legislation within the scope of Occupational Health and Safety (OHS) and Environment regulations. In addition, we cooperate with law offices and provide information on issues that may affect our projects by stating them in our contracts. | Despite the risk associated with misinterpretation of the regulations, we consider strengthening the internal control mechanism, detailing job descriptions and responsibilities specifically on ESG issues, increasing awareness among our employees about compliance with legislation, contracts and legal guidelines, and regular and systematic construction of the ESG governance process as an opportunity area. |
|        |                    |                                         |                         |                                                                                                                                                                                   | <br>Distribution                   |                     | <br>Business partners<br><br>Customers |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                        |
|        |                    |                                         |                         |                                                                                                                                                                                   | <br>Renewable Energy Investments |                     | <br>Investors<br><br>Society        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                        |

## CORPORATE GOVERNANCE

| Number | Risk Category | Subcategory                                                        | Related Capital Element                                                                                | Risk Definition                                                                                  | Business line                                                                                                     | Risk Area                | Relevant Stakeholder                                                                                     | Risk Mitigation Activity                                                                                                                                                                                                                                                                                                                                                                                | Opportunity Areas                                                                                                                                                                                                                                                                          |
|--------|---------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4      | Market        | Raw material cost variability/<br>Occurrence of Supply Bottlenecks | <br>Financial Capital | Problems in global supply chains and supply bottlenecks due to variability in raw material costs | <br>EPC                          | Operational<br>Financial | <br>Customers         | EPC: We create a competitive environment by working with alternative suppliers, without depending on a single company in supplier selection. While selecting suppliers, we take into account the supplier's dominance in the relevant countries and their ability to provide financial contributions. We provide price stabilization with goods purchase guarantee letters and LCs issued to suppliers. | Despite the risk of volatility in raw material costs or supply bottlenecks, we consider supporting the local economy by purchasing from local suppliers, finding local alternatives to meet our needs by reducing foreign dependency, and evaluating new suppliers as an opportunity area. |
|        |               |                                                                    |                                                                                                        |                                                                                                  | <br>Distribution                 |                          | <br>Business partners | Distribution: While selecting suppliers, we ensure that we purchase from different companies, without being dependent on a single company. We actively communicate with all suppliers as required.                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                            |
|        |               |                                                                    |                                                                                                        |                                                                                                  | <br>Renewable Energy Investments |                          | <br>Investors         | Renewable Energy Investments: We purchase from local suppliers whenever possible.                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                            |

## CORPORATE GOVERNANCE

| Number | Risk Category | Subcategory       | Related Capital Element                                                                                | Risk Definition                                                                                           | Business line                                                                                                     | Risk Area             | Relevant Stakeholder                                                                                     | Risk Mitigation Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Opportunity Areas                                                                                                                                                                                                                                                                                                               |
|--------|---------------|-------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5      | Market        | Crisis management | <br>Financial Capital | Operational disruption as a result of not being able to manage possible crises that may arise in projects | <br>EPC                          | Operational Financial | <br>Employees         | EPC: In all of our projects, we draft Emergency Preparedness plans and conduct regular drills. We set monthly performance targets for these exercises. We prevent potential disruption by regularly monitoring our performance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Despite the risk associated with crisis management, we consider these areas as an opportunity to strengthen our corporate risk management approach to cover all possible risks, to provide systematic monitoring by tracking the risks in our projects with the project risk inventory, and to work to predict possible crises. |
|        |               |                   |                                                                                                        |                                                                                                           | <br>Distribution                 |                       | <br>Business partners | Distribution: We determine the financing needs of the project and other risks that may occur before the project begins. In order to reduce the collection risk, a letter of credit is opened in our favor at the beginning of the project and long-term loan financing is provided to employers who may have financial problems. We perform checks on contracts, contract excesses and guarantee statuses, conduct monitoring of insurance policies, stock monitoring, check the commercial status of companies, conduct financial analysis of companies, monitor the physical, financial and estimated progress on a project basis, monitor the partnership structures of contractors and any changes of contractors, the status of loans, tax debt and SSI debt, and we check the reports detailing the current OHS status. |                                                                                                                                                                                                                                                                                                                                 |
|        |               |                   |                                                                                                        |                                                                                                           | <br>Renewable Energy Investments |                       | <br>Customers         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                 |
|        |               |                   |                                                                                                        |                                                                                                           |                                                                                                                   |                       | <br>Investors         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                 |
|        |               |                   |                                                                                                        |                                                                                                           |                                                                                                                   |                       | <br>Society           | Renewable Energy Investments: We prepare a risk management table during the project development phase and before the project starts, evaluate the relevant risks through our inventory and monitor them throughout the project process.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                 |

## CORPORATE GOVERNANCE

| Number | Risk Category | Subcategory                                        | Related Capital Element                                                                                              | Risk Definition                                                                                                             | Business line                                                                                                       | Risk Area           | Relevant Stakeholder                                                                                      | Risk Mitigation Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Opportunity Areas                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------|---------------|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6      | Reputation    | Increasing stakeholder expectations                | <br>Natural Capital                 | Failure to meet the increasing expectations and needs of internal and external stakeholders in the field of ESG             | <br>EPC                            | Strategic Financial | <br>Employees          | <p>We communicate effectively with all of our stakeholders and conduct stakeholder analysis to understand their needs and expectations. We closely follow sectoral and global trends in the field of ESG and present them to our stakeholders through our annual reports. We determine our material issues, targets and actions in light of global sectoral trends and adopt a net zero target within the scope of efforts to tackle climate change.</p>                                                                                                                                                                                                                                                                                                                                                                                                   | <p>Despite the risk of increasing stakeholder expectations, we treat this as an opportunity to communicate effectively with all of our stakeholders, to work within the scope of resource efficiency throughout our value chain, to integrate developing and changing technologies into our operations, and to acquire early positioning skills to identify needs early and gain time for the transformation.</p> |
|        |               |                                                    |                                                                                                                      |                                                                                                                             | <br>Distribution                   |                     | <br>Business partners  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                   |
|        |               |                                                    |                                                                                                                      |                                                                                                                             | <br>Renewable Energy Investments   |                     | <br>Customers          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                   |
|        |               |                                                    |                                                                                                                      |                                                                                                                             |                                                                                                                     |                     | <br>Investors          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 7      | Reputation    | Failure to work in accordance with Business Ethics | <br>Social and Relational Capital | Attitudes and behaviors found to be contrary to business ethics within the company or among suppliers and business partners | <br>EPC                           | Strategic Financial | <br>Employees          | <p>We resolutely support the UN Global Compact, the relevant International Labor Organization declarations and the provisions of the Universal Declaration of Human Rights, and we maintain our activities within the framework of our Code of Business Ethics and Compliance Regulation and Code of Conduct. We share our Code of Conduct with all our employees, suppliers, business partners and customers. We expect our suppliers to carry out all their work in accordance with our Code of Conduct. With the aim of listening to the voices of all our stakeholders, we have established an Ethics Line where any suspicious situations may be reported. All of our employees may report suspicious situations in their own language through the ethics line. All of our work is coordinated through our Ethics Committee within Çalık Holding.</p> | <p>Despite the risk of not performing in accordance with Business Ethics, we consider this to be an opportunity to tighten our practices in order to prevent possible human rights violations, strengthen our process with an on-site audit and evaluation system, and create a domino effect for our stakeholders within the scope of the ESG transformation.</p>                                                |
|        |               |                                                    |                                                                                                                      |                                                                                                                             | <br>Distribution                 |                     | <br>Business partners |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                   |
|        |               |                                                    |                                                                                                                      |                                                                                                                             | <br>Renewable Energy Investments |                     | <br>Customers        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                   |
|        |               |                                                    |                                                                                                                      |                                                                                                                             |                                                                                                                     |                     | <br>Investors        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                   |
|        |               |                                                    |                                                                                                                      |                                                                                                                             |                                                                                                                     |                     | <br>Society          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                   |

## CORPORATE GOVERNANCE

| Number | Risk Category  | Subcategory                           | Related Capital Element                                                                                            | Risk Definition                                                                                                                     | Business line                                                                                                       | Risk Area             | Relevant Stakeholder                                                                                      | Risk Mitigation Activity                                                                                                                                                                                                                                                                                                                                                                        | Opportunity Areas                                                                                                                                                                                                                                                                                                                                            |
|--------|----------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8      | Reputation     | Lack of support for local communities | <br>Social and Relational Capital | Difficulties in adapting to the social, economic and cultural characteristics of local communities                                  | <br>EPC                            | Strategic             | <br>Employees          | In order to support the local economy, we employ local workers, choose local suppliers and invest in local markets in the region. We take care to provide the highest level of employment opportunities in projects, taking into account the competencies of local people. In this context, Çalık Enerji is committed to always supporting local employment capacity in all our business lines. | Despite the risk of not supporting local communities, we consider our opportunity to invest in local markets to contribute positively to our brand image and awareness through the benefits we will provide the communities, and the positive impact our possible collaborations will have on the local economy through the support extended to communities. |
|        |                |                                       |                                                                                                                    |                                                                                                                                     | <br>Distribution                   |                       | <br>Business partners  |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |
|        |                |                                       |                                                                                                                    |                                                                                                                                     | <br>Renewable Energy Investments   |                       | <br>Customers          |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |
|        |                |                                       |                                                                                                                    |                                                                                                                                     |                                                                                                                     |                       | <br>Investors          |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |
| 9      | Acute/Physical | Extreme weather events                | <br>Natural Capital             | Operations being affected by the increasing severity of extreme weather events (such as heatwaves, storms, forest fires and floods) | <br>EPC                            | Operational Financial | <br>Employees          | EPC: We plan actions to minimize risk by conducting relevant assessments in the project risk inventory.                                                                                                                                                                                                                                                                                         | Despite the risk of extreme weather events, we deem it to be an opportunity to anticipate acute events that may occur, manage them within our project risk inventory and emergency plans, and improve our relevant plans by updating them periodically.                                                                                                      |
|        |                |                                       |                                                                                                                    |                                                                                                                                     | <br>Distribution                 |                       | <br>Business partners |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |
|        |                |                                       |                                                                                                                    |                                                                                                                                     | <br>Renewable Energy Investments |                       | <br>Customers        |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |
|        |                |                                       |                                                                                                                    |                                                                                                                                     |                                                                                                                     |                       | <br>Investors        |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                              |
|        |                |                                       |                                                                                                                    |                                                                                                                                     |                                                                                                                     |                       | <br>Society          | Renewable Energy Investments: We purchase services from companies that use meteorological forecast models in their production forecasts. During project management, we carry out meteorological weather monitoring and take necessary precautions accordingly. We implement all measures that can be taken in advance based on statistical data.                                                |                                                                                                                                                                                                                                                                                                                                                              |

## CORPORATE GOVERNANCE

| Number | Risk Category        | Subcategory                    | Related Capital Element                                                                              | Risk Definition                                                                                                                                                                                       | Business line                                                                                                       | Risk Area                | Relevant Stakeholder                                                                                                                                                                                                                                                                                                                                 | Risk Mitigation Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Opportunity Areas                                                                                                                                                                                                                                                                                                         |
|--------|----------------------|--------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10     | Chronic/<br>Physical | Chronic climate events         | <br>Natural Capital | Disruption to the company's operations, any reduction or suspension of production, damage to electricity distribution infrastructure or impact on energy prices as a result of extreme weather events | <br>Distribution                   | Operational<br>Financial | <br>Employees                                                                                                                                                                                                                                                     | Distribution: We work with all our strength to provide uninterrupted energy to all our stakeholders in the event of natural disasters that may occur due to climate change, and we closely follow energy prices.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Despite the risk of chronic climate events, we consider it to be an opportunity to create scenarios to ensure continuity of operations with the emergency plans we prepared, to follow global and local energy outlook studies, reduce foreign dependency by developing our supplier alternatives and enabling diversity. |
|        |                      |                                |                                                                                                      |                                                                                                                                                                                                       | <br>Business partners            |                          |                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                           |
|        |                      |                                |                                                                                                      |                                                                                                                                                                                                       | <br>Customers                    |                          | Renewable Energy Investments: We purchase services from companies that use meteorological forecast models in their production forecasts. During project management, we carry out meteorological weather monitoring and take necessary precautions accordingly. We implement all the measures that can be taken in advance based on statistical data. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                           |
|        |                      |                                |                                                                                                      |                                                                                                                                                                                                       | <br>Investors                    |                          |                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                           |
|        |                      |                                |                                                                                                      |                                                                                                                                                                                                       | <br>Society                      |                          |                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                           |
| 11     | Other                | Occupational Health and Safety | <br>Human Capital | Exposure of employees to OHS risks, possible accidents, near misses and fatal accidents                                                                                                               | <br>EPC                            | Operational<br>Financial | <br>Employees                                                                                                                                                                                                                                                   | We apply ISO 45001 and ISO 14001 management system principles in all of our areas of activity. We adopt a risk-based management system mechanism to prevent accidents with a high level of employee participation. All application principles are determined through plans and procedures, and the safety of the work is coordinated by the project Occupational Health, Safety and Environment teams. We seek to minimize the risk of accidents with proactive measures (such as environment measurements, training, risk assessments and drills). Within the scope of OHS awareness activities, we regularly share image narrative documents and informative e-mails with our employees. We carry out activities to raise awareness of occupational health and safety among our employees and increase their competence through mandatory and job-specific OHS Training. We regularly review OHS risk studies and monitor our subcontractors' level of compliance with OHS conditions. We monitor the effectiveness of the process through regular reporting to our senior management. | Despite being exposed to Occupational Health and Safety risks, we consider it an opportunity to perform regular inspections and drills, to ensure early detection and monitoring of project-based risks, to make our occupational safety culture our way of doing business.                                               |
|        |                      |                                |                                                                                                      |                                                                                                                                                                                                       | <br>Distribution                  |                          |                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                           |
|        |                      |                                |                                                                                                      |                                                                                                                                                                                                       | <br>Renewable Energy Investments |                          |                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                           |

## CORPORATE GOVERNANCE

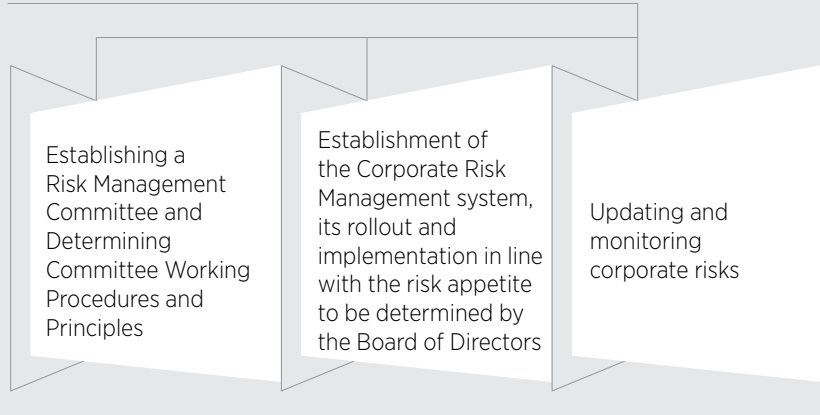
| Number | Risk Category | Subcategory                   | Related Capital Element                                                                                | Risk Definition                                                                                                                                                                                                                                                              | Business line                                                                                                                                                                                                                                                                                                        | Risk Area           | Relevant Stakeholder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Risk Mitigation Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Opportunity Areas                                                                                                                                                                                                                                                                                                                                                                                 |
|--------|---------------|-------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 12     | Other         | Performance Evaluation        | <br>Human Capital     | Lack of an efficient employee performance evaluation system and incompatibility of performance criteria with business strategies                                                                                                                                             | <br>EPC<br><br>Distribution<br><br>Renewable Energy Investments   | Strategic           | <br>Employees                                                                                                                                                                                                                                                                                                                                                                                                                            | An efficient performance management system is meticulously carried out by our Human Resources department and the feedback mechanism is operated regularly. We carry out strategic goal-target studies to ensure that strategic goals and personal goals are compatible.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Despite Performance Evaluation cannot be managed effectively, we consider it an opportunity to develop 360-degree performance evaluation processes, create an instant feedback culture throughout our company, develop individual targets and KPIs compatible with business strategies, and increase the motivation of our employees by effectively designing the performance management process. |
| 13     | Other         | Management of Corporate Risks | <br>Financial Capital | Lack of sufficient risk awareness within the organization, failure to create/monitor a corporate risk inventory, failure to plan risk mitigating activities, reduced business efficiency and disruption to operations due to unforeseen events and errors in risk detection. | <br>EPC<br><br>Distribution<br><br>Renewable Energy Investments | Strategic Financial | <br>Employees<br><br>Business partners<br><br>Customers<br><br>Investors<br><br>Society | <p>In line with our risk management approach compatible with the COSO model, we carry out effective risk management with our corporate risk &amp; opportunity inventory. We plan to establish a Risk Management Committee in the coming reporting period to ensure that our risk inventory is up-to-date and to integrate risks &amp; opportunities into our corporate culture. We manage our risks on a project basis with a project risk inventory in order to address them in a holistic manner. We work to increase the effectiveness of risks through internal audits. In order to increase the awareness of our employees in our Distribution business line, we plan training and organize workshops on the Corporate Risk Inventory (CRM) model. We are committed to preventing any decline in productivity by optimizing quality control methods throughout our activities.</p> | Even where corporate risks cannot be managed, we consider it an opportunity to revise our risk inventory within the scope of our changing priorities and sector dynamics, perform SWOT analysis, integrate our risk management approach and risk inventory into our corporate culture and strengthen the involvement of all our functions in risk management processes.                           |

## CORPORATE GOVERNANCE

| Number | Risk Category        | Subcategory     | Related Capital Element | Risk Definition                                                                                                                                                                                             | Business line                                                                  | Risk Area           | Relevant Stakeholder                                                                                           | Risk Mitigation Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Opportunity Areas                                                                                                                                                                                                                                           |
|--------|----------------------|-----------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 14     | Economic / Financial | Strategic Risks | Financial Capital       | Issues arising from macroeconomic, demographic, social, environmental or similar factors; sustainability risks, industry and competitive trends; entry into new areas of activity; mergers and acquisitions | <div>EPC</div> <div>Distribution</div> <div>Renewable Energy Investments</div> | Strategic Financial | <div>Employees</div> <div>Business partners</div> <div>Customers</div> <div>Investors</div> <div>Society</div> | <p>EPC: We closely follow the economic developments and regulatory changes in all countries we operate in. We act proactively and provide the necessary reflexes. In the long-term, low-interest international financing is provided to our employers who may have financial problems, without taking our company taking on any additional risks. We ensure that our employers open letters of credit in our favor at the beginning of the project. We maintain our liquidity and solvency. We reach investment decisions after detailed feasibility studies have been evaluated by the Investment Committee.</p> <p>Distribution: We conduct detailed cash financing access planning, taking into account changes in the CPI, exchange rate, PPI and minimum wage.</p> <p>Renewable Energy Investments: An Investment Committee has been established, which reports to our Senior Management. This committee conducts detailed feasibility studies and we receive consultancy on the subject.</p> | Despite strategic risks cannot be managed effectively, we consider it an opportunity to increase feasibility studies, strengthen cost-benefit analysis and budget related work in coordination with our relevant departments for new decisions to be taken. |

## CORPORATE GOVERNANCE

### Key goals within the scope of Corporate Risk Management with All Our Energy



### Internal Control and Internal Audit

We carry out audit and consultancy work on financial, operational, information systems and technical issues within our Company with our Audit Group Directorate (Audit Group) at Çalık Holding A.Ş.

In this context, we carry out process audits, financial audits, tax audits, financial and technical audits of EPC projects and consultancy activities upon request with our Audit Group.

During the course of its activities in accordance with International Internal Audit Standards, our Audit Group monitors the compliance of the internal control systems at Çalık Enerji and its subsidiaries with COSO Standards and best practices and inspects them from an integrated perspective.

By establishing an effective internal control system and developing our corporate management practices, we aim to ensure the accuracy and reliability of financial and operational transactions, compliance with legal regulations and company procedures, the protection of company assets and the increased effectiveness and efficiency of operational processes.

Our Audit Group issues recommended actions regarding the detected findings before reporting the results of the audit and reaches a consensus with the relevant departments on both the findings and action plans.

In line with our action plans created as a result of mutual agreement, follow-up actions are also carried out by our Audit Group in order to ensure the effective implementation of the measures taken by the Company Management and to observe the developments.

Our Audit Group periodically informs the Board of Directors of Çalık Enerji and the Audit Committee regarding the results of the audit activities.



### integrated perspective

Our Audit Group monitors the compliance of the internal control systems at Çalık Enerji and its subsidiaries with COSO Standards and best practices and inspects them from an integrated perspective.

## an effective internal control system

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

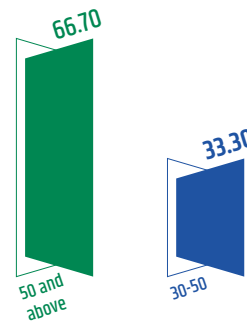


In line with our integrated thinking approach, we adopt the concept of continuous improvement in our policies and commitments.



Our Board of Directors directs our corporate goals determined in accordance with our company vision and mission, provides supervision over all of our activities, monitors our sustainability goals, reviews risks related to ESG issues and develops new policies. The determination of our material sustainability issues and ESG risks and opportunities and the planning of strategies accordingly are managed under the leadership of our Chairman of the Board of Directors. In line with our integrated thinking approach, we adopt the concept of continuous improvement in our policies and commitments. In the process of determining our company strategy, our Board of Directors takes into account the possible positive and negative consequences on the six capital elements in all geographies in which we operate, carries out its strategic direction and supervision duties effectively, and transparently audits the Company's activities thanks to its qualifications and characteristics.

### Age Distribution of the Board of Directors (%)



Adhering to our corporate governance principles, we attach importance to having members with different competencies and know-how within the Board of Directors in order to strengthen its functioning. At Çalık Enerji, the duties of the Chairman of the Board of Directors and the General Manager are carried out by different persons. Our Board of Directors, consisting of six members, has industry experience as well as know-how in the field of ESG. Four members of the Board of Directors are also members of the Audit Board. Our Board of Directors meets on a quarterly basis, where it discusses and addresses sectoral developments, current projects, proposals and business development activities, financial statements, human resources related issues, sustainability related studies, risks and strategies.

4

Number of board meetings in 2022

100%

Participation rate in 2022 board meetings

### Topics which Our Board of Directors Focused on in 2022

- Business development activities
- Goal and strategy study
- ESG-related risks and opportunities
- Determination and monitoring of ESG targets

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Board of Directors



**Ahmet Çalık**  
Chairman of the Board

One of the key business leaders in Türkiye and the region, Ahmet Çalık serves as the Chairman of the Board of Directors of Çalık Holding, which currently operates in the energy, construction, mining, textile, finance, telecommunication and digital sectors.

Ahmet Çalık is a member of a family that has been active in the field of textiles since 1930, and started his first personal ventures in the field of textiles in 1981. He founded Çalık Denim, one of the largest industrial investments in Eastern Anatolia, in 1987. Mr. Çalık started his commercial ventures abroad in Central Asia after the Turkic republics declared independence in 1991. He has undertaken investments in the fields of construction, energy and finance with the aim of sustainable growth.

Acting with the aim of generating added value in the countries in which the Group companies operate, Mr. Çalık established Çalık Holding by combining all Group companies under a single roof in 1997. The holding operates in 31 different countries in seven sectors with 14,000 employees. Çalık Holding is the first Turkish company to have become a member of the Japanese Business Federation, Keidanren. Focusing on projects that benefit people and society with his visionary investments, Ahmet Çalık prioritizes diversity, sustainability and resilience in all of the sectors and regions where Çalık Holding operates, while continuing his investments. He acts with the principle of equal treatment of all cultures, beliefs, ethnicities and genders. He adopts a business approach that respects the environment and supports social responsibility projects.



**ONUR YÜCEKAL**  
General Manager and Deputy Chairman of the Board

Onur Yücekal graduated from the Department of Mechanical Engineering at Boğaziçi University in 1997 and completed an MBA at Emory University in 2001. Mr. Yücekal started his career as a Finance and Macroeconomics Analyst at Bank Ekspres in 1997 before joining General Electric in the USA in 2001, where he worked as a Financial Planning and Reporting Analyst at GE Energy. After serving as a Senior Audit and Consultancy Manager at GE Corporate between 2003 and 2006, he started working at GE Money in 2006. He

served as the CFO of the GE/Garanti Bank partnership, as the CFO and Board Member of the Garanti/GE Romania JV in 2009 and then as the CFO of Bank BPH in Poland in 2010. He then worked as CFO of GE Türkiye in 2012, where he also sat as a Board Member, and simultaneously as the CFO of GE Power Systems for the Eastern Europe Region between 2014 and 2018. Mr. Yücekal served as the Finance and Financial Affairs Group Head at Çalık Holding between 2018 and 2019, before being appointed as the General Manager of Çalık Enerji in April 2019.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT



**ASSOC. PROF. OSMAN SAİM DİNÇ**  
Member of the Board

After graduating from the Faculty of Mechanical Engineering at Istanbul Technical University in 1978, Osman SaİM DİNÇ continued his academic career at the same university and received the title of assistant professor in 1986. He attended RPI (Rensselaer Polytechnic Institute) in New York state in the USA in 1988 for academic studies and also started working at the General Electric Research and Development Center (GE Corporate Research and Development Center, also in New York, USA). He worked at General Electric, New York, USA for approximately 15 years. Mr. DİNÇ held various positions and managed a number of projects in the areas of technology and product development in power plants, gas turbines, steam turbines and aircraft engines. He became an associate professor in 1992. He was appointed as the Chairman of the Board of Directors and the General Manager of TPAO (Türkiye Petrolleri

A.O.) on 20 May 2003. During his 4-year tenure, he gained extensive experience in the oil and gas sector and successfully completed many major projects during his management. Mr. DİNÇ, who joined the Çalık Enerji family on 16 April 2007, served as the general manager until 2018 and still continues his work as a Board Member. More than 40 of his articles have been published in international conferences and scientific journals and he holds over 60 patents. He has also received many achievement awards.



**ORHAN GENİŞ**  
Member of the Board

Orhan Broad is a graduate of the Department of Chemical Engineering at Middle East Technical University (METU). He holds a master's degree in Leadership from the University of Exeter in the UK. Orhan GENİŞ started his career as a process engineer at Tüpraş in 1976, before being transferred to the refinery and petrochemical company, UOP, in the UK in 1990. Between 1993 and 2002, he served as the Manager of Petrochemicals, Refinery Optimization and Refinery Technologies and as Director of the Engineering and Consultancy Group at UOP, which was later acquired by Honeywell. In 2002, he served as the General Manager of the Product Group in charge of Europe, the Middle East, the Commonwealth of Independent States (CIS) and the Africa Region within UOP. Between 2008 and 2010, he continued his duty as the General Manager in Switzerland in line with the company's restructuring plans. After serving in various

positions at Honeywell Intl Inc. for 20 years, Mr. GENİŞ managed all of Honeywell's activities in the region as the President of Strategic Fast Growing Countries for Türkiye and the Central Asian Countries, between 2010 and 2018. He retired from his position in September 2018. He has published a wide range of publications internationally, and is one of the participating authors of the technical book entitled "Petroleum Refining Processes" published by Mc Graw Hill. In 2013, Orhan GENİŞ was awarded the Associate Professor Dr. Süha Atamer Award given by the METU Chemical Engineering Academic Board, which is given to the leaders who have demonstrated outstanding success in the industry. He has served as a Board Member at Çalık Enerji since April 2019.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT



**FATİH GENÇ**  
Member of the Board

Fatih Genç completed his undergraduate degree at the Department of Civil Engineering in Middle East Technical University in 1978. He worked at various levels in the STFA Construction Group for more than 34 years before taking on the position of General Manager. He then served as the General Manager of İçtaş & Astaldi partnership, as an Executive Board Member of IC İçtaş and as Country

Manager of Taca Construction in Saudi Arabia. Fatih Genç, who returned to the STFA Construction Group in 2017, worked as a Project Management Committee Member in Kuwait. He has been serving as a Board Member of Çalık Enerji and GAP İnşaat since 2019.



**MUSTAFA AKSOY**  
Member of the Board

Born in Tire, İzmir in 1977, Mustafa Aksoy graduated from the Department of Public Administration at Dokuz Eylül University. Mr. Aksoy, who worked as an inspector at Egebank and Garanti Bank, completed an MBA at the University of Antwerp, Belgium. Mustafa Aksoy, who joined the Çalık Group in 2004, worked in various positions such as Marketing, Corporate Finance, Mergers and Acquisitions and Business Development. Served as the General Manager of Lidya Madencilik since July 2010,

Mr. Aksoy is a Board Member of Lidya and our foreign partnered mining companies. In addition, he became a Board Member of Çalık Enerji in April 2019. In addition to English, he speaks German, French and Italian fluently.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Senior Management



**Savaş Karahan**  
Deputy General Manager of Proposal and Engineering



**Selçuk Sayılır**  
Deputy General Manager of Business Development



**Gökmen Topuz**  
Deputy General Manager of Renewable Energy Investments



**Nihat Demirok**  
Chief Financial Officer



**Seyran Mısırlı**  
Human Resources Director



**Hilmi Karagöz**  
Projects Director (Turkmenistan & Iraq)



**Akın Bağlan**  
Senegal Project Director



**Şener Öz**  
Libya Project Director



**Mustafa Karakuş**  
Project Director



**Mehtap İpek**  
Business Development Director



**Veysel Bülent Öcal**  
Purchasing and Logistics Director



**Onur Kırbaş**  
Legal Affairs Director



**Serdar Atılğan**  
Project Control Director



**Naci Can**  
Project Finance & Treasury Director



**Taku Wakita**  
Strategy Planning Coordinator



**Yıldırım Koray Balkaya**  
Corporate Communications Manager



**Mehmet Çırak**  
Turkmenistan Office Director



**Umidjon Alimov**  
Uzbekistan General Manager

## COMMITTEES AND POLICIES



The Audit Committee, Sustainability Committee, Human Resources Committee, Ethics Committee and Investment Committee operate under the Board of Directors at Çalık Enerji.

### Committees and Policies

The Audit Committee, Sustainability Committee, Human Resources Committee, Ethics Committee and Investment Committee operate under the Board of Directors at Çalık Enerji.

Our Audit Committee oversees the effectiveness of internal control and functioning and carries out internal audit processes as well as financial reporting.

Our Sustainability Committee continues its work of implementing projects with the aim of creating and developing our strategies in order to demonstrate an effective sustainability management approach. We act with an awareness of the importance the committee organization plays in our sustainability journey.

While creating strategies, our committee is responsible for determining our long-term goals and ensuring that they are compatible with the Company's strategic plans. The duties of the Sustainability Committee include monitoring the Company's ESG related areas of impact, challenges, risks and opportunities; bringing corporate sustainability related issues to the attention of the senior management; carrying out social responsibility projects; and creating and promoting a culture and an awareness of sustainability throughout the organization. Our Committee is formed with the participation of 13 different units under the leadership of the Sustainability and Corporate Communications Department. It reports directly to our General Manager.

Our Sustainability Committee completed the analysis of material sustainability issues and company-wide action plans

### committee structure

We act with the awareness that the committee structure plays an important role in our sustainability journey.

### human rights

Respect for human rights is one of the cornerstones of our corporate culture

### offering the best

We work to offer the best to our stakeholders by acting in line with the Quality Policy.

### more effective

We plan to establish a Risk Management Committee reporting to the CFO in 2023

## COMMITTEES AND POLICIES

in six meetings held in the 2022 reporting period. It presented its findings to the General Manager and Executive Committee. We had already been sharing our performance on ESG issues transparently with our stakeholders through our sustainability report, which we had published regularly every year until 2022, in line with national and international performance indicators (KPIs). However, in line with the decision taken by our Board of Directors, we will continue to share our performance on ESG issues through an integrated annual report from 2022, with the coordination of our Committee.

Our Human Resources Committee maintains its work to determine standards in certain human resources practices such as recruitment, backup and pay management as well as planning the human resources strategy and principles, proposing new practices and improving or developing existing practices to improve employee satisfaction and loyalty.

While our Ethics Committee continues its activities under the roof of Çalık Holding, it actively examines the notifications received from the ethics hotline and the findings of the ethics and compliance audit, as well as the planned corrective and preventive activities.

Our Investment Committee conducts feasibility studies on entering new areas of activity compatible with our growth strategy by investigating industry and competitive trends. Our Investment Committee, which reports directly to our senior management, supports our sustainable growth by receiving consultancy services as needed.

We evaluate our risks throughout the company on a department and project basis. In 2023, we plan to establish a Risk Management Committee reporting to the CFO in order to move forward with a more effective risk management approach. We aim to provide a more robust structure for evaluation of the ESG risks with the establishment of a Risk Management Committee, and to review the risks regularly. The main responsibilities of the Risk Management Committee to be established will be risk identification, examination and modelling, risk integration and continuous monitoring.

### Our Policies

In our policies, where we clearly state our expectations and standards, we share our goals, values and management approach in order to guide our employees and stakeholders.

### Our Human Rights Policy

Respect for human rights is one of the cornerstones of our corporate culture, along with our core values of fairness, agility, being people oriented, reputation, working sincerely, sustainability, being innovative and acting with Çalık Enerji's sense of mutual trust and solidarity. We have created our Human Rights Policy within the framework of widely accepted global principles, including the UN Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights. We embrace the rule of law in all our operations and act in accordance with human rights in all regions. We aim to offer an honest and fair approach to our employees and provide them with a safe and healthy working environment. In order to create and maintain this approach and working environment, we avoid any discrimination among our employees on the basis of language, race, color, gender, political opinion, faith, religion, sect, age, physical disability or similar characteristics, and do not permit any forms of discrimination.

You may access our Human Rights Policy [here](#). 

### Our Human Resources Policy

We act with the awareness that our qualified human resources is our most valuable capital and one of the most important driving forces of a sustainable successful performance. Our human resources policy sets out our commitment to creating equal opportunities among our employees, enabling them to continue their education and development throughout their lives and supporting our employees with human resources system applications. We carry out regular activities in many areas, from recruitment to vocational and managerial training programs, with the aim of increasing the effectiveness of our business processes.

You may access our Human Resources Policy [here](#). 



### guiding policies

In our policies, where we clearly state our expectations and standards, we share our goals, values and management approach in order to guide our employees and stakeholders.

## COMMITTEES AND POLICIES

### Our Quality Policy

We have been prioritizing quality since the day of our foundation. We are striving to offer our stakeholders the very best by acting in line with the Quality Policy we have established in all of the regions we operate in.

Our Quality Policy covers the areas we care about including customer focus and feedback, leadership and management, processes and procedures, transparency, authorization, monitoring and communication, information and sustainability. We are committed to achieving continuous improvement in these areas.

You may access our Quality Policy [here](#). 

### Our Environment, Occupational Safety and Health Policy

Our top materiality is to create a safe and healthy working environment for our human resources that are our most valuable asset. Believing in a goal of zero accidents in all activities and a focus on the prevention of occupational illnesses, we provide the necessary resources for construction sites and working environments by investing in safe equipment and creating safe work areas. We have implemented an effective waste management system in all areas where we operate to prevent environmental pollution. We regularly conduct OHS training sessions and conduct emergency drills. We encourage all our stakeholders to contribute to the OHS system. In doing so, we aim to increase their OHS awareness. We apply a risk-based thinking system that we created by foreseeing possible emergencies and accidents in the field of OHS and attach importance to assessing emergency risks, developing activities to reduce such risks and acting with an attitude that is focused on prevention. We calculate the environmental and social impacts of all hazards and risks which may occur during the course of our activities and take our operational decisions accordingly.

You may access our Environment, Occupational Safety and Health Policy [here](#). 

### Our Information Security Management System Policy

We are committed to implementing and carrying out the following:

- To protect the confidentiality, integrity and accessibility of information in order to appropriately meet the requirements of our Information Security Management System,
- To determine the relevant roles and responsibilities for the operation and continuity of our information security management system,
- To set targets specifically for our Management System and to evaluate their suitability in certain periods,
- To conduct risk management within the scope of our Management System,
- To determine business continuity strategies and the targets for avoiding interruption by conducting business impact analysis in order to appropriately meet the requirements of our Management System,
- To maintain the confidentiality, integrity and accessibility of information in order to appropriately meet the requirements of our Information Security Management System,
- To allocate the necessary resources and plan training programs to increase the competence of our employees in order to meet the requirements of our Management System and ensure its effective operation,
- To carry out regular reviews in order to continuously improve the processes and activities used to carry out our Management System,
- To plan activities aimed at raising awareness among employees and guiding them to ensure the participation and compliance of all our personnel and business partners with our management systems in accordance with our holistic approach,
- To guarantee compliance with standards, legislation and contractual requirements in accordance with our Management Systems,
- To implement our Management Systems as an indispensable part of our corporate culture,

You may access our Information Security Management System Policy [here](#). 



**offering stakeholders  
the very best**

**We have been prioritizing  
quality since the day of our  
foundation. We are striving  
to offer our stakeholders the  
very best by acting in line with  
the Quality Policy we have  
established in all of the regions  
we operate in.**

## ETHICAL BUSINESS CONDUCT



We seek to create value for our stakeholders in all regions where we work.

### IMPORTANCE FOR OUR STAKEHOLDERS

47%

We resolutely support the UN Global Compact (UNGC), the relevant International Labour Organization declarations and the provisions of the Universal Declaration of Human Rights. We maintain our activities within the framework of our Code of Business Ethics and Compliance Regulation and Code of Conduct. We share our Code of Conduct with all our employees, suppliers, business partners and customers, and expect our suppliers to carry out all their work in accordance with our Code of Conduct.

Our most valuable resource is our employees. We are committed to ensuring that they are informed of our ethical business conduct and continue their activities by focusing on our ethical values. In this regard, we ensure that all of our employees receive training on ethics on our Çalık Academy platform. We provided 0.62 employee\*hours of ethics training per employee in the 2022 reporting period.

From the very beginning, we emphasize to our employees the importance of ethics for us and explain that it is a part of our business conduct. In this context, our Code of Business Ethics and Compliance Regulation are included in the "Welcome Kit" we have prepared for our new employees.

At Çalık Enerji, our Code of Business Ethics regulates our relations with our employees, suppliers, customers and business partners. The basis of our Code of Business Ethics is fairness, equity, honesty, impartiality, and responsibility. By acting in accordance with these core values in all of the regions we operate in, we aim to maintain a sense of objectivity, fairness, impartiality and responsibility in decisions regarding the business conduct of our employees and our Company. We aim

### training on ethics

We ensure that all of our employees receive training on ethics on our Çalık Academy platform.

### principle of honesty

We aim to uphold trust and transparency in our relationships with all our stakeholders with the principle of honesty.

### immediate response

Our Ethics Committee then sensitively and reliably acts immediately in response to any reports of any incidents that contravene the cultural structure of our Company.

95%

We have resolved 22 of the 23 notifications that were submitted to our ethics hotline in the 2022 reporting period.

## ETHICAL BUSINESS CONDUCT

to uphold trust and transparency in our relationships with all our stakeholders with the principle of honesty. These values support our Company's efforts focused on sustainability, social impact and long-term success.

We guarantee our ethical business conduct with our Ethics Committee, which maintains its activities under the umbrella of Çalık Holding. In addition to evaluating incoming notices, our Ethics Committee monitors the ethics and compliance audit actions and areas requiring development. Our Ethics Committee evaluates any non-conformities detected within the framework of our code of ethics or the reports submitted to the Ethics Hotline. The Committee takes the necessary actions in line with the board's decision, following the approval of the Chairman of the Board of Directors regarding these notifications. Our Ethics Committee consists of a total of five members, including one chairman, two principal members and two substitute members. The members of the Ethics Committee are determined by the Board of Directors and meet at regular intervals.

To be able to voice concerns is one of the most fundamental steps in ensuring transparent communication. With this in mind, we created an **Ethics Hotline** where stakeholders may report any suspicious situations without fear of facing any sanctions or retaliation.

All our employees may submit notifications in their native language to our ethics hotline, which is based on confidentiality. We evaluate all notifications submitted to the Ethics Hotline in accordance with the principle of confidentiality. We work with our Ethics Committee to ensure that any employee who reports any incidents is not subject to any retaliation or sanctions. Our Ethics Committee then sensitively and reliably acts immediately in response to any reports of any incidents that contravene the cultural structure of our Company. We are pleased to have resolved 22 of the 23 notifications that were submitted to our ethics hotline in the 2022 reporting period.

### Developments regarding the Ethics Hotline- 2022

|                                                              |     |
|--------------------------------------------------------------|-----|
| Number of Notifications Received by the Ethics Hotline       | 23  |
| Notifications Resolved on the Ethics Hotline                 | 22  |
| Closing rate of notifications Received by the Ethics Hotline | 95% |

### Our key goals within the scope of "our Ethical Business Conduct performance with All Our Energy"

70% rate of completion of training on code of ethics and code of conduct

80% rate of completion of training on code of ethics and code of conduct

100% rate of completion of training on code of ethics and code of conduct

Çalık Enerji operates in compliance with the Turkish Penal Code and the Law on Prevention of Laundering Proceeds of Crime. It is also subjected to and complies directly and indirectly with other regulations such as the Organization for Economic Co-operation and Development (OECD) Convention on the Prevention of Bribery of Foreign Public Officials in International Commercial Transactions, the UN Anti-Corruption Convention, the United Kingdom Bribery Act 2010 (UKBA), the US Foreign Corrupt Practices Act (FCPA) and the French Anti-Bribery Act ("Loi Sapin II"), in addition to the anti-corruption laws of the countries where it has branches, local companies or operations as a result of its international commercial activities. We expect our employees to act in accordance with the Laws of the Republic of Türkiye, the current legislation of relevant countries, international agreements and the procedures published by our Company in all their activities.



### ethics hotline

We created an **Ethics Hotline** where stakeholders may report any suspicious situations without fear of facing any sanctions or retaliation.

## ETHICAL BUSINESS CONDUCT

### Our Ethical Values

#### Equality and Diversity

We aim to adopt an honest and fair approach towards our employees and provide a safe and healthy working environment. In this vein, we aim to create and maintain a fair and safe working environment within the institution. We do not discriminate on grounds such as language, race, color, gender, political opinion, faith, religion, sect, age or physical disability. We care about diversity among our employees and offer equal opportunities to all of our employees. We provide career development opportunities under equal conditions, taking into account the talents and qualifications of our employees.

#### Occupational Health and Safety

Occupational health and safety ranks as the most important of our social material issues. We consider the health and safety of each of our employees to be of the highest priority in all countries where we operate. We take appropriate measures to identify, prevent and mitigate risks which could endanger the safety of our employees, monitor legal requirements regarding health and safety and strive for continuous improvement to ensure full compliance with regulations and standards.

#### Tackling Workplace Violence and Harassment

Any form of violation against our employees, such as physical, sexual or emotional harassment within the workplace or in any location where employees are for work purposes is both against the law and against the code of ethics. In the event of any such situation, necessary legal and administrative processes will be initiated immediately with necessary measures carried out to prevent their recurrence. The safety and well-being of our employees, as well as the protection of the dignity, are our top priorities and we take the necessary steps to provide support for employees who have been subjected to harassment in any form.

#### Responsibility to Customers

We base our efforts on working with an approach focused on customer satisfaction. We always approach our customers on a basis of respect, honor, fairness, equality and courtesy. Creating value for our customers, ensuring

customer satisfaction and long-term trust are among the key priorities of our business processes. Our customer focus is based on building strong relationships and constantly striving to meet our customers' expectations. We adopt the principles of quality, fast service, honesty and transparency in our relations with our customers.

#### Fair Competition

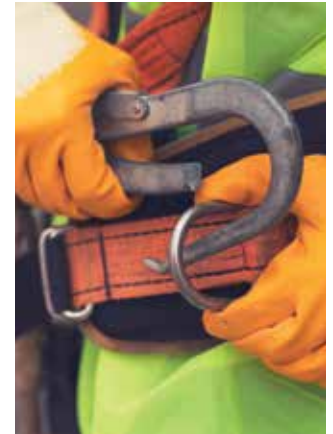
We act in full compliance with the rules of fair competition in all of the countries we operate in. We exercise care to avoid unfair competition and support the creation of the desired competitive environment in society. At the same time, we are respectful of any information held by our competitors which is not publicly disclosed. We aim to ensure that all our stakeholders have fair access to all opportunities in a healthy competitive environment.

#### Responsibility towards Society

We embrace the opportunity to behave responsibly and sensitively on social issues. We are sensitive to local traditions and cultures in the countries we operate in and adapt to the social structure and avoid elements that may have a negative impact on the social environment. At the same time, we encourage our employees to participate in social activities in the fields of environment, health, education and sport, thereby aiming to create a positive impact by strengthening cooperation with society.

#### Environmental Responsibility

We fully comply with existing laws and regulations regarding environmental protection in every country we operate in. We continue our work in line with our goal of carrying out our activities in accordance with international standards and on the principle of protecting the environment. At the same time, we meticulously monitor the relevant local and international laws, regulations and agreements. We encourage our business partners to monitor and implement relevant legislation. We state our obligations regarding environmental protection in our contracts and we fulfil these commitments comprehensively.



OHS

**Occupational health and safety ranks as the most important of our social material issues.**

## ETHICAL BUSINESS CONDUCT

### Protection of Trade Secrets and Confidentiality

The definition of confidential information includes trade secrets, intellectual property rights, confidential information of third parties, agreements and information that may adversely affect competition. Disclosing or passing such information on to third parties is strictly prohibited. Our employees go to great lengths to protect the confidential and private information of suppliers, customers and other stakeholders, whether or not it is related to their duties. They do not use this information for the benefit of themselves or third parties. This responsibility continues even after our employees' relationship with Çalık Enerji ends.

We adopt the principle that passwords, user codes, authorizations and similar identifying information used to access our information systems are kept confidential and disclosed only to authorized users. Any attempt to gain a commercial advantage by using our company's confidential and proprietary information or passing it on to third parties is considered a crime both in respect to the code of ethics and criminal laws such as insider trading.

### Relations with the Media

We adopt an effective and transparent communication model with the media. We take care to use appropriate channels to accurately convey our corporate messaging, information and statements to the public. We manage our communication by maintaining an equal distance from media organizations and establishing a fair relationship. Requests from the media for information on financial or sectoral issues related to our company are responded to in a coordinated manner by the Sustainability and Corporate Communications Department. In this way, we ensure that accurate and reliable information is shared through the media.

### Avoiding Conflicts of Interest

Our employees are aware that any benefit provided to them, their relatives or to the person or organizations they are in a relationship with, arising from any

privilege, closeness, familiarity or relationship status arising from their position while performing their duties, is considered to be a "conflict of interest".

We expect our employees to avoid any activity that may lead to a conflict of interest. They are forbidden from using the company name and reputation in any way for personal gain.

Our employees must not enter any business relationship which would provide mutual or non-refundable benefits with family members, relatives or other third parties within the scope of their duties. We take this issue into consideration, especially in the selection of suppliers.

Our employees may not hold positions such as being a member of the Board or an auditor, or work in positions in companies other than Çalık Enerji or Group Companies. However, arbitrators, mediators, specialist duties which have been assigned by judicial or administrative authorities, as well as lecturing duties at universities are excluded from this restriction. Any work carried out outside the company must not affect the employee's job performance, must be performed outside working hours and the Company's Human Resources Department must be informed beforehand.

### Accepting and Giving Gifts

Our employees may not accept any gifts, earnings, aid, entertainment, special discounts or commissions for their own benefit which could affect their impartiality, decisions and behavior. However, in instances where not accepting a gift from a customer or supplier would be perceived as discourtesy, gifts may be accepted, but must comply with commercial customs, traditions and protocols with an approximate value not exceeding 150 Euros or its foreign currency equivalent. At the same time, our employees may provide and accept treats and meals in accordance with commercial customs and within reasonable limits. However, they must never accept cash or borrow money from suppliers, competitors or customers. In addition, employees are not permitted to engage in activities such as investing in or lending money to suppliers which may lead to a conflict of interest. Likewise, they are not permitted to derive personal benefit



protection of information

**Our employees go to great lengths to protect the confidential and private information of suppliers, customers and other stakeholders, whether or not it is related to their duties.**

## ETHICAL BUSINESS CONDUCT

from any special advantages or conditions offered to the Company by suppliers. We expect our employees to act in accordance with the rules of good faith, legal regulations and company discipline. code.

### Tackling Corruption

Bribery refers to actions taken, directly or through intermediaries, to provide an advantage (financial or other) to a public official or another person for doing or refraining to do something related to their duty.

Our employees may not attempt to influence decisions taken by public officials or any other person by provide or offering to provide any financial or other advantage, either openly or secretly, for the performance or obstruction of any work within the scope of their duties.

None of our employees will be penalized or face negative consequences for refusing to offer bribes.

In our company, any attempts to carry out “Money Laundering” by using our resources to indicate a legal appearance to illegal earnings are completely forbidden.

Our company acts in accordance with local and international anti-money laundering laws and regulations. Our company always works with reliable and well-reputed business partners and goes to considerable lengths to reasonably trace the source of the money.

### Political Contributions

Çalık Enerji does not support any particular political views or political parties. Our employees must demonstrate an apolitical stance on any platform where they represent the organization.

Neither Çalık Enerji nor any employee acting on behalf of the organization are permitted to directly or indirectly contribute to political parties, party officials, party candidates or party organizations.

Our employees are free to participate in democratic political activities, but these activities must be carried out without reference to the organization and without using organizational resources.

### Charitable Contributions and Donations

We concentrate our social contributions in the field of social responsibility projects on education, health and environment and art events.

All donations, contributions and sponsorships must be made transparently and in accordance with the applicable law of the relevant country. Any improper applications, requests or payments regarding donations, contributions and sponsorships must be reported to our Compliance Officer.

Corporate donations and social support is directed to projects, institutions and organizations that comply with our internal procedures and ethical principles and do not compromise the reputation of our Company.

### Relations with Business Partners and Monitoring Regulatory Compliance

We attach the highest level of importance to our relationships with our business partners. Our employees act honestly, respectfully and fairly towards our business partners, while looking after the interests of both parties. Our anti-corruption policy also applies to our work with our business partners.

In order to determine the compliance of a particular business partner with the code of ethics and anti-corruption regulations, a business partner due diligence review is carried out by the relevant department under the supervision of our Compliance Officer, before initiating the business relationship. This due diligence is repeated at specific time intervals to determine the status of the business partner. It is also performed prior to purchasing a stake in a company or participating in a joint venture.

Any contracts we enter into with our business partners include anti-bribery commitments and termination rights.



### social contribution

We concentrate our social contributions in the field of social responsibility projects on education, health and environment and art events.

## COMPLIANCE WITH LAWS AND REGULATIONS



We maintain our activities with our comprehensive internal control system and audit processes to ensure full compliance with the laws and regulations.

IMPORTANCE FOR  
OUR STAKEHOLDERS

57%

Compliance with legislation and policies in force is an absolute materiality for us in all of our activities. We fully comply with all legislation in the environmental, occupational health and safety, customer and data privacy fields in all of the business lines we operate in. We work effectively to ensure compliance with legislation under the leadership of our Legal Department and maintain our activities with our comprehensive internal control system and audit processes to ensure full compliance with the laws and regulations. Collaboration in monitoring legislation, ensuring compliance and policy-making processes strengthens the Company's corporate governance practices and increases the effectiveness and efficiency of operational processes.

Thanks to our comprehensive work in this area, we fully complied with the legislation in the 2022 reporting period.

### full compliance

We fully comply with legal regulations and policies.

### effective studies

We work effectively to ensure compliance with legislation .

### strong corporate structure

While the Company's corporate governance practices are strengthened, the effectiveness and efficiency of operational processes are increasing.

#### Our key goals within the scope of "our Compliance with Laws and Regulations with All Our Energy"

**Zero** incidence of non-compliance regarding the compliance with laws and regulations

## DIGITAL SECURITY AND INNOVATION



We are tirelessly striving to do better and constantly renew ourselves with our material areas of digital security and innovation, feeding our intellectual capital .

### IMPORTANCE FOR OUR STAKEHOLDERS

39%

PwC's Global Digital Trust Insights Survey was conducted in 2022 with the participation of technology and security executives including CEOs, directors, CFOs, CISOs, CIOs and other senior executives in 3,602 companies from over 60 countries. The survey found that that strategy and technology professionals have the potential to achieve a ten-fold increase in the operational efficiency of digital business models and that the return on companies' digital investments will grow exponentially.

We are tirelessly striving to do better and constantly renew ourselves with our material areas of digital security and innovation, feeding our intellectual capital, which is an integral part of our integrated thinking approach. We shape our work with our vision that the future of the energy sector will be determined by innovative, environmentally friendly technologies that command high added value, and that will increase efficiency. Backed by our digital transformation and innovation ecosystem, we carry out digitalization oriented improvements in our processes and continue to invest in a sustainable future. In 2022, we undertook TL 129,655,000 of investments in R&D innovation.

Our areas of focus in the field of R&D and digitalization are digital transformation and the energy transformation. Our main goal in the digital transformation process is to become a pioneer in the energy sector. At Çalık Enerji, we carry out EPC projects in different regions, always stepping up our digitalization projects with an approach that is uncompromising when it comes to the quality of our work. Our goal in our digitalization efforts in the EPC area is to expand the fields of activity of our subsidiaries,

Digital Trust Survey 2022

**129.7**  
TL million

In 2022, our R&D innovation investments amounted to 129,655,000 TL.

**better and newer**

We are tirelessly striving to do better and constantly renew ourselves with our material areas of digital security and innovation.

**18**  
trees

Our efforts to reduce our paper consumption with the digitalization solutions which we have applied to our internal systems in 2022 effectively prevented the felling of around 18 trees.

**NIST: 4**

Çalık Enerji determined a NIST target of 3.5 for 2024 and a NIST target of 4 with our successful projects in 2022.

## DIGITAL SECURITY AND INNOVATION

Workindo and Machinego, and to help them achieve leading positions in the Turkish market in other geographical areas.

Strategy and technology professionals emphasize that digital business models offer the potential to achieve a ten-fold increase in operational efficiency. In this regard, we strive to increase efficiency and adapt our business model to the digital transformation with an awareness that sustainability is vital to our business in every field we operate in. We are closely monitoring the climate crisis triggered by the gathering pace global warming, and in this vein we are constantly stepping up our investments in renewable energy, which we view as vital for the future of the world. We aim to develop our portfolio by investing in new fields of energy such as green hydrogen production and green ammonia, which are environmentally friendly, produced from 100% renewable energy, reduce carbon emissions and which serve as a clean and extensive source of energy for sustainability.

Within the scope of our digital transformation projects, we implemented the use of SuccessFactors, which offers a cloud-based solution to improve human resources processes and pave the way for more effective performance management. Our efforts to reduce our paper consumption with the digitalization solutions which we have applied to our internal systems in 2022 effectively prevented the felling of around 18 trees.

|                                          | 2020  | 2021  | 2022  |
|------------------------------------------|-------|-------|-------|
| Head Office Waste Paper Amounts (tonnes) | 1,695 | 1,681 | 1,370 |

According to the Global Digital Trust Insights survey published by PwC, being fully trusted in terms of the company visions can be achieved by being aware of being lean and following simplification, and by minimizing the scale of blind spots that hide risks in business relationships. In today's world, with the integration of digitalization into business processes, data security has become a key global risk factor. In this regard, we take our digital security measures to the highest level while carrying out our activities. Our effective data security and privacy practices are managed under the roof of Çalık Holding in order to reduce risks and implement measures. We have adopted the National Institute of Standards and Technology (NIST) approach when determining security rules and standards. Çalık Enerji determined a NIST target of 3.5 for 2024 and a NIST target of 4 with our successful projects in 2022. We identify, assess and

manage our current cyber risks and focus on areas of improvement in relation to our current cyber risks. We carry out periodic scans on the systems directly managed by Çalık Holding and the Çalık Holding IT department. We plan the necessary actions to address any vulnerabilities reported during the scans within a period of three months and ensure our business continuity with our Information Security and Data Security Policy approved by our upper management body. We minimize the possible effects of information security violations and any damage that may arise from these violations. In addition, by monitoring new regulatory developments, we send e-mails to our employees at regular intervals and carry out phishing audits to maintain data protection and awareness. We respond to any alarms emanating from the endpoint security (EDR - Endpoint Detection and Response) application which we installed on our employees' computers within the first 48 hours.

### Our key short-term goals within the scope of "our Digital Security and Innovation Performance with All Our Energy"

Eliminating 85% of high security vulnerabilities detected as a result of weekly scans conducted in systems within 90 days

Raising awareness of data security through training sessions and announcements, reducing the proportion of employees with low awareness to 30%

Creating value with a strong innovation-focused portfolio by investing in funds and technology start-ups working in the field of energy transition



### digital transformation

We strive to increase efficiency and adapt our business model to the digital transformation with an awareness that sustainability is vital to our business in every field we operate in.



Our key short-term goals within the scope of “Our Economic Performance with All Our Energy”

Investing in **260 MW** of renewable energy capacity

Investing in **320 MW** of renewable energy capacity

Investing in **450 MW** of renewable energy capacity

## ECONOMIC PERFORMANCE



We view our economic performance not only as a material, but also as a well-founded approach to a sustainable future and development.

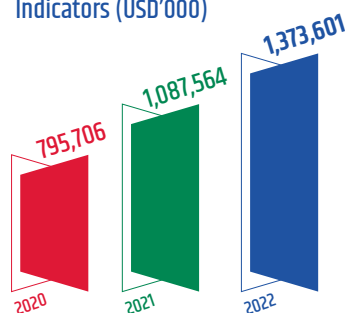
IMPORTANCE FOR OUR STAKEHOLDERS

60%

At Çalık Enerji, we continue our activities as one of the leading and qualified companies in the energy sector. We care about the perspectives of all our stakeholders within the scope of our sustainable growth goal which we strengthen day by day. In this regard, one of our material topic items includes economic performance. We view our economic performance not only as a priority, but also as a well-founded approach to a sustainable future and development. By constantly evaluating our economic performance, we aim to maximize our future growth potential while protecting our financial health. In this context, our economic performance, which we manage effectively by taking the views of our stakeholders into account, constitutes one of the cornerstones of our sustainability.

Detailed information is provided in the “**Economic Performance Indicators**” section of our report.

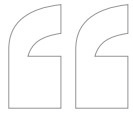
Consolidated Financial Indicators (USD'000)



| Revenue Breakdown by Field of Operation (%) | 2020    | 2021    | 2022    |
|---------------------------------------------|---------|---------|---------|
| EPC                                         | 34.52 % | 46.10 % | 36.76 % |
| Distribution and Retail                     | 68.35 % | 58.52 % | 63.81 % |
| Renewable Energy Investments                | 3.86 %  | 2.89 %  | 5.45 %  |
| EBITDA Breakdown by Fields of Operation (%) | 2020    | 2021    | 2022    |
| EPC                                         | 58.35%  | 47.58%  | 37.20%  |
| Distribution and Retail                     | 33.26%  | 43.84%  | 51.43%  |
| Renewable Energy Investments                | 8.39%   | 8.58%   | 11.37%  |

## Our Social Approach with All Our Energy

|                                   |     |
|-----------------------------------|-----|
| OCCUPATIONAL HEALTH AND SAFETY    | 115 |
| EMPLOYEE SATISFACTION AND LOYALTY | 118 |
| CUSTOMER FOCUS                    | 127 |
| SOCIAL IMPACT                     | 128 |
| SUPPLY CHAIN MANAGEMENT           | 131 |



**As a leading company in our industry, we undertake our role of being of being a pioneer of transformation in the field of sustainability in our operations.**

We proceed with an approach that focuses on people as the basis of our business in the regions in which we operate with all our energy. As a leading company in our industry, we undertake our role of being of being a pioneer of transformation in the field of sustainability in our operations. We are proud to be recognized for our high-quality, environmentally friendly and people-centric projects in the energy sector in Türkiye and many parts of the world.

With the United Nations Global Compact, which we are a signatory to, we demonstrate our commitment to universal values such as human rights, business ethics, environmental sustainability, and community participation. We are working to adopt people-centric business approach both within our own organization and throughout our supply chains.

With all our energy, we adopt a zero-tolerance approach in our social focus area to all kinds of discrimination based on factors such as gender, race, ethnicity, religion, age and disability, and we encourage our employees to celebrate each other's differences.



**We are proud to be recognized for our high-quality, environmental oriented and people-centric projects in the energy sector in Türkiye and many parts of the world.**

## OCCUPATIONAL HEALTH AND SAFETY



We believe that maintaining decent, healthy and safe working conditions in all regions where we operate is a fundamental responsibility for us.

### IMPORTANCE FOR OUR STAKEHOLDERS

89%

Occupational health and safety is an integral part of our business and is one of our high material issues that we have presented to internal and external stakeholders in all of our business lines this year. We believe that maintaining decent, healthy and safe working conditions in all regions where we operate is a fundamental responsibility for us. With our commitment to the goal of zero accidents and our awareness of preventing occupational illnesses, we ensure constant monitoring of the conditions at construction sites and working environments. In line with this understanding, we implement our Occupational Health, Safety and Environment (OHS) policy, which is an integral part of our company culture, in all areas that may directly or indirectly affect our employees. Our policy is reviewed every year in periodic Management Review meetings held under the leadership of the Senior Management of Çalık Enerji and is actively supported with their management, leadership and commitment.

You may access Çalık Enerji Environment, Occupational Health and Safety policy [here](#) .

### Zero accident

With our commitment to the goal of zero accidents, we ensure constant monitoring of the conditions at construction sites and working environments.

### constant follow up

We constantly ensure that healthy and safe working conditions are monitored in line with the relevant legislation and obligations.

### 17.92 hours

In 2022, we provided 17.92 hours of OHS training per employee in all our business lines.

### OHS awareness

We encourage all our stakeholders to contribute to OHS processes, thus aiming to increase OHS awareness.

## OCCUPATIONAL HEALTH AND SAFETY

We carry out project and HSE risk assessments of possible hazards in our operations in accordance with our Risk Assessment Procedure. We apply risk prevention and reduction measures until the risk in question has been reduced to the targeted level, depending on the severity and probability of the risks identified within the scope of the assessment. Relevant risk processes at our Head Office are coordinated by the Joint Health and Safety Unit (JHSU), from which we receive support, while we regularly report risk assessments. We regularly review our emergency action plans in order to prevent the realization of the risks which have been identified.

In addition, we hold Occupational Health and Safety (OHS) Board Meetings every three months. Within the Board, we record our decisions on issues such as periodic evaluation, planning and improvement and take actions within the determined scope. We inform all of our employees of the minutes of these meetings by e-mail.

In line with our OHS activities, we apply the risk-based thinking system which we have created for potential emergencies and accidents. We exercise utmost care in our approach to the issues of assessing emergency risks, developing activities to reduce identified risks and following preventive measures. In this context, we follow corrective and preventive activities in our projects through the records created by the OHSE teams. We regularly evaluate the possible risks of all hazards that may arise during our activities and the environmental and social impacts of these risks.

We report accidents and near misses within our projects to our OHSE teams and follow up the measures to be taken after the reporting, along with the deadlines. By digitally recording the lessons learned from accidents and near misses in a common data pool, we ensure that information is accessible for reference in our current and future projects. In addition, we maintain our communication activities in areas such as prominent billboards, on-the-job talks, training, drills and incentive programs in order to prevent the recurrence of similar incidents with the security warning application.

We constantly ensure that healthy and safe working conditions are monitored in line with the relevant legislation and obligations at our Head Office and in all the regions where we operate. In addition, in our projects, we periodically check all work equipment and installations in the area such as electricity, grounding and fire installations, pressure containers, generators, UPS, fire hoses, fire detection, warning systems and lightning rods. In order to minimize health risks in our head

office, we conduct examinations of lighting, thermal comfort and personal dust measurements in the office environment, which must be carried out at specified intervals in accordance with OHS regulations.

We ensure that all of our employees and relevant stakeholders receive mandatory OHS training. During OHS training, which is conducted on a regular basis, we conduct emergency drills to support the management of emergencies and encourage all our stakeholders to contribute to OHS processes, thus aiming thus increasing OHS awareness.

In line with this goal, we provided a total of 92,476 hours of OHS training in all of our business lines in 2022, equating to 17.92 hours of training per employee. Our work within the scope of OHS training is not limited to our employees; we also apply the same priority and meticulous approach to our subcontractors.

We regularly monitor and evaluate our performance in the field of OHS. Within the scope of monitoring our activities, we record various OHS performance indicators, such as “Lost Time Incident Rate (LTIR)”, “Accident Severity Rate (%)”, “Total Recordable Incidents Rate (TRIR) (%)”, “Number of Work Fatalities” and “Absence Due to Work Accidents”.

Detailed information is included in the **Social Performance Indicators**  section of our report.

We determine and monitor our targets by preparing critical performance indicators within the scope of the relevant legislation and requirements of each country in which we operate, and ensure the monitoring of the OHS performances of our subcontractors. We adopt a transparent approach to sharing the corporate knowledge we have gained with the relevant parties.

We provide training in accordance with the relevant regulations and legislation with our expert personnel on local OHS and environmental issues in all the regions where we operate. We provide 10-minute OHS training briefings at project sites every day before starting work. We design these briefings specifically for the work to be done on a particular day to tackle OHS and environmental risks. In the event of possible incidents of malpractice, we conduct a root-cause analysis and take necessary actions. We regularly record statistics on OHS and environmental practices in the project area and turn them into a project-based scorecard and present them to the project management team and our Board of Directors.



### OHS training

We ensure that all of our employees and relevant stakeholders receive mandatory OHS training.

## OCCUPATIONAL HEALTH AND SAFETY

### The achievement of 500,000 People-Hours of Accident-free Safe Working in our West Qurna-2 Project

Our West Qurna-2 Project in Iraq has achieved the success of **500,000 people-hours** of safe working without accidents. A ceremony was held to mark this achievement with certificates presented to our employees who had contributed to this success.

### OHS Awareness Activities

During the reporting period, we prepared the "OHSE Incentive Program Procedure" and supported our practice with several projects. In the program, we discussed the implementation requirements, methods and reward system in detail. We started to reward our employees on a project-basis from 2022. We have set a target for at least 1% of all of our employees to be rewarded accordingly, and maintain our activities to integrate projects into Performance Evaluation criteria.

| Occupational Health and Safety Training (Employees) | 2020          | 2021          | 2022          |
|-----------------------------------------------------|---------------|---------------|---------------|
| <b>Total Training Hours</b>                         | <b>12,667</b> | <b>27,246</b> | <b>92,476</b> |
| EPC                                                 | 5,323         | 20,790        | 85,880        |
| Distribution                                        | 7,168         | 6,280         | 6,280         |
| Renewable Energy                                    | 176           | 176           | 316           |
| <b>Training Hour Per Employee</b>                   | <b>13.30</b>  | <b>13.64</b>  | <b>17.92</b>  |
| EPC                                                 | 11.70         | 13.40         | 13.52         |
| Distribution                                        | 12.19         | 11.52         | 11.52         |
| Renewable Energy                                    | 16            | 16            | 28.73         |

| Occupational Health and Safety Metrics | 2020 | 2021 | 2022 |
|----------------------------------------|------|------|------|
| <b>Employees</b>                       |      |      |      |
| Total Number of Recordable Accidents   | 4    | 5    | 16   |
| Number of Fatal Cases                  | 0    | 0    | 0    |
| Total Lost Time Accidents              | 0    | 0    | 1    |
| Number of Occupational Illnesses       | 1    | 1    | 1    |
| <b>Subcontractors</b>                  |      |      |      |
| Total Number of Recordable Accidents   | 63   | 116  | 82   |
| Number of Fatal Cases                  | 2    | 3    | 1    |
| Total Lost Time Accidents              | 0    | 0    | 3    |
| Number of Occupational Illnesses       | 43   | 79   | 45   |



compliance with legal regulations

We provide training in accordance with the relevant regulations and legislation with our expert personnel on local OHS and environmental issues in all the regions where we operate.

### Our key goals within the scope of our OHS performance

Lost time incident rate of **less than 0.075**

**0** fatal work accidents

Accident severity rate of **less than 2.25**

Total recordable incident rate of **less than 0.5**

OHSE training rate of **over 0.6%**

## EMPLOYEE SATISFACTION AND LOYALTY

“ Our highly satisfied and committed employees, who work in a healthy, safe and peaceful working environment are the driving force behind our success.

### IMPORTANCE FOR OUR STAKEHOLDERS

67%

At Çalık Enerji, we work constantly to provide added value for our country and the regions which we operate in together with our personnel, who are the best in their fields. Our highly satisfied and committed employees, who work in a healthy, safe and peaceful working environment are the driving force behind our success. We act with the awareness that our specialized human resources are vital in ensuring that our performance is sustainable and successful. We carry out work in many areas, from recruitment to vocational and managerial training programs, to maximize the effectiveness of our business processes.

### Our key goals within the scope of employee satisfaction and loyalty

Initiating the employee satisfaction evaluation process

Increasing the rate of white-collar female employees by 10%

Increasing the rate of female employees in the senior management by 10%

Providing 16 hours of training per employee

Establishing a 360-degree Performance Evaluation system for all employees and managers

Adopting and setting out a policy of equal pay for equal work

Designing training and implementation programs on issues such as psychological and emotional support, financial health, sense of purpose, personal support, and relationship management in the working environment

## EMPLOYEE SATISFACTION AND LOYALTY

### Employee Well-being

We carry out management of remuneration and fringe benefits under the guidance of our Human Resources Department to increase the satisfaction and loyalty of our employees while at the same time providing a fair working environment. We implement a fair and competitive pay management system in line with our long-term goals and corporate risk management approach. While we shape our compensation process based on market conditions, job performance and talent, we strictly adhere to the principles of justice, equality and transparency. We ensure that pay is constantly reviewed by observing domestic and foreign market conditions. In this context, in 2022 we received consultancy services within the scope of evaluation of positions and pay in the energy sector from a research company specialized in pay and benefits. Additionally, we support employee motivation and commitment through the use of a reward system which is based on our employees' performance. We reward high performance depending on the scope of work done and the performance indicators. In line with our determined performance targets, we highlight the success of our employees by rewarding those whose performance has exceeded expectations with our understanding of equal pay for equal work. We are committed to our policy of equal pay for equal work and plan to carry out activities within the scope of "Equal Pay Certification" in the future.

We place priority on providing a positive impact on the quality of life of our employees by offering a comprehensive package which improves and protects the benefits offered to employees. We regularly review the fringe benefits we offer our employees, such as private health insurance, holidays and annual leave to ensure they are in line with the needs of our employees and local legislation.

Protecting, developing and supporting the well-being of our employees is at the heart of our business continuity. We recognize the importance of mental and emotional well-being and aim to support our employees in this regard. In addition, we are continuing our activities to design training and application programs covering a wide range of topics, such as financial health, sense of purpose and relationship management in the coming periods.

We provide an environment that fosters communication and collaboration. We want our employees to express their ideas and value participation and teamwork. In addition, we are working tirelessly to launch the employee satisfaction evaluation process to guide us on the best activities to carry out for our employees.

### Employee Rights

Our most important responsibility is to protect the rights of our employees, our most valuable stakeholders, and to provide them with a working environment which is fair, safe and supportive.

We demonstrate an equal and fair approach to all our employees regardless of factors such as gender, race, ethnicity, religion, age and disability. Additionally, by encouraging diversity in our recruitment processes, we attach importance to an inclusive workforce consisting of different perspectives in which our employees participate with their unique personalities. We believe we draw strength from diversity in our success, with our employees from different cultures, genders, races, ethnicities and age groups. We proceed by adhering to the principle of justice and equality in all of our business processes, primary recruitment, promotion, remuneration and Performance Evaluation. In our activities, we stand firmly against the employment of foreign nationals who are illegal immigrants, victims of human trafficking or those who do not hold a work permit. We also



well-being of our employees

**Protecting, developing and supporting the well-being of our employees is at the heart of our business continuity.**

## EMPLOYEE SATISFACTION AND LOYALTY

stand against forced labor such as illegal child labor and debt bondage, and any other form of ill-treatment or exploitative behavior towards employees as defined by international laws, regulations and the UN Global Compact.

We respect the fundamental rights of employees guaranteed by relevant laws, their contractual rights in accordance with their employment contracts, and the terms of the employment contract. In addition, we fully comply with legal regulations that protect employee rights such as privacy, freedom of expression and freedom of association. We proceed in our business in accordance with legal regulations that determine employee rights such as working hours, pay and rights to holidays and annual leave.

We emphasize the importance of our ethical values to our employees with our rules of conduct. We strengthen internal mechanisms to tackle corruption, prevent bribery and report ethical violations, and raise awareness on ethical issues among our employees so they do not remain indifferent to such issues.

### Talent Management

Adopting an approach of integrated thinking in our Company with all our energy and investing in existing and new talent for our sustainable business outcomes are among our critical duties. Our Talent Management strategy covers the recruitment, development, performance and career planning processes.

### Recruitment and Selection Process

In the recruitment, selection and placement processes, we apply various strategies to recruit the most talented and qualified candidates who are open to innovation and change, who are dynamic, who have the potential to develop themselves and their business and who can work as part of a team. We use recognized selection tools proven for their reliability in order to ensure objective

progress in the candidate selection process. We evaluate the motivation, strengths, areas open to development and potential of every candidate and conduct a detailed review of applications from all candidates who possess basic competencies and professional skills that are compatible with our corporate goals, using tools such as competency-based interviews, Personality Inventory, foreign language examinations and other professional inventories as required for the position. We carry out all of our human resources processes in a fair and equal manner by adhering to the principles of diversity and inclusion. In this context, we attach importance to ensuring that our candidates possess the competencies required for the job and will work with a work ethic that embraces social values without any discrimination or privilege.

| Employees Hired by Business Line | 2020       | 2021       | 2022         |
|----------------------------------|------------|------------|--------------|
| <b>Recruitment</b>               | <b>103</b> | <b>274</b> | <b>2,006</b> |
| EPC                              | 17         | 122        | 1,858        |
| Distribution                     | 68         | 92         | 83           |
| Renewable Energy                 | 4          | 0          | 2            |
| Head Office                      | 14         | 60         | 63           |

| Recruitment by Age                          | 2020       | 2021       | 2022         |
|---------------------------------------------|------------|------------|--------------|
| <b>Recruitment</b>                          | <b>103</b> | <b>274</b> | <b>2,006</b> |
| Under 30                                    | 48         | 110        | 376          |
| Between 30-50 (Including ages of 30 and 50) | 52         | 152        | 1,371        |
| Over 50                                     | 3          | 12         | 259          |



### talent management

Our Talent Management strategy covers the recruitment, development, performance and career planning processes.

## EMPLOYEE SATISFACTION AND LOYALTY

We based our human resources policies and practices on the framework of Çalık Holding's values to which we adhere. In this context, we place the highest importance on each of our employees adopting the values of justice, sustainability, mutual trust and solidarity, as well as being people-centric, upholding the company's reputation, working wholeheartedly and being innovative and agile, while ensuring that employees reflect this commitment to our business activities.

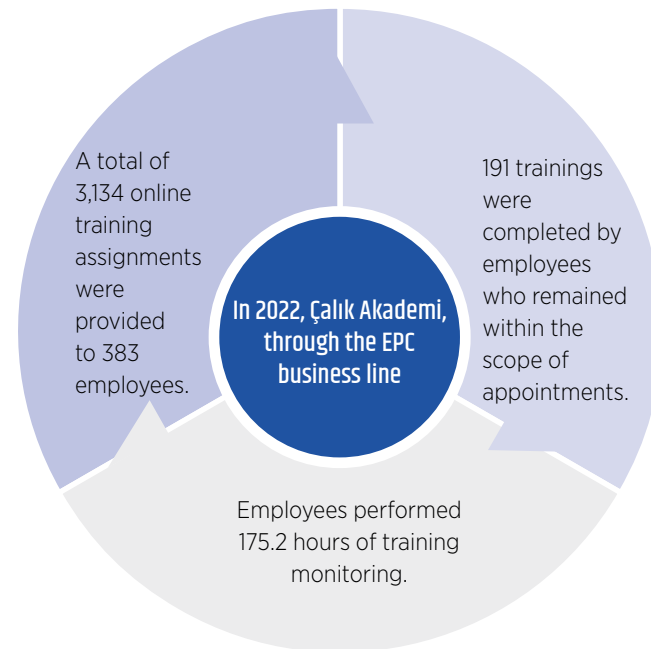
### Training and Development

We offer training and development opportunities with all our energy, to encourage our employees to develop their existing talents, maximize their potential and discover and work on areas of improvement. While we carry out our training planning in an equal, regular, and effective manner, we ensure that our employees keep their knowledge and skills up to date through in-house and external training programs, seminars, workshops and online learning resources. We shape our employee development approach within the framework of our aim

of becoming a "Learning Organization" in line with our vision, mission, values and business strategy.

We start to offer all of our employees training and development opportunities from their very first day of work. Our Human Resources Department is responsible for guiding employees who have completed the recruitment process in their personal interests as well as the development in their fields of expertise. Our new colleagues who have just joined us attend Orientation Training to help them adapt to Çalık Enerji's vision, mission and organizational structure, and to gain comprehensive information regarding workflow, practices and procedures.

We aim to improve the personal knowledge, skills, corporate effectiveness and professional competencies of each of our employees and to develop a common approach among our employees. In 2022, we provided an average of **14.29 hours of training** per employee in our head office. We are committed to continuing to shape our training planning according to the professional needs and wishes of our employees and to increase the amount of training we provide to 16 hours per employee in our next reporting period.



"Learning Organization"

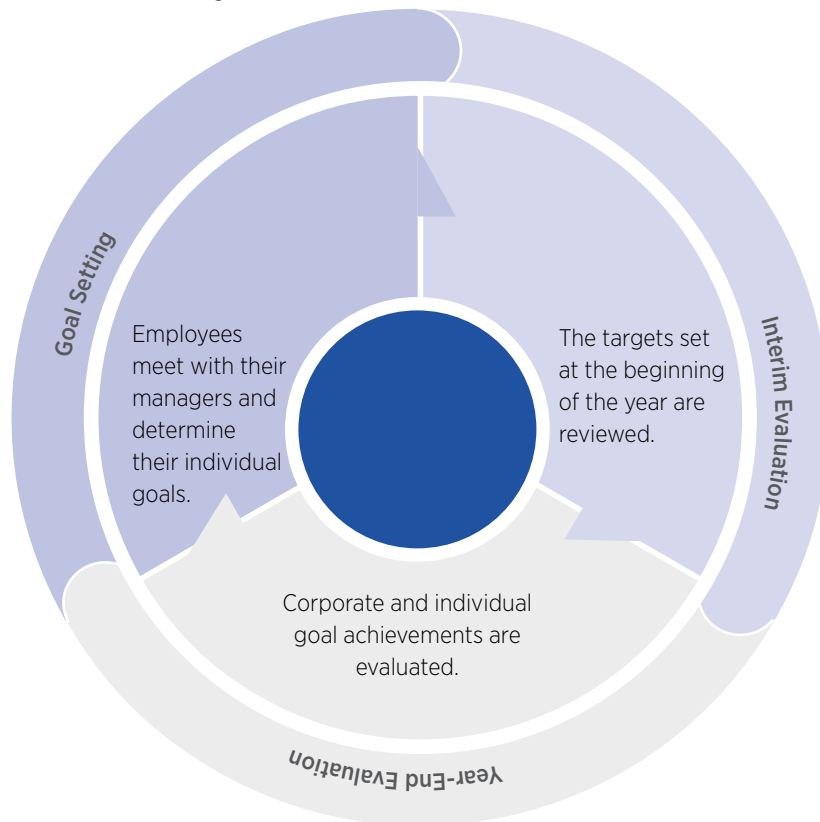
We shape our employee development approach within the framework of our aim of becoming a "Learning Organization" in line with our vision, mission, values and business strategy.

## EMPLOYEE SATISFACTION AND LOYALTY

### Performance Evaluation

In order to maintain the high quality and standards of our work outputs, we seek to guide all our employees to be successful during the Performance Evaluation process. Within the scope of this work, we regularly evaluate the performance of our employees and offer opportunities for development. We apply the "Goal-Based Performance Management System" to increase the loyalty of our employees, to develop their skills and ensure that they contribute to achieving our company goals. With our Performance Management System, we aim to unveil the value-creating performances of our employees and balance their business management.

The annual Performance Evaluation process in Performance Management System consists of three stages:



In line with our inclusive business approach, we include each of our employees in the process of evaluation and setting goals. Thus, every year during the goal setting period, employees contribute to shaping their own goals and complete their goal setting task after meeting their related managers. These goals are compatible and measurable with the Company's strategic goals and are determined in accordance with the employee's duties and role. Goals provide a foundational, metric-based reference point for evaluating employee achievements. Interim evaluation and feedback meetings are held where the employees' managers review the current situation with respect to the determined targets. We provide regular, transparent and fair feedback in the Performance Evaluation processes and evaluate the extent to which our employees have achieved their goals, while recognizing their strengths and identifying areas for development. This transparent and two-way feedback helps employees understand their performance and improve their future performance. During the year-end evaluation process, managers provide a final performance score on the performance target card, with reporting processes then carried out.

The valuable outputs obtained from the Performance Management System contribute to a wide range of processes such as training and development processes, career management, pay management and rewards. During this period, personal development plans for our employees' career goals are determined in line with the feedback they receive from their managers.

We proceed with an effective and open communication model in Performance Evaluation processes and work to foster an environment of collaboration. Thanks to our continuous feedback approach, we strive to create a strong communication model and a learning-oriented culture for our employees to adapt to changing business needs.



value-creating performances

With our Performance Management System, we aim to unveil the value-creating performances of our employees and balance their business management.

## EMPLOYEE SATISFACTION AND LOYALTY

By the next reporting period, we aim to transition to a new Talent Management program in which 360-degree evaluation results, inventory results and performance results will be evaluated holistically. In addition, we prioritize contributing to strategic backup and career management activities by handling Talent Management processes within the scope of the “Organization and Talent Review” process.

### Career Management

We provide continuous training and learning opportunities in career development to encourage our employees to discover their interests, develop their potential and deploy their talents to the highest level. In addition, we aim to launch the “Mentor and Mentee Program” and coaching and mentoring programs for our employees in the upcoming reporting period.

We consider our career and performance management processes, which we build on competencies based on Çalık Holding practices, in two categories: basic and managerial competencies, which we refer to as the “Çalık DNA”. In this regard, we based competencies on the basis of the titles of “Employees with Individual Contributions”, “Heads and Managers”, “Coordinators, Directors and the Assistant General Manager” and the “CEO”.

We use the “Assessment Center Applications” and “Personality Inventories” to prepare our employees for higher positions, identify their strengths and areas open to development, and develop managerial competencies. We attach importance to the use of internal resources for the needs arising within our company and offer career opportunities to our employees within the company or within the Çalık Group. We support our employees with training and development programs to encourage the promotion of talent from within the organization. In addition to face-to-face training, we offer a wide range of online training content to all of our employees through “Çalık Academy-EPC” by using digital infrastructure in the training processes.

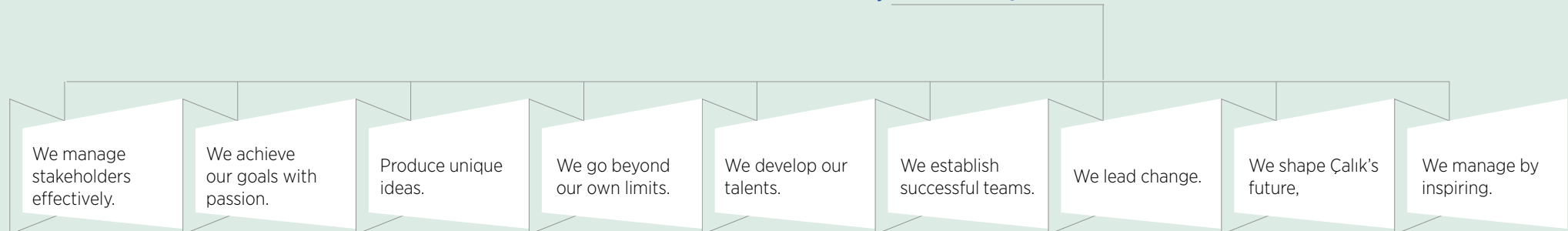
In order to provide a workforce suitable for our mission and values, we organize “New Graduate Programs” with Çalık Holding at regular intervals and follow development plans specific to this program. Through these programs, we expand our perspective with new graduates seeking to improve themselves in the field of energy and guide them in their career journeys with our specialized employees. In this context, we completed the recruitment of 15 new university graduates in 2022.



### continuous training and learning

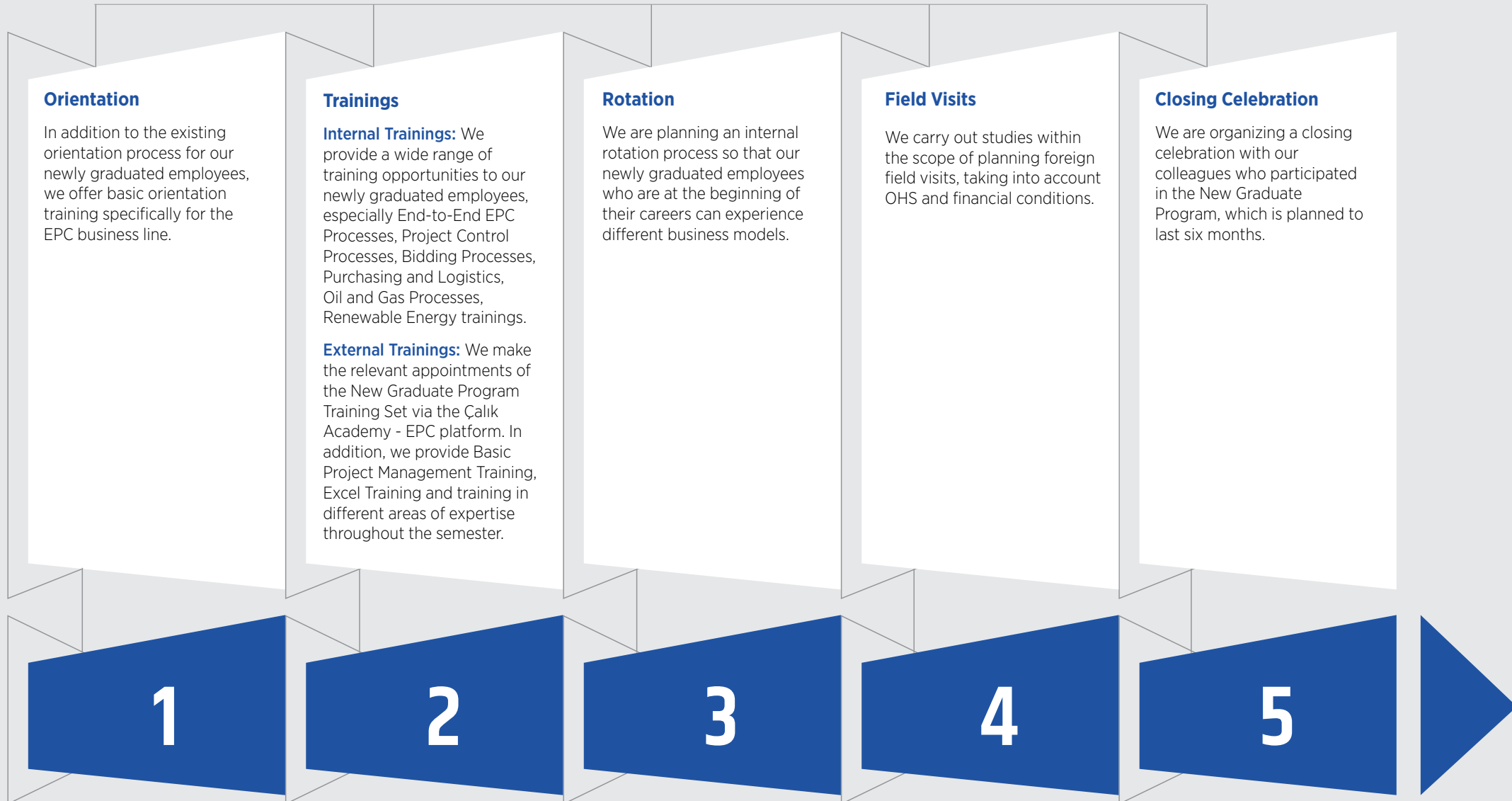
We provide continuous training and learning opportunities in career development to encourage our employees to discover their interests, develop their potential and deploy their talents to the highest level.

### Çalık DNA competencies



## EMPLOYEE SATISFACTION AND LOYALTY

### OUR NEW GRADUATE PROGRAM DEVELOPMENT PLAN



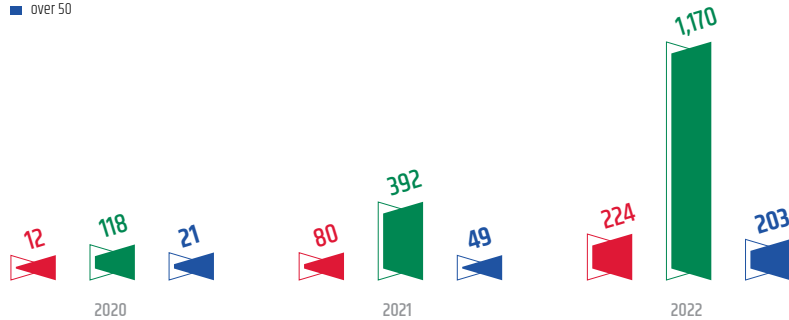
## EMPLOYEE SATISFACTION AND LOYALTY

### Universities

We come together with university students on career days in a bid to inspire young talent in their careers and encourage them to contribute to the energy sector. During these events, we aim to provide a platform where we can get to know the future leaders of the energy sector, guide them and offer them career opportunities. At these events, we offer university students the opportunity to gain industry experience through internships and new graduate programs. The students who we meet on the career days gain an insight into the functioning of the energy sector, as well as the opportunity to network with professionals from the sector.

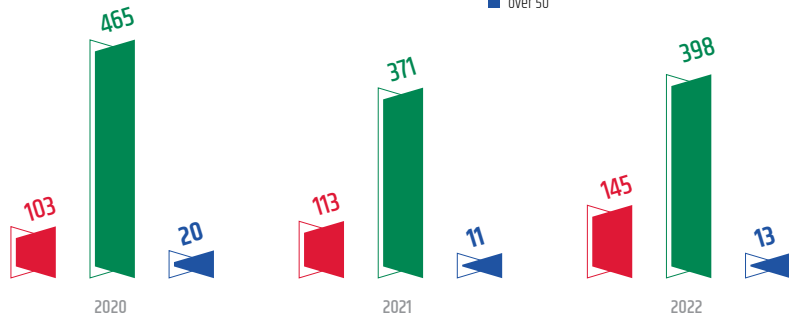
### Employee Distribution by Age (EPC)

■ under 30  
■ 30-50 (including 30 and 50)  
■ over 50

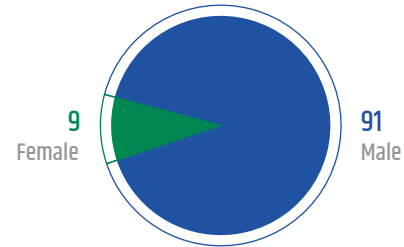


### Employee Distribution by Age (Distribution)

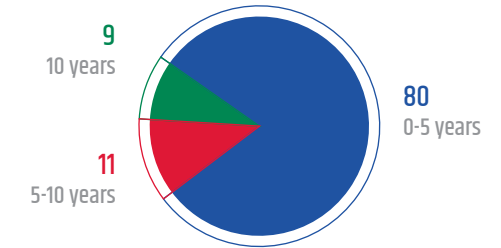
■ under 30  
■ 30-50 (including 30 and 50)  
■ over 50



### Gender Distribution of Employees in 2022 (%)

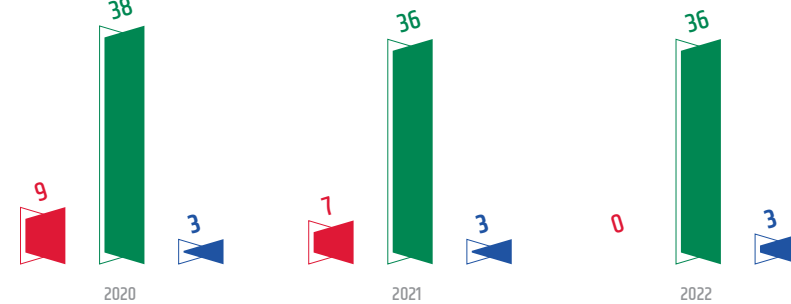


### Distribution of Employees by Seniority in 2022 (%)



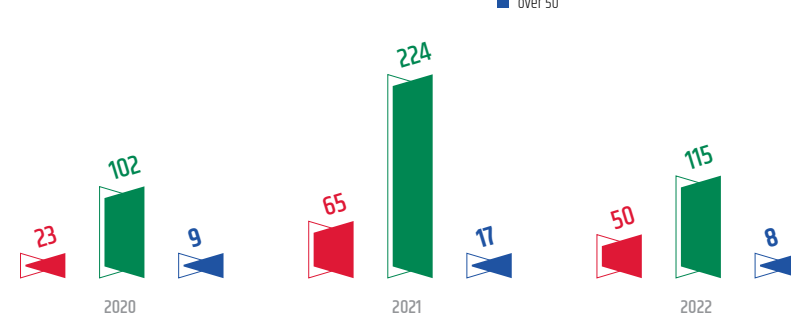
### Employee Distribution by Age (Renewable Energy Investments)

■ under 30  
■ 30-50 (including 30 and 50)  
■ over 50



### Employee Distribution by Age (Head Office)

■ under 30  
■ 30-50 (including 30 and 50)  
■ over 50



## EMPLOYEE SATISFACTION AND LOYALTY

### Equality and Diversity

We believe that our leading role in our industry is achieved by the different skills, experiences, backgrounds and perspectives of our employees and the value that this diversity adds to our Company. We support our employees in respect to their various ethnic origins, abilities, experiences and thoughts, and we work with all our strength to ensure that each of our employees feels valued and respected in the working environment. We base and encourage values such as transparency, cooperation, tolerance and respect in communication.

Adhering to the principle of equality and diversity, we work to ensure meticulous impartiality in our recruitment, promotion, performance evaluation and career management processes. While we follow a skills-based evaluation methodology in the recruitment and selection processes, we ensure that every candidate has equal opportunities and is not subjected to any discrimination.

We place the highest importance on providing equal pay and equal employment opportunities to all our employees. We adopt a company culture that embraces equality and diversity regardless of factors such as language, race, color, gender, political opinion, belief, religion, sect, age or physical disability. We ensure that each of our employees is fairly remunerated and we take care to ensure that all of our employees have equal access to promotion and development opportunities. We exercise care to use inclusive language in all processes involving our employees. With our focus on integrated thought, we lead the protection of our principles on equality and diversity on behalf of our employees and all our stakeholders. We believe that if these values are adopted in a business environment, the motivation of our employees will continue to grow, and their focus on creativity and innovation will develop.

| Number of Executives           | 2020       | 2021       | 2022       |
|--------------------------------|------------|------------|------------|
| <b>Executives</b>              | <b>186</b> | <b>298</b> | <b>370</b> |
| <b>Upper Level Management</b>  | <b>109</b> | <b>173</b> | <b>220</b> |
| Female                         | 13         | 26         | 25         |
| Male                           | 96         | 147        | 195        |
| <b>Middle Level Management</b> | <b>57</b>  | <b>102</b> | <b>122</b> |
| Female                         | 5          | 11         | 12         |
| Male                           | 52         | 91         | 110        |
| <b>Low Level Management</b>    | <b>20</b>  | <b>23</b>  | <b>28</b>  |
| Female                         | 3          | 3          | 3          |
| Male                           | 17         | 20         | 25         |

| Employees By Gender     | 2022         |
|-------------------------|--------------|
| <b>White Collar</b>     | <b>1.326</b> |
| <b>EPC</b>              | <b>558</b>   |
| Male                    | 527          |
| Female                  | 31           |
| <b>Distribution</b>     | <b>556</b>   |
| Male                    | 416          |
| Female                  | 140          |
| <b>Renewable Energy</b> | <b>39</b>    |
| Male                    | 39           |
| Female                  | 0            |
| <b>Head Office</b>      | <b>173</b>   |
| Male                    | 124          |
| Female                  | 49           |
| Employees By Gender     | 2022         |
| <b>Blue Collar</b>      | <b>1.039</b> |
| <b>EPC</b>              | <b>1.039</b> |
| Male                    | 1.039        |
| Female                  | 0            |
| <b>Distribution</b>     | <b>0</b>     |
| Male                    | 0            |
| Female                  | 0            |
| <b>Renewable Energy</b> | <b>0</b>     |
| Male                    | 0            |
| Female                  | 0            |
| <b>Head Office</b>      | <b>0</b>     |
| Male                    | 0            |
| Female                  | 0            |



**equal employment opportunities**

We place high importance on providing equal pay and equal employment opportunities to all our employees.

## CUSTOMER FOCUS



We focus on providing a high quality of service to ensure that we meet the expectations of our customers and achieve a high level of satisfaction.

### IMPORTANCE FOR OUR STAKEHOLDERS

66%

Producing solutions with our employees, who are the best in their field, by understanding the needs of our customers is what lies behind all the success we have achieved so far. This is how we add value to our customers and increase their satisfaction. We focus on providing a high quality of service to ensure that we meet the expectations of our customers and achieve a high level of satisfaction. We treat this as an integral part of our social and relational capital.

We prioritize open and transparent communication to ensure a valuable experience for our customers. We offer various communication channels where our customers may convey all positive and negative feedback and take quick actions to resolve problems. We welcome and carefully evaluate all feedback, thoughts and suggestions and respond with a solution-oriented approach, where constantly take feedback into account in our process and product improvements.

Our customers are at the heart of our business and one of the key determinants of our strategies. In this context, we aim to conduct regular surveys in our distribution business line to measure customer satisfaction. We keep abreast of customer needs, keeping our finger on the pulse of innovative services and closely following technological developments as we strive to have a positive impact on the satisfaction of our customers.

We attach tremendous importance on the confidentiality and transparency of customer data in every process which brings us in touch with our customers. We are carrying out comprehensive activities to provide the necessary digital infrastructure to keep customer information confidential and ensure its security.

## open and transparent communication

We prioritize open and transparent communication to ensure a valuable experience for our customers.

## customer satisfaction

Our customers are at the heart of our business and one of the key determinants of our strategies.

### Our key goals within the scope of customer satisfaction

Ranking in the **top three** in the customer satisfaction survey of electricity distribution companies in Türkiye

Obtaining **7 full points by achieving all targets** within the scope of key performance indicators (KPIs) determined by EMRA

## SOCIAL IMPACT

“ We care deeply about our positive impact in our value chain, from protecting natural resources to ensuring the well-being of our employees.



### Corporate Social Responsibility

We owe our leading position in the energy sector not only to economic output, but also our focus on society and the welfare of the regions where we work. With the multidimensional approach offered by the concept of sustainability, we care deeply about our positive impact in our value chain, starting from understanding the needs of local communities to protecting natural resources and ensuring the well-being of our employees. We aim to increase the number of corporate social responsibility projects in the following reporting period when compared to the previous year.

### Social Awareness

We organize events to raise social awareness in society and draw attention to important issues. In this context, we presented our female employees with cloth bags produced by the Nevruz Village Women's Cooperative to mark International Working Women's Day on 8<sup>th</sup> March. The Cooperative produces cloth bags with a workforce of ten people in the Nevruz village in Çanakkale's Yenice district. The Cooperative, which we work with, contributes to women's employment and women's empowerment. Moreover, it takes care to reduce ecological waste by recycling fabric, producing compost and working towards zero waste in workshops.



### Our key goals within the scope of social impact

Increasing the number of **corporate social responsibility** projects carried out compared to the previous year.

**Zero** incidents of human rights violations

Supporting **local employment**

## SOCIAL IMPACT

### Training and Development

During the reporting period, we completed the second phase of our Energetic Schools Social Responsibility Project, which we implemented with an approach of “Value for People, Investing to the Future”. The Energetic Schools Phase II Project is carried out in cooperation with Mitsubishi Corporation and Sustainability Steps Association and with Mitsubishi Corporation’s Tokyo-based corporate social responsibility budget under our coordination. Within the scope of the project, we organized awareness raising seminars in Amasya, Malatya and Samsun, attended by more than 1,000 vocational high school teachers and students. We supplied various items such as logistics and food from local companies throughout the entire event. With a belief that sustainability will only become widespread in society through a cultural change, our employees devoted a total of 1,512 hours of their time through volunteer activities in the second phase of the Energetic Schools Project. This project is the largest and longest-running social responsibility initiative which we have planned and implemented to date.

We aim to maintain our Energetic Schools Project by installing solar power plants in the gardens of schools in all regions where we operate, and with various activities such as awareness-raising seminars, competitions and work on the digital platform.

### Environmental Sustainability

At Çalık Group, we supported the mobilization campaign launched by the TEMA Foundation in order to contribute to afforestation activities and the greening our country in the wake of the fires which ravaged parts of our country. We donated **TL 40 million** to the campaign launched by the TEMA Foundation to help heal the wounds of these disasters.

### Collaborations

Since the day of our establishment, we have been continuing our work to build a good future and contribute to the society we live in. In this context, we work in cooperation with non-governmental organizations working in different fields and carry out projects together. We are working to find solutions to social problems with events that produce highly inclusive work in a wide range and area of impact, such as the “TEMA Foundation”, “UNICEF”, the “Food Rescue Association” and “Mor Çatı (Purple Roof)”. We will continue to carry out projects on the topics we have determined as material areas for ourselves in the coming period.

In 2022,

- we donated to the Food Rescue Association to meet the basic food needs of **220 people** for a month.

### Contribution to the Local Economy

We consider contributing to the local economy as the fundamental element of sustainable development with a collective growth approach. We keep this goal in mind when directing our activities and strategic decisions.

To support the local economy in the regions we operate, we seek to employ people from the local areas and place materiality to local suppliers. We provide the highest level of employment opportunities in projects by considering the competencies of local people. We are steadfastly committed to supporting local employment in all of our business lines.

At the same time, we also give priority to selecting local suppliers in the countries where our projects are located. We act by closely examining the regions in question and with the support of the local power. Accordingly, we underline the importance of creating and developing local supply chains.



### collective growth

We consider contributing to the local economy as the fundamental element of sustainable development with a collective growth approach.

## SOCIAL IMPACT

### Human Rights

As part of our company culture, we behave fairly, equally and humanely towards our human capital in our operations in the regions where we operate with all our energy. We are committed to operating in line with the universally accepted principles and values of human rights. Our Çalık Enerji Human Rights Policy and policies are guided by international human rights standards such as the United Nations Universal Declaration of Human Rights, the International Labour Organization Declaration of Fundamental Principles and Rights at Work, the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights. Thus, we maintain our commitment to meeting the principles of universal human rights to the highest level in our practices and policies. Our policy is audited by the Board of Directors of Çalık Holding and the Çalık Holding Ethics Board. Our policy also applies to all of our subsidiaries in which we hold a majority of the shares. In this context, we maintain our efforts to support, protect and promote the human rights of our employees, the stakeholders in our supply chain and among all countries in which we operate.

You may access our Çalık Enerji Human Rights policy [here](#). 

We offer an Ethics Hotline as a safe and accessible channel of communication where our employees and stakeholders may report any potential requests and/or complaints on human rights issues confidentially and without fear of retaliation. We carefully monitor the steps taken to prevent any unwanted action as defined in our policy with the Compliance Officer and the Ethics Committee. We review notifications promptly and confidentially and take necessary corrective measures. We are committed to zero human rights violations within our company.

We support our employees with a fair and competitive wage policy, objective Performance Evaluation system and competency based transparent career opportunities. We offer our employees equal opportunity, starting with promotions and a reward-based approach to training and development.

We respect the local values, customs, and traditions of our local stakeholders in all of the regions we operate. We exercise care to ensure we provide the highest level of added value to the region and local people within the scope of our work outputs. We aim to establish transparent and two-way communication with society and our stakeholders. In this context, we adopt the principle of leaving no one behind. In addition, we are sensitive to any social needs that may arise in local areas outside our areas of activity. We place importance on establishing good relations with local people.

At Çalık Enerji, we expect all our business partners in our supply chain to adopt the same sensitive approach and we underline the emphasis that they respect human rights principles. We strengthen our supply chain management processes in order to prevent practices that do not comply with human rights or exploitation. We take into account a wide array of issues associated with human rights in supplier evaluation procedures and audits and play an active role in acting sensitively to the needs of society and our other stakeholders and in protecting their rights.

We respect the ability of all our stakeholders to express their thoughts and live according to their beliefs, and their right to private lives and personal space. We also attach importance to protecting the rights of our valued stakeholders.

We see human rights as an indispensable element of digital security for individuals, institutions and society, in addition to the layered and deep perspective it projects. It is crucial in this respect to protecting rights such as personal data, privacy of private communication and freedom of expression in the digital environment. In this context, we take internal digital security measures and also work to ensure that people's fundamental rights and freedoms are unharmed.

At Çalık Enerji, we are determined to embrace and implement the rights of our human capital, our most valuable capital, with universal values. Respecting human rights is our fundamental commitment in order to support the well-being of our employees, the stakeholders in our supply chain and communities.



### universal principles

**We are committed to operating in line with the universally accepted principles and values of human rights.**

## SUPPLY CHAIN MANAGEMENT

“ Our supply chain management covers the holistic and efficient management of processes starting from the procurement of resources to turnkey projects, distribution and customer services.

### Supply Chain Management

The sustainable continuity of our operations and ensuring integration throughout our value chain is of tremendous importance in our business processes. Our supply chain management covers the holistic and efficient management of processes starting from the procurement of resources to turnkey projects, distribution and customer services.

We carry out evaluation processes in supplier selection, purchases and our suppliers in accordance with our corporate procedures which are presented by Çalık Holding to all Group Companies in line with international requirements. We are committed to evaluating at least 30 suppliers from each discipline in the supplier evaluations which we carry out at six-month intervals. We consider all suppliers to be an important link in our value chain, and in this context, we establish strategic relationships with suppliers, thus providing the highest contribution to our activities and ensuring that our activities are in accordance with international standards and recognized quality standards. We aim to establish sustainable supplier selection procedures by taking our meticulous approach in the supplier selection process one step further.

With a comprehensive and holistic approach in our supplier selection processes, we take a wide range of factors into account such as the environmental impact, quality, the OHS, regulatory qualifications, customer satisfaction, storage, inventory and returns. We apply a fair, transparent and equality-based evaluation process in supplier selection. We expect a working approach based on compliance with codes of conduct and ethics from all our suppliers, subcontractors and companies from which we obtain logistics services.



### Our key goals within the scope of responsible supply chain management

Increasing suppliers' awareness of sustainability issues

Evaluating at **least 30** suppliers from each discipline in supplier evaluations carried out every six months

Establishing sustainable supplier **selection procedures**

## SUPPLY CHAIN MANAGEMENT

We attach importance to sustainability practices in our value chain and support the local economy in order to manage our business activities without interruption. With this approach, we reduce the environmental impacts arising from logistics services during our activities while increasing our support for local development. Where local suppliers are unable to comply with our relevant criteria, we procure goods or services from the closest and most suitable country by taking into account environmental factors such as fuel consumption and protection of nature. We adopt an approach of focusing on local suppliers in our operations in Türkiye and around the world. Accordingly, **2,560 of our 6,125 suppliers on the approved supplier** list of our EPC business line were local suppliers in 2022.

We prioritize the rapid, reliable, traceable and measurable progress of processes related to our suppliers. In this regard, we offer our suppliers innovative solutions with the Supplier Life Cycle (SLC) module and Supplier Quote Portal (SRM – Supplier Relationship Management) in order to effectively manage the procurement and supply chain.

With our responsible supply chain approach, we expect the ethical issues which we handle meticulously on behalf of our employees to be handled with the same sensitivity by our suppliers and subcontractors. We ensure the careful monitoring of compliance with human rights, employee rights and environmental protection rules, and carry out regular inspections with our specialized employees. We aim to raise the awareness of our suppliers on issues of sustainability regarding all of these issues.

In our EPC business line in particular, we pay attention to ensuring that the materials of our suppliers from whom we obtain logistics services are brought to the project site with correct planning and within the right time frame. In addition, we evaluate the risks that may arise in the course of the logistics services provided by our suppliers during the transportation of large materials and equipment to the sites during the construction and power plant construction stages. Given the significant bulk of some of the materials used on site, these materials must be transported to the construction site in a manner

that will minimize their impact on the environment. During these processes, we demonstrate the highest sensitivity towards ensuring that the vehicles used for logistics are low-emitting vehicles. Through these practices, we contribute to our operational efficiency by effectively applying our supply chain management and supplier evaluation processes.

### Green and Reliable Energy Supply

With an awareness of the transformation in the energy sector, we prioritize adapting to the dynamics of the sector in order to fulfil our vision of being the most successful and preferred energy company. We work with all our strength to reduce our carbon footprint both at our Company and throughout our value chain. We also work to meet energy needs reliably through the use of green energy resources.

As an independent energy investor in Türkiye and abroad, we evaluate opportunities in local and global markets with a holistic approach in all of our activities. We maintain our project development activities by demonstrating our developed intellectual capital in the markets of different countries, especially Türkiye. We reduce the environmental impact of our energy production by using renewable resources such as hydroelectric power, wind energy and solar energy. Our strategic investments in renewable energy sources help us achieve our sustainability goals while diversifying our energy portfolio.

We aim to step up our investments in environmentally friendly electricity generation from renewable energy. In light of our sustainability goals, we plan to expand our renewable energy portfolio to 1,000 MW by 2025. Additionally, we include investing in hydrogen-based initiatives among our priorities next year. We contribute to our sustainability goals by diversifying our energy portfolio through our strategic investments in renewable energy sources in new energy fields, such as green hydrogen and green ammonia..



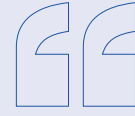
### innovative solutions

We offer our suppliers innovative solutions with the Supplier Life Cycle (SLC) module and Supplier Quote Portal (SRM – Supplier Relationship Management) to effectively manage the procurement and supply chain.

A large-scale photograph of an offshore wind farm. Numerous white wind turbines are visible, stretching from the foreground into the distance across a calm blue sea. The sky is a clear, pale blue. The image is framed by a dark blue geometric shape that resembles a stylized 'C' or a large bracket, which serves as a background for the text.

# Our Environmental Approach with All Our Energy

|                                               |     |
|-----------------------------------------------|-----|
| CLIMATE CHANGE                                | 136 |
| ENERGY MANAGEMENT                             | 140 |
| MANAGING THE ENVIRONMENTAL IMPACT OF PROJECTS | 142 |
| WATER AND WASTE MANAGEMENT                    | 146 |



**Climate change, energy management, water and waste management and managing the environmental impact in projects are among our material environmental issues.**

With the awareness that states and companies must do their part to leave a sustainable world to future generations, climate change, energy management, water and waste management and managing the environmental impact in projects are among our material environmental issues. In this context, we act responsibly for our environment in all of the regions we operate in. We analyze our environmental impacts with our integrated business model. We comply with national and international legislation by closely monitoring sectoral and global developments.

We embrace the SDGs to build a sustainable future with all our energy. We continue our work that creates value for our stakeholders within the scope of tackling climate change.

We monitor our performance on issues such as supporting the transition to a low carbon economy in line with the UN Global Compact (UNGC), which we signed in 2019, developing the innovative services and solutions of the future with our R&D studies, tackling climate change, assessing the risks and opportunities of climate change, managing the environmental impact of our projects, protecting biodiversity and regularly tracking waste and water management performance. We share our performance transparently with all our stakeholders.

With our awareness of acting responsibly for our environment, we evaluate environmental, social and economic risks and opportunities in our investment decisions. In this regard, we undertook **TL 671,058** of environmental investments in the 2022 reporting period. Detailed information is included in the “**Corporate Risk Management**” section of our report.

## low carbon

We support the transition to a low carbon economy

## innovative solutions

We develop innovative services and solutions of the future with our R&D studies.

## detailed analysis

We analyze our risks and opportunities within the scope of combating climate change.

TL **671,058**

We made an environmental investment of TL 671,058.

We evaluate our environmental approach with all our energy by taking national and international standards as a guide. We carry out our activities in line with our sustainability strategy of going beyond the standards in accordance with the principle of environmental protection. In addition to monitoring relevant national and international laws, regulations and agreements, we ensure that they are monitored and implemented by our business partners with our integrated perspective. We create environmental plans in our projects depending on the environmental laws and obligations of each country we operate in.

In line with the measures we took to comply with legal requirements, we did not receive any fines or non-monetary penalties due to non-compliance with environmental laws and regulations in the 2022 reporting period. At Çalık Enerji, we carry out our activities within the framework of our **“Environmental Management System”** which we created in accordance with the ISO 14001:2015 standard.

We aim to achieve the following through our Environmental Management System.

- To continue our work in accordance with national and international legislation on environmental management,
- To ensure that our processes for protecting the environment are effective and efficient,
- To monitor the environmental impacts of our projects by being aware of the value of natural resources,
- To develop systems for waste management and to monitor waste amounts,
- To continuously improve our environmental management performance through close monitoring,
- To organize training on the environment to raise awareness among our employees,
- To help achieve our sustainability goals,
- To create corporate citizenship awareness



## adherence to environmental laws and obligations

**We did not encounter any fines or non-monetary sanctions during the reporting period.**

## CLIMATE CHANGE



We continue our work to determine science-based targets in all of the regions we operate in the upcoming years.

### IMPORTANCE FOR OUR STAKEHOLDERS

68%

In line with our aim of building a better future with all our energy, we closely monitor national and international regulations regarding climate change. The 6<sup>th</sup> Assessment Report<sup>1</sup> published by the Intergovernmental Panel on Climate Change (IPCC) in 2022, underlined that any delay in global steps to combat climate change would rapidly narrow the window of opportunity available to secure a sustainable future. At Çalık Enerji, we are aware that we need to create an action plan to limit the rise in global temperatures to 1.5°C in line with the Paris Climate Agreement. In this context, we aim to reach net zero emissions by 2050. In our net zero journey, we continue our work to determine science-based targets in all of the regions we operate in the upcoming years.

### full compliance

We follow national and international regulations

### under the leadership of the Board

We continue our work within the scope of combating climate change under the leadership of the Board of Directors.

### 2050: net zero

We aim to reach net zero emissions by 2050.

### natural capital

In line with our energy optimization activities, we strive to ensure the most effective use of resources by considering our natural capital.

### Our responsibility to combatting climate change with all our energy

Under the leadership of our Board of Directors, all our employees have the responsibility of taking the necessary actions within the scope of combatting climate change.

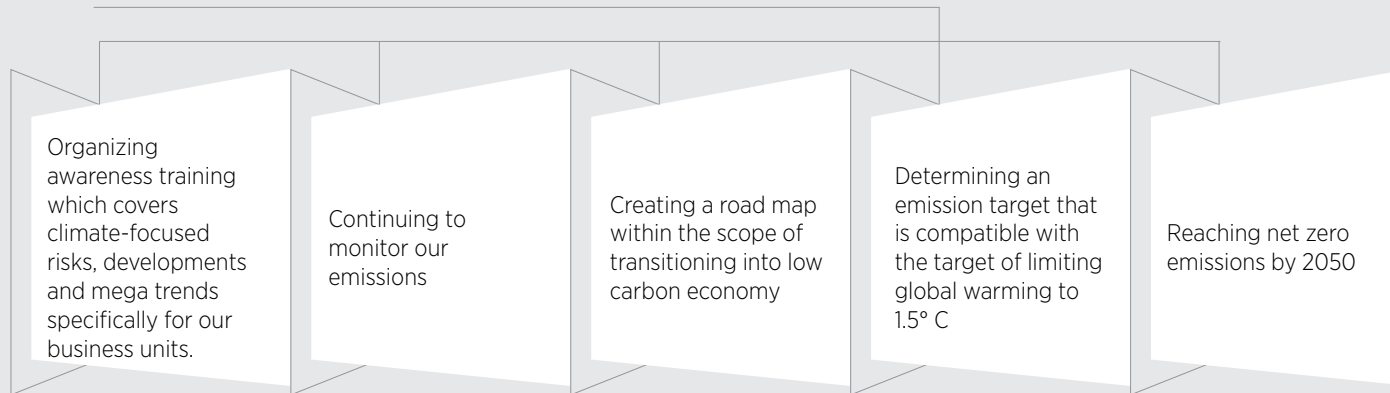
<sup>1</sup> 2023 Global Risk Report

## CLIMATE CHANGE

In this period marked by increasing expectations from governments, public institutions and private sector actors in the fight against climate change, the Global Risk Report<sup>2</sup>, prepared by the World Economic Forum (WEF), emphasized

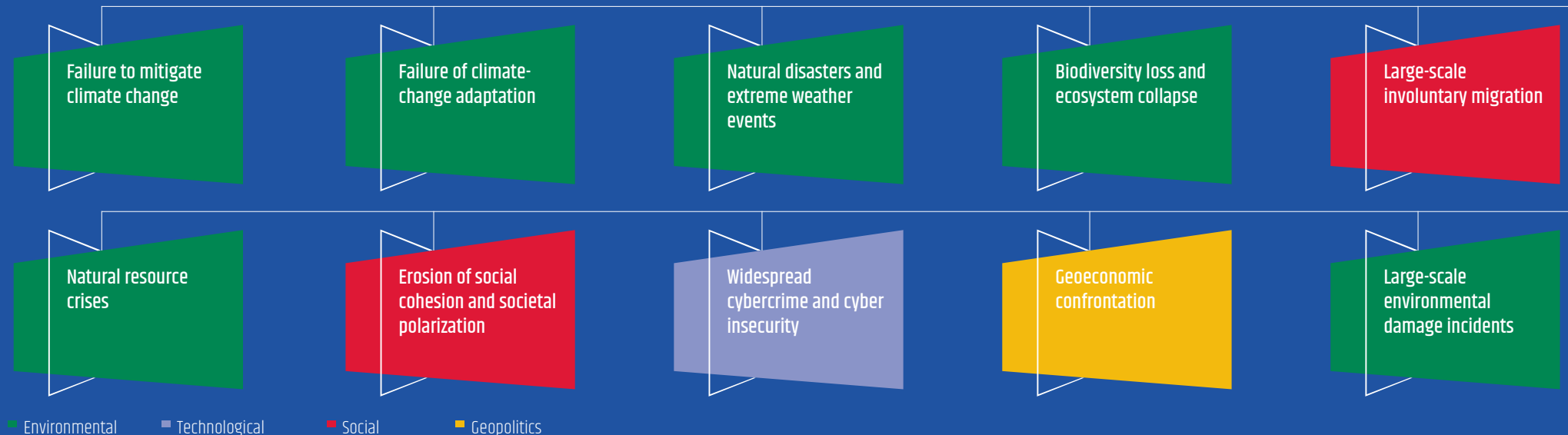
that the main focal point of global risk perceptions for the next 10 years would consist of climate and environmental risks.

### Our key goals within the scope of tackling climate change with all our energy



Source: WEF Global Risk Report

<sup>2</sup> The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report 



## CLIMATE CHANGE

In this context, we review the risks and opportunities related to climate change annually with our Sustainability Committee and report them to the Board of Directors. Working with the risk inventory we have created based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we contribute to the details of the risks and opportunities which we identify for climate change, risk mitigation activities and the strategic planning process for the future.

With our corporate risk management approach, we consider risks related to climate change in a broad framework, including risks of transition to a lower carbon economy and physical risks. We closely monitor acute and chronic physical risks arising from the increasing impact of climate change. In order to prevent our operations from being affected from the increasing severity of extreme weather events, we receive services from companies that use meteorological forecast models. We perform meteorological weather monitoring during the project management process. In addition to all of these activities, we raise awareness among project managers of their authority to halt work in the event of our employees encountering extreme weather events. In our Renewable Energy Investments business line, changes in rainfall amounts, frequency or drought due to climate change have a vital bearing on the efficiency and safety of our facilities. The efficiency of our hydroelectric power plants varies depending on the rainfall regime, while changes in wind patterns caused by climate change and variations in sunlight also affect our wind and solar power plants. In our distribution business line, we work with all our strength to provide uninterrupted energy to all our stakeholders in the event of natural disasters that may occur due to climate change.

We engage in effective communication with our stakeholders in order to meet increasing stakeholder expectations in the scope of ESG. We maintain our efforts to meet the expectations of our stakeholders by creating analysis and action plans. In this regard, we share the activities we carry out within the scope of ESG with our stakeholders through our integrated annual report, with the principle of transparency and accountability. Detailed information is included in the

“Corporate Risk Management 📍” section of our report.

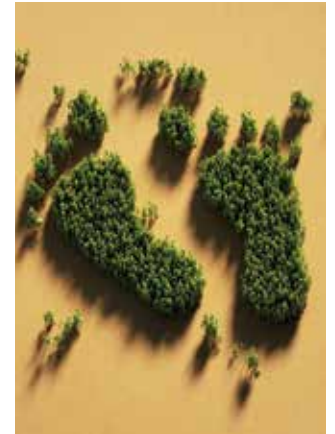
### Çalık Enerji's Carbon Footprint

We measure our environmental impacts in our areas of activity as part of our responsibility to provide a reliable supply of energy to all our stakeholders. In line with our energy optimization activities, we strive to ensure the most effective use of resources by considering our natural capital. The basis of our sustainable success lies in our efforts to reduce emissions by managing our environmental impacts. In this regard, we determine our short-, medium- and long-term emission reduction targets by reviewing our sustainability strategy during the transition to a low-carbon energy.

We have been calculating our carbon footprint since 2020 in order to measure our environmental impacts that may arise during the course of our activities with all our energy, to create an action plan and to meet our stakeholder's expectations for transparency. We organize training for our employees aimed at raising their awareness in regard to the carbon footprint calculation. In accordance with the commitment we have set out in 2021, we included our projects executed abroad in the calculation process, in addition to our head office and local projects in the 2022 reporting period. In this context, we calculated our carbon footprint at our thirteen locations in 2022. We are working continuously to improve the quality of our carbon footprint calculation, and in this regard we updated our emission base year to 2022 for the 2022 reporting period, due to the improvement of our data collection process and the expansion of our reporting scope.

At Çalık Enerji, we calculate our emissions based on the Greenhouse Gas Protocol. Scope 1 emissions include emissions resulting directly from our activities while Scope 2 emissions include indirect emissions resulting from the consumption of electricity, as well as the generation of heat, steam or cooling requirements.

In the 2022 reporting period, we determined our emission management performance indicator as the ratio of our **total emissions in our turnover**. Our emission intensity stood at **0.000195 tonnes of CO<sub>2</sub>/TL** in the 2022 reporting period.



### emission intensity

Our emission intensity stood at  
**0.000195 tonnes of CO<sub>2</sub>/TL**

## CLIMATE CHANGE

Through our Renewable Energy investments, we strive to keep the use of natural resources to a minimum. We meet the needs for clean energy in various locations of our country. Our efforts in this area prevented approximately 161,368.66 tonnes of CO<sub>2</sub> emissions in the 2022 reporting period thanks to the clean energy generated by our renewable energy investments.

| Power Plants | Generation Type | Location |
|--------------|-----------------|----------|
| Adacami      | Hydroelectric   | Rize     |
| Sarpıncık    | Wind            | İzmir    |
| Demircili    | Wind            | İzmir    |
| Polatlı      | Solar           | Ankara   |
| Yıldızlı     | Solar           | Ankara   |
| Erzurum      | Solar           | Erzurum  |
| Erzincan     | Solar           | Erzincan |
| Amasya       | Solar           | Amasya   |
| Çorum        | Solar           | Çorum    |

During the 2021 reporting period, the wind power plants in our portfolio were recognized by the international carbon market. We have completed the certification process for our solar power plants with the Gold Standard certification to the international conformity certificate. We are proud to note that our wind power plants and solar power plants have been recognized as meeting international standards.

We continue to work with IQB Solutions, one of our subsidiaries, for our project that aims to monitor and track all of our power plants in operation from a single management panel. In this context, we are nearing the end of our work to include our Adacami HEPP facility in the portal.

In the 2022 reporting period;

- We also included our West Qurna 2 and Rompetrol Petromidia projects in the carbon footprint calculation process. Since we revised our operational boundaries, we have updated our base year to 2022.
- Our total emissions amounted to 4,450.48 tonnes of CO<sub>2</sub>e.
- 23.61% of our emissions consisted of Scope 2 emissions and 76.39% of our emissions consisted of Scope 1 emissions.
- Our Scope 2 emissions decreased by 51.2% compared to the previous year.

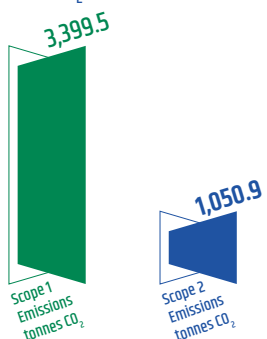
Detailed information is included in the “**Environmental Performance Indicators**” section of our report.



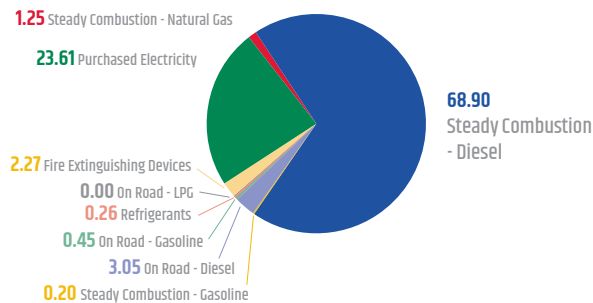
**clean energy**

Through our Renewable Energy investments, we strive to keep the use of natural resources to a minimum. We meet the needs for clean energy in various locations of our country.

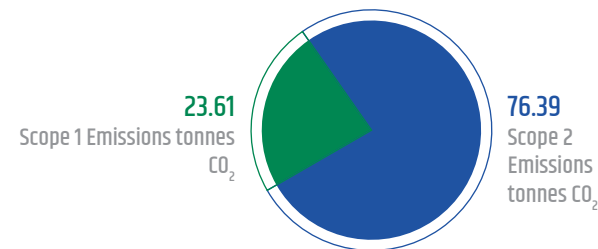
**Carbon Foot Print by Category**  
(ton CO<sub>2</sub>e)



**Carbon Foot Print on the Basis of Emission Source (tonCO<sub>2</sub>e)**



**Distribution of Emissions by Scope (%)**



## ENERGY MANAGEMENT

“Within the scope of our energy management efforts, we comply with our carbon emission reduction commitment by reducing our energy consumption in our operational processes.”

### IMPORTANCE FOR OUR STAKEHOLDERS

57%

We are acutely aware of the importance of focusing on energy management in combatting climate change, and in this vein we systematically monitor our consumption and set reduction-oriented targets. Within the scope of our energy management efforts, we comply with our carbon emission reduction commitment by reducing our energy consumption in our operational processes.

Our energy consumption at Çalık Enerji consists of natural gas, electricity, gasoline, diesel and LPG. In the transition to a low carbon economy, we focus on clean energy investments. In this context, we have a total installed capacity of 138 MWh within the scope of green and reliable energy. With our integrated perspective, we aim to develop our portfolio in the coming period by investing in clean energy fields such as green hydrogen and green ammonia.

We support our commitment to reducing carbon emissions through our Renewable Energy Investments business line and generate **40.6 million kWh** of electricity per year with our solar energy investments.

We examine our energy consumption trends at the Sustainability Committee meetings and report to the senior management. Under the leadership of our Board of Directors, we carry out energy efficiency projects with the participation of all our employees and plan the necessary actions to reduce our carbon emissions.

“**Green Hydrogen**” refers to hydrogen obtained through the electrolysis of water using electricity generated from renewable sources. Green hydrogen is considered to be energy of the future because of its clean attributes, does not harm the environment, is carbon-free and easily transportable.

“**Green Ammonia**” is a carbon-free fuel produced from green hydrogen. Ammonia produced using renewable energy is considered to be the future of liquid fuels with its characteristic of being an emission-free green fuel.

## clean energy

In the transition to a low carbon economy, we focus on clean energy investments.

## reduction focused

We comply with our carbon emission reduction commitment by reducing our energy consumption.

- 75%

We reduced our natural gas consumption by 75% compared to the previous year.

2,280  
+ people

We reached more than 2,280 people so far through the seminars on energy efficiency

## ENERGY MANAGEMENT

### Our Turkmenistan Hybrid Power Plant Project

We will build a versatile Solar and Wind Power Plant with an installed power of 10 MW in Turkmenistan, where we are providing the architecture, energy and technology for the power plant. The hybrid power plant project, which is the product of intensive engineering work, is planned to connect to Turkmenistan's national electricity grid with the construction of a 110 kWh capacity power line. The generation of environmentally friendly electricity will provide a reliable and uninterrupted supply of electricity to local people.

With our effective energy management approach, in the 2022 reporting period;

- We reduced our natural gas consumption by 75% compared to the previous year.



- Our diesel consumption stood at 1,206,261.77 liters, our gasoline consumption stood at 12,489.90 liters and our LPG consumption stood at 17.22 liters.
- We increased our clean energy production rate by 0.1% compared to the previous year.

### Our Energy Efficiency Awareness Project

We attach importance to contributing to the energy efficiency awareness index by informing our stakeholders so energy can be used effectively and efficiently. In this regard, we organize energy efficiency seminars during energy efficiency week. We are pleased to have reached more than 2,280 people so far through the seminars on energy efficiency.

### Our key short-term goals within the scope of energy management with all our energy

Realization of **at least 2 projects** within the scope of energy efficiency

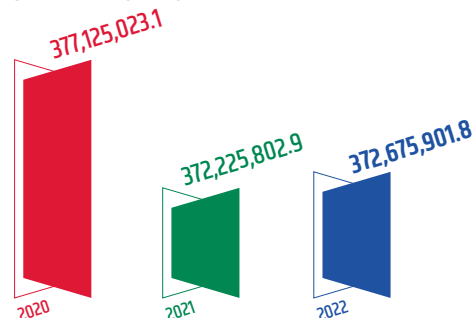
Obtaining **ISO 50001 (Energy Management System)** certification



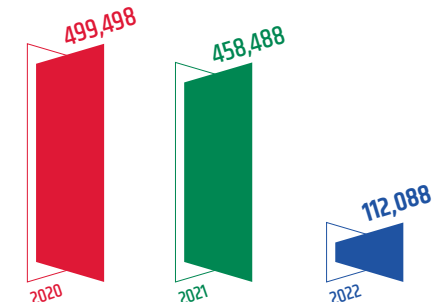
### energy efficiency

Under the leadership of our Board of Directors, we carry out energy efficiency projects with the participation of all our employees and plan the necessary actions to reduce our carbon emissions.

### Renewable Energy Investments energy production (MWh)



### Natural Gas Consumption (m³)



## MANAGING THE ENVIRONMENTAL IMPACT OF PROJECTS

“ We attach importance to the effective use of natural resources and we avoid activities that will negatively affect the biodiversity of the land located where we carry out our projects.

### IMPORTANCE FOR OUR STAKEHOLDERS

67%

In line with our integrated thinking approach, we consider the management of environmental impacts in all our activities to be one of our material issues. We attach importance to the effective use of natural resources in our EPC, Renewable Energy Investments and Distribution business lines. We avoid activities that will negatively affect the biodiversity of the land located where we carry out our projects and exercise care to protect the flora and fauna of the region. We continue our work with an awareness that it is just as important for our stakeholders to manage their environmental impacts as it is for us in order to create a sustainable future. In this context, we expect all of our stakeholders and business partners to maintain their activities in accordance with our environmental management approach. We regularly audit the environmental impacts of our suppliers, who are among our key stakeholders.

We assess possible environmental impacts during the planning phase of our projects. With our environmental impact assessment study, we analyze the effects of our projects on natural habitats, air quality, water resources, the use of natural resources and climate change. Based on these findings, we take appropriate measures to minimize possible environmental impacts. We ensure that we fully comply with sustainability principles in the construction and operation processes of our projects.

### 0 environmental accidents

We did not experience any environmental accidents in the 2022 reporting period

### careful approach

We care about the effective and sustainable management of natural resources in our projects.

### protecting biodiversity

We manage our work knowing that protecting biodiversity is a prerequisite for sustainable management of natural resources.

### regular audit

We regularly audit the environmental impacts of our suppliers, who are among our key stakeholders.

## MANAGING THE ENVIRONMENTAL IMPACT OF PROJECTS



During the planning phase for our projects in all regions where we operate, we determine approaches that will avoid any negative impact on the living conditions of the local people and our stakeholders. We aim to understand all the issues mentioned in the legislation and Environmental Impact Assessment (EIA) processes. We continue our work in accordance with the Industrial Air Pollution Control Regulation in order to prevent problems associated with air pollution, especially in our projects that are in the construction phase.



Within the scope of environmental impact management in our projects, we organize training on environmental awareness for all of our employees involved in the relevant project. **We did not experience any environmental accidents** during the 2022 reporting period, thanks to our awareness raising efforts and the systems we have developed.



**environmental awareness**

**Within the scope of environmental impact management in our projects, we organize training on environmental awareness for all of our employees involved in the relevant project.**

## MANAGING THE ENVIRONMENTAL IMPACT OF PROJECTS

We provide detailed information to our employees on the following issues within the scope of environmental awareness training.

- our energy management approach,
- our water management approach,
- measures to be taken to save water and energy,
- our approach to hazardous materials and waste management,
- measures to be taken for waste reduction, disposal and recycling,
- practices to be carried out in the event of a possible dangerous substance leak,
- response plan to environmental accidents and emergencies

### Our key goals within the scope of managing the environmental impact of projects

A zero rate of serious environmental accidents

### Use of Natural Resources

We care about the effective and sustainable management of natural resources in our projects. In this regard, we realize technological solutions and process improvements for the efficient use of resources. We research and implement innovative methods to optimize energy, water and other natural resources.

We aim to use energy resources more efficiently by using technologies that increase energy efficiency. We meet society's need for clean energy with our investments in renewable energy. With our integrated thinking approach, we pay attention to the energy efficiency of the power plants we build.

We adopt the principles of recycling and recovery to minimize the use of materials and the amount of waste, applying waste management strategies and creating waste management plans in all of our activities to curb waste. By raising awareness among our employees of the waste that will be generated during our operations, we recycled 939.8 tonnes of our waste during the reporting period.

We take measures to save water and protect and use water resources effectively. Considering the water needs of local people, we carry out various activities that will reduce water use during our operations and prioritize the protection of natural ecosystems in the planning and implementation stages of our projects. We also take measures to support biodiversity and contribute to habitat restoration and conservation projects.

### Biodiversity

We are aware that today we are faced with two major crises: climate change and biodiversity loss, along with an increase in negative environmental impacts and inefficient use of resources. The major causes of biodiversity loss include deforestation, excess hunting and fishing, land use changes and climate change.

Although developed countries are responsible for most environmental degradation, developing countries are disproportionately affected by biodiversity loss.

The latest Global Biodiversity Outlook report emphasizes that preventing biodiversity loss requires us to step away from the "everything is fine" mentality. The report cites that focusing on interdependent transitions on the issues,



natural resources

We care about the effective and sustainable management of natural resources in our projects..

<sup>4</sup> Living Planet Report 2022 

<sup>5</sup> Global Diversity Outlook 5 

## MANAGING THE ENVIRONMENTAL IMPACT OF PROJECTS

such as soils and forests, fresh water resources, fisheries and seas, sustainable agriculture, food systems, cities and infrastructure, climate action and health will reduce biodiversity loss.

We are aware that each of us has a responsibility to build a sustainable future. In this regard, we continue our activities in cooperation with all our stakeholders and business partners on the protection of biodiversity, which plays a key role in our environmental management approach and is one of our most important natural capital elements. We take the necessary precautions to protect biodiversity during our operations and prepare Environmental Impact Assessment (EIA) reports, where we describe our possible impacts on biodiversity if we carry out projects in protected areas.

We manage our work knowing that protecting biodiversity is a prerequisite for sustainable management of natural resources. We operate to prevent damage to key biodiversity areas that are critical to the survival of unique plants, animals and ecological communities.

The activities we carry out within the scope of biodiversity in all our business lines:

- In our EPC business lines, we analyze existing vegetation by stripping the soil before starting our projects.
- In our Renewable Energy Investments business line, we monitor the migration routes of birds with ultrasonic sound detection devices. We carry out the transplantation of trees, if necessary, during the installation phase. We regularly monitor the environmental impacts that may occur.
- We have travelled thousands of miles along our distribution business line. In order to ensure the survival and population continuity of storks migrating to Türkiye, we placed special nests on electric poles in Sinop, in cooperation with the Mehmet Akif Ersoy Anatolian High School and Sinop University. Some of our electricity distribution lines pass through forests due to the characteristics of the established region, and in this context, we carry out regular maintenance work to manage the risk of fire caused by transformers, while maintaining the pace of the work on the project which we started in 2022.



### protecting biodiversity

We manage our work knowing that protecting biodiversity is a prerequisite for sustainable management of natural resources.

### Activities we carry out to protect biodiversity in our projects with all our energy

We set vehicle speed limits to protect animal herds which may be present around our areas of activity.

We restrict off-road driving in our projects to protect plant and animal species.

If there is a lake within our project location, we prohibit all activities in the vicinity of the area and close off the area.

Due to our respect for nature, we perform tree transplantation by analyzing plant and tree species. We monitor the survival rate of trees in the region where they are moved to.

## WATER AND WASTE MANAGEMENT

“ we press ahead with our work to raise awareness of reducing our consumption within the scope of water and waste management, which are among material issues for us.

### IMPORTANCE FOR OUR STAKEHOLDERS

46%

### Water Management

The increased incidence of more intense floods and drought due to climate change, changes in precipitation regimes and rising sea levels all threaten water resources. According to a study conducted by the World Resources Institute, demand for water is expected to increase by 30% by 2050 due to population growth, socio-economic developments and changing consumption habits. Today, a quarter of the world's population live under water stress. Climate change and an increasing frequency of drought is predicted to result in an increase in this proportion in the coming years, potentially exacerbating conflict over water resources.

As a part of our integrated thinking approach, we press ahead with our work to raise awareness of reducing our consumption within the scope of water and waste management, which are among material issues for us. In this context, we plan and follow up our actions on the sustainable use of water resources in meetings held by our Sustainability Committee. We analyze our water consumption trends. By setting reduction targets, we contribute to the effective use of underground and surface water resources. We take necessary precautions to prevent pollution in wastewater and subject waste to a purification process and release it back into nature after removing harmful content.

Under the leadership of our Board of Directors, we aim to provide a positive contribution to future generations' access to water in line with our effective water management practices, with all our energy.

<sup>6</sup> World Resources Institute

## access to water

We aim to provide a positive contribution to future generations' access to water.

43%

Our water density decreased by 43.4% compared to the previous year.

97%

We reduced our total waste amount by 97% compared to the previous year.

95.17%

95.17% of our waste consisted of non-hazardous waste.

## WATER AND WASTE MANAGEMENT

### Where there is water, there is a future!

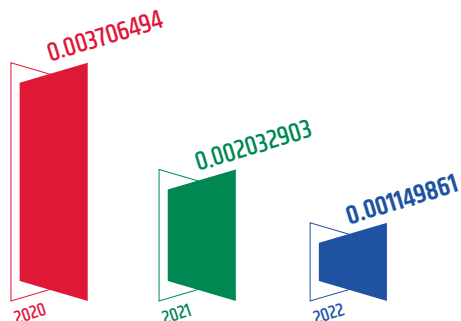
We evaluate the water stress of each region where we operate, according to the World Resources Institute (WRI) Aqueduct Water Risk Atlas. Aware of our impact on society, we constantly engage with local people and produce sustainable solutions to meet their water needs.

We carry out the following activities within the scope of water management in all of our business lines:

- In our EPC business line, we pay attention to our water consumption at all phases from the construction to the operation. We purify wastewater and plan actions to prevent losses and leakages.
- In our Renewable Energy Investments business line, we maintain our work during the installation and operation phases by taking into account the water needs of local people living in the region of the power plant and who make their living through agriculture.
- We regularly measure water consumption in our distribution business line and share the findings with our employees in order to ensure effective water management.

In the 2022 reporting period, we determined our performance indicator for water management as the amount of water withdrawn per unit of total income. In this regard, our water density decreased by 43.4% compared to the previous year to 0.0011 tonnes/TL. Detailed information is provided in the “**Environmental Performance Indicators** 📍” section of our report.

### Water Density by Years (tonne/TL)



| Water management        | Unit   | 2020   | 2021   | 2022   |
|-------------------------|--------|--------|--------|--------|
| Total Water Withdrawals | tonnes | 20,655 | 19,615 | 26,165 |
| Total Water Discharge   | tonnes | 5,257  | 5,287  | 10,984 |
| Total Water Consumption | tonnes | 15,398 | 14,328 | 15,181 |

### Waste Management

More than 100 billion tonnes of natural resources are used in the world every year. It is predicted that the problem of global waste, exacerbated by climate change, will further worsen unless we use our natural capital in a measured and systematic way. Preventing climate change will rely on the effective use of our resources, designing ways of reuse and creating opportunities for the circular economy in preventing waste from mixing with and damaging the environment.

We designed our waste management approach based on the ISO 14001 Environmental Management System, relevant legislation and our Occupational Health and Safety and Environmental Policy. Within the scope of waste management approach, we adopt an effective approach that includes minimizing waste generation, recycling and reuse at every stage of our activities. We manage our waste in accordance with national and international legislation. In this vein, we reduce waste at its source in accordance with the waste management system and investigate effective recycling methods.

In cases where it is not possible to reduce waste at source, we recycle waste materials in line with our recycling and reuse strategy. We ensure that valuable resources are reusable without wasting them. In cases where recycling is not possible, we ensure that waste is disposed of by licensed companies in accordance with the regulations. We manage waste effectively without harming the environment and human health, and focus on implementing circular economy principles as well as linear economy principles with our continuous improvement approach, which is our driving force.

In the 2022 reporting period, we determined our key performance indicator within the scope of waste management as “waste consumption per total income”. In this regard, our waste density decreased by 99% compared to the previous year and amounted to 0.000007 tons/TL. Detailed information is included in the “**Environmental Performance Indicators** 📍” section of our report.

<sup>7</sup> Reducing Waste is Critical for Building a Circular Economy 🌐



**WRI Aqueduct Water Risk Atlas**

We evaluate the water stress of each region where we operate, according to the World Resources Institute (WRI) Aqueduct Water Risk Atlas.

## WATER AND WASTE MANAGEMENT

In the 2022 reporting period, we achieved the following results thanks to our effective waste management, which we implemented with all our energy.

- We reduced our total waste amount by 97% compared to the previous year.
- 4.83% of our waste consisted of hazardous waste and 95.17% consisted of non-hazardous waste.
- We reduced our waste amount by 4.6% compared to the previous year at our head office, where we have adopted the principle of zero waste.
- With the contribution of our digital transformation projects, we reduced our total paper consumption by 10.3% compared to the previous year.



| Waste Management          | Unit   | 2020 | 2021  | 2022  |
|---------------------------|--------|------|-------|-------|
| Total Hazardous Waste     | tonnes | 10.7 | 5.2   | 8.1   |
| Total Non-Hazardous Waste | tonnes | 6.7  | 8.103 | 159.6 |
| Total Waste               | tonnes | 17.4 | 8.109 | 167.7 |

### Our key targets within the scope of waste management with all our energy

**Regular monitoring** of waste data in the Head Office building.

Realization of **waste recycling projects** in determined locations.

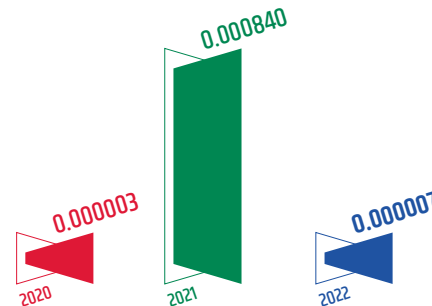
Reducing waste intensity in the Head Office building by **10% compared to the base year**.



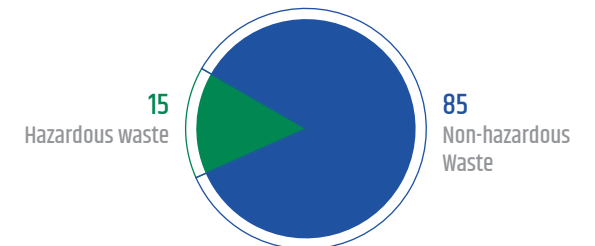
**99% decrease**

Our waste density decreased by 99% compared to the previous year.

### Waste Density by Years (tonne/TL)



### FY22 Waste Distribution by Type (%)



A graphic featuring a blue rectangular box with the text "Financial Information" in white. The box is set against a background of a blurred office scene with a person's hands on a laptop. Overlaid on the background are several semi-transparent blue and white line and bar charts, suggesting financial data analysis.

## Financial Information



**With a diversified portfolio in terms of energy resources and regions, we contribute positively to our Company's risk perception by reducing geographical and supply risks.**

The EPC, Renewable Energy Investments and Distribution and Retail business lines, in which we operate, have the potential to develop in Türkiye and other markets. With a diversified portfolio in terms of energy resources and regions, we contribute positively to our Company's risk perception by reducing geographical and supply risks.

Our total revenue increased by 26.3% in 2022 to reach USD 1,374 million (2021: USD 1,088 million). We succeeded in increasing our revenue from electricity distribution and generation from USD 586.2 million in 2021 to USD 868.6 million in 2022, marking an increase of 48.2%. On the other hand, we generated USD 505.0 million in revenues from the EPC business in 2022 (2021: USD 501.4 million).

You may access our consolidated financial statements and independent auditor's report as of 31 December 2022 and for the accounting period ending on the same date [here](#). ↗

**26.3%**

Increase in total revenues in terms of US dollars

**48.2%**

Increase in electricity distribution and production revenues in terms of US dollars

**USD 505 million**

Revenues from the EPC business

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

**CONSOLIDATED FINANCIAL STATEMENTS  
AS AT AND FOR THE YEAR ENDED  
31 DECEMBER 2022 TOGETHER WITH  
THE INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Çalık Enerji Sanayi ve Ticaret Anonim Şirketi

### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of Çalık Enerji Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

#### Basis for opinion

We conducted our audit in accordance with Independent Auditing Standards ("InAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Türkiye ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements  section of our report. We are independent of the group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT

| Key Audit Matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | How key audit matters addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Service concession contracts</b></p> <p>The Group considered the terms of service concession agreements and applied a model in accordance with TFRS Interpretation 12 and recognize a financial asset in its consolidated financial statement.</p> <p>Group accounted the income which is calculated by effective interest method on financial assets as interest income from service concession agreements. In addition, the Group performs impairment assessments and book provisions if necessary, for its financial assets within the scope of TFRS 9 Financial Instruments standard, since financial assets are subject to impairment.</p> <p>As of December 31, 2022, the Group has financial assets amounting to USD 252.734 thousands and interest income amounting to USD 152.339 thousands obtained by service concession agreements.</p> <p>Due to the complexity of the accounting of the service concession agreements in accordance with TFRS Interpretation 12 and the related legislation, and since such process requires use of management estimates accounting of service concession contracts has been identified as key audit matter.</p> <p>Details of financial assets carried as part of TFRS Interpretation 12 are disclosed in Note 8 of the consolidated financial statements.</p> | <p>Our audit procedures in this area include:</p> <ul style="list-style-type: none"> <li>• We have obtained and analyzed the service concession agreements.</li> <li>• We have evaluated the relevance of the revenue recognition model with the legislation.</li> <li>• As interest income is calculated based on the internal rate of return, the calculation of the internal rate of return is tested.</li> <li>• The payment amount confirmed to be paid by Energy Market Regulatory Authority ("EMRA") related to the investments controlled from the supporting documents.</li> <li>• Reasonable rate of return was controlled from the communiqué published in the Official Gazette.</li> <li>• Amount of financial asset calculated based on the service concession agreement model was agreed to the consolidated financial statements.</li> <li>• We have evaluated the adequacy of the financial statement disclosures.</li> </ul> |

## INDEPENDENT AUDITOR'S REPORT

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Revenue recognition</b></p> <p>The Group conducts mainly engineering, procurement and construction projects ("EPC") in Türkiye and abroad.</p> <p>The revenue from the construction contracts amounting to USD 761.090 thousands constituted a significant portion of the Group's total revenue as of and for the year ended December 31, 2022.</p> <p>The recognition of the amount and timing of the revenue generated from EPC projects in the period in which they are incurred calculated and accounted for by using the input method under TFRS 15 Revenue from Contracts with Customers. By using the input method revenue is recognized by comparing the costs incurred by the Group for the fulfillment of performance obligations in an EPC project to the expected total costs for the fulfillment of performance obligation in the consolidated financial statements.</p> <p>The measurement of the contract revenue and estimation of the contract costs are based on a variety of uncertainties that depend on the outcome of future events and demand of revision of the projects which require significant management's estimates and judgements.</p> <p>Revenue recognition from EPC contracts were determined as key audit matter, due to the significant management estimates and the level judgement.</p> | <p>Our audit procedures in this area include:</p> <ul style="list-style-type: none"> <li>• We evaluated the operating effectiveness of the controls over the relevant processes regarding the accuracy and timing of revenue recognized in the consolidated financial statements.</li> <li>• We assessed the terms and conditions of significant EPC contracts in order to evaluate the estimates used by the management and to determine whether the revenue is recognized in the relevant periods.</li> <li>• We have discussed the status and the cost budgets of projects under construction with finance and technical staff of the Group and obtained supporting documents.</li> <li>• -The costs incurred by the Group for ongoing projects have been tested by using sampling method.</li> <li>• We have recomputed contract revenue by using the percentage of completion method.</li> <li>• We have tested journal entries related to accounting of revenue and contract by focusing on unusual and one-off journal entries.</li> <li>• We have tested the recoverability of the receivables from EPC contracts by assessing the historical collection performance of the Group, inspecting the relevant additional protocols and correspondences and discussing with the Group management.</li> <li>• We assessed the adequacy of the disclosures of revenue in the notes to the financial statements.</li> </ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Other Matter

We have expressed an unqualified opinion in our auditor's report dated March 23, 2023 on the consolidated financial statements of the Group for the period of 1/1/2022-31/12/2022, which are prepared in accordance with Turkish Accounting Standards and presented in Turkish Lira ("TL"). The accompanying consolidated financial statements are presented in US Dollar ("USD").

## INDEPENDENT AUDITOR'S REPORT

### Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITOR'S REPORT

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- 1) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January 31 December 2022 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Cem Uçarlar.

  
Gönay Bağımlı Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited  
  
Cem Uçarlar, SMMM  
Partner

April 19, 2023  
Istanbul, Turkey

## TABLE OF CONTENTS

|                                                                         | Page Number |
|-------------------------------------------------------------------------|-------------|
| Independent Auditor's Report                                            | 158 - 159   |
| Consolidated Statement of Financial Position                            | 160         |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 161 - 162   |
| Consolidated Statement of Changes in Equity                             | 163 - 164   |
| Consolidated Statement of Cash Flows                                    | 165 - 253   |
| Notes to the Consolidated Financial Statements                          | 12-95       |

## AS OF DECEMBER 31, 2022 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

|                                                                              |      | Current Period               | Prior Period                 |
|------------------------------------------------------------------------------|------|------------------------------|------------------------------|
|                                                                              | Note | Audited<br>December 31, 2022 | Audited<br>December 31, 2021 |
| <b>ASSETS</b>                                                                |      |                              |                              |
| Current assets                                                               |      |                              |                              |
| Cash and cash equivalents                                                    | 5    | 39.821                       | 84.875                       |
| Restricted amounts                                                           | 6    | 14.088                       | 10.306                       |
| Financial investments                                                        | 7    | 48.457                       | 23.778                       |
| Trade receivables                                                            |      | 258.928                      | 268.194                      |
| - Due from related parties                                                   | 4, 8 | 128.775                      | 131.348                      |
| - Due from third parties                                                     | 8    | 130.153                      | 136.846                      |
| Other receivables                                                            |      | 30.796                       | 18.575                       |
| - Due from related parties                                                   | 4, 9 | 17.267                       | 10.450                       |
| - Due from third parties                                                     | 9    | 13.529                       | 8.125                        |
| Receivables from customer contracts                                          |      | 142.429                      | 77.676                       |
| - Contractual assets arising from ongoing construction and contracting works | 16   | 142.429                      | 77.676                       |
| Service concession receivables                                               | 8    | 61.989                       | 43.447                       |
| Inventories                                                                  | 10   | 24.395                       | 23.233                       |
| Prepaid expenses                                                             | 11   | 98.980                       | 38.915                       |
| Current tax assets                                                           | 21   | 9.929                        | 6.867                        |
| Other current assets                                                         | 15   | 85.586                       | 25.510                       |
| <b>Total current assets</b>                                                  |      | <b>815.398</b>               | <b>621.376</b>               |
| Non-current assets                                                           |      |                              |                              |
| Trade receivables                                                            |      | 31.658                       | 12.094                       |
| - Due from related parties                                                   | 4    | 1.660                        | -                            |
| - Due from third parties                                                     | 8    | 29.998                       | 12.094                       |
| Other receivables                                                            |      | 44.394                       | 28.371                       |
| - Due from related parties                                                   | 4, 9 | 10.679                       | 24.969                       |
| - Due from third parties                                                     | 9    | 33.715                       | 3.402                        |
| Service concession receivables                                               | 8    | 190.745                      | 130.034                      |
| Financial investments                                                        | 7    | 13.185                       | 10.902                       |
| Equity accounted investees                                                   | 12   | 185.632                      | 166.086                      |
| Property, plant and equipment                                                | 13   | 202.956                      | 104.496                      |
| Rights of use asset                                                          |      | 4.311                        | 3.673                        |
| Intangible assets                                                            | 14   | 15.312                       | 22.328                       |
| Prepaid expenses                                                             | 11   | 949                          | 1.537                        |
| Deferred tax assets                                                          | 21   | 95.472                       | 31.218                       |
| Other non-current assets                                                     |      | 324                          | 798                          |
| <b>Total non-current assets</b>                                              |      | <b>784.938</b>               | <b>511.537</b>               |
| <b>Total assets</b>                                                          |      | <b>1.600.336</b>             | <b>1.132.913</b>             |

The accompanying notes form an integral part of these consolidated financial statements.

## AS OF DECEMBER 31, 2022 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

|                                                                                  |      | Current Period               | Prior Period                 |
|----------------------------------------------------------------------------------|------|------------------------------|------------------------------|
|                                                                                  | Note | Audited<br>December 31, 2022 | Audited<br>December 31, 2021 |
| <b>LIABILITIES</b>                                                               |      |                              |                              |
| Current liabilities                                                              |      |                              |                              |
| Short term borrowings                                                            | 17   | 38.452                       | 17.714                       |
| Short term portion of long term borrowings                                       | 17   | 58.463                       | 33.196                       |
| Trade payables                                                                   |      | 211.179                      | 88.749                       |
| - Due to related parties                                                         | 4, 8 | 7.147                        | 3.887                        |
| - Due to third parties                                                           | 8    | 204.032                      | 84.862                       |
| Payables related to employee benefits                                            | 18   | 6.243                        | 2.306                        |
| Other payables                                                                   |      | 89.945                       | 43.998                       |
| - Due to related parties                                                         | 4, 9 | 42.556                       | 3.521                        |
| - Due to third parties                                                           | 9    | 47.389                       | 40.477                       |
| Payables from customer contracts                                                 |      | 203.344                      | 189.253                      |
| -Contractual liabilities arising from ongoing construction and contracting works | 16   | 22.338                       | 41.971                       |
| -Other contractual liabilities                                                   | 16   | 181.006                      | 147.282                      |
| Deferred revenue                                                                 | 11   | 26.098                       | 13.447                       |
| Current tax liabilities                                                          | 21   | 16.684                       | 6.848                        |
| Short term provisions                                                            |      | 16.549                       | 13.359                       |
| - Short term employee benefits                                                   | 19   | 4.244                        | 2.330                        |
| - Other short term provisions                                                    | 19   | 12.305                       | 11.029                       |
| Other current liabilities                                                        | 15   | 47.862                       | 13.780                       |
| <b>Total current liabilities</b>                                                 |      | <b>714.819</b>               | <b>422.650</b>               |
| Non-current liabilities                                                          |      |                              |                              |
| Long term borrowings                                                             | 17   | 70.719                       | 66.277                       |
| Other payables                                                                   |      | 4.703                        | 5.650                        |
| - Due to third parties                                                           | 9    | 4.703                        | 5.650                        |
| Long term provisions                                                             |      | 4.924                        | 1.856                        |
| - Long term employee benefits                                                    | 19   | 4.924                        | 1.856                        |
| Deferred tax liabilities                                                         | 21   | 29                           | 918                          |
| <b>Total non-current liabilities</b>                                             |      | <b>80.375</b>                | <b>74.701</b>                |
| <b>Total liabilities</b>                                                         |      | <b>795.194</b>               | <b>497.351</b>               |
| <b>EQUITY</b>                                                                    |      |                              |                              |
| Equity attributable to owners of the Company                                     |      |                              |                              |
| Paid-in capital                                                                  | 22   | 79.975                       | 79.975                       |
| Items that will or may be reclassified to profit or loss                         |      | (440.071)                    | (339.605)                    |
| Restricted reserves                                                              |      | 246.924                      | 234.299                      |
| Retained earnings                                                                |      | 567.301                      | 383.350                      |
| Net profit for the year                                                          |      | 348.454                      | 275.933                      |
| <b>Total equity attributable to owners of the Company</b>                        |      | <b>802.583</b>               | <b>633.952</b>               |
| <b>Total non controlling interests</b>                                           | 22   | <b>2.559</b>                 | <b>1.610</b>                 |
| <b>Total equity</b>                                                              |      | <b>805.142</b>               | <b>635.562</b>               |
| <b>Total equity and liabilities</b>                                              |      | <b>1.600.336</b>             | <b>1.132.913</b>             |

The accompanying notes form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

|                                                                               |      | Current Period                | Prior Period                  |
|-------------------------------------------------------------------------------|------|-------------------------------|-------------------------------|
|                                                                               |      | Audited                       | Audited                       |
|                                                                               | Note | January 1 - December 31, 2022 | January 1 - December 31, 2021 |
| Revenue                                                                       | 23   | 1.373.601                     | 1.087.564                     |
| Cost of sales                                                                 | 24   | (1.064.389)                   | (778.228)                     |
| <b>Gross profit</b>                                                           |      | <b>309.212</b>                | <b>309.336</b>                |
| Administrative expenses                                                       | 24   | (53.012)                      | (50.254)                      |
| Research and development expenses                                             | 24   | (5.772)                       | (5.435)                       |
| Share of profit of equity accounted investees                                 | 12   | 26.335                        | (1.139)                       |
| Other income from operating activities                                        | 25   | 49.678                        | 16.766                        |
| Other expense from operating activities                                       | 25   | (62.917)                      | (45.051)                      |
| <b>Operating profit</b>                                                       |      | <b>263.524</b>                | <b>224.223</b>                |
| Income from investing activities                                              | 26   | 45.336                        | 63.098                        |
| Expenses from investing activities                                            | 26   | (29)                          | (13.112)                      |
| IFRS 9 Impairment gains (cancellations) and cancellation of impairment losses | 26   | 2.032                         | (5.263)                       |
| <b>Operating profit before finance cost</b>                                   |      | <b>310.863</b>                | <b>268.946</b>                |
| Finance income                                                                | 27   | 6.382                         | 24.609                        |
| Finance costs                                                                 | 27   | (25.315)                      | (23.786)                      |
| <b>Net finance costs</b>                                                      |      | <b>(18.933)</b>               | <b>823</b>                    |
| <b>Profit before tax</b>                                                      |      | <b>291.930</b>                | <b>269.769</b>                |
| <b>Tax expense</b>                                                            |      |                               |                               |
| Current tax expense                                                           | 21   | (21.093)                      | (28.822)                      |
| Deferred tax benefit/(expense)                                                | 21   | 80.006                        | 36.524                        |
| <b>Profit for the year</b>                                                    |      | <b>350.843</b>                | <b>277.471</b>                |
| <b>Profit attributable to:</b>                                                |      |                               |                               |
| Owners of the Company                                                         |      | 348.454                       | 275.933                       |
| Non-controlling interests                                                     |      | 2.389                         | 1.538                         |
| <b>Profit for the year</b>                                                    |      | <b>350.843</b>                | <b>277.471</b>                |
| <b>Other comprehensive income that may be reclassified to profit or loss</b>  |      |                               |                               |
| Foreign currency translation differences from foreign operations              |      | (101.215)                     | (174.689)                     |
| <b>Total other comprehensive income</b>                                       |      | <b>(101.215)</b>              | <b>(174.689)</b>              |
| <b>Total comprehensive income</b>                                             |      | <b>249.628</b>                | <b>102.782</b>                |
| <b>Total comprehensive income attributable to:</b>                            |      |                               |                               |
| Owners of the Company                                                         |      | 247.988                       | 102.532                       |
| Non-controlling interests                                                     |      | 1.640                         | 250                           |
| <b>Total comprehensive income</b>                                             |      | <b>249.628</b>                | <b>102.782</b>                |

The accompanying notes form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

|                                                              |                    | Other comprehensive<br>income items that will<br>or may be classified to<br>profit or loss | Restricted<br>reserves | Retained earnings    |                            | Total equity<br>attributable to<br>owners of the<br>Company | Non-<br>controlling<br>interests | Total equity |
|--------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------|------------------------|----------------------|----------------------------|-------------------------------------------------------------|----------------------------------|--------------|
|                                                              | Paid in<br>capital | Translation reserve                                                                        | Legal<br>reserves      | Retained<br>earnings | Net profit for<br>the year |                                                             |                                  |              |
| Balances at January 1, 2022                                  | 79.975             | (339.605)                                                                                  | 234.299                | 383.350              | 275.933                    | 633.952                                                     | 1.610                            | 635.562      |
| <b>Total comprehensive income</b>                            |                    |                                                                                            |                        |                      |                            |                                                             |                                  |              |
| Profit for the year                                          | -                  | -                                                                                          | -                      | -                    | 348.454                    | 348.454                                                     | 2.389                            | 350.843      |
| Foreign currency translation differences                     | -                  | (100.466)                                                                                  | -                      | -                    | -                          | (100.466)                                                   | (749)                            | (101.215)    |
| <b>Total comprehensive income</b>                            | -                  | (100.466)                                                                                  | -                      | -                    | 348.454                    | 247.988                                                     | 1.640                            | 249.628      |
| <b>Transaction with owners of the Company</b>                |                    |                                                                                            |                        |                      |                            |                                                             |                                  |              |
| Change in interest in subsidiaries without change in control |                    |                                                                                            |                        | 448                  | -                          | 448                                                         | -                                | 448          |
| Advance dividends paid                                       | -                  | -                                                                                          | 281                    | (2.812)              | -                          | (2.531)                                                     | -                                | (2.531)      |
| Dividends paid                                               | -                  | -                                                                                          | 12.344                 | (89.618)             | -                          | (77.274)                                                    | (691)                            | (77.965)     |
| Transfers                                                    | -                  | -                                                                                          | -                      | 275.933              | (275.933)                  | -                                                           | -                                | -            |
| <b>Total transaction with owners of the Company</b>          | -                  | -                                                                                          | 12.625                 | 183.951              | (275.933)                  | (79.357)                                                    | (691)                            | (80.048)     |
| Balances at December 31, 2022                                | 79.975             | (440.071)                                                                                  | 246.924                | 567.301              | 348.454                    | 802.583                                                     | 2.559                            | 805.142      |

The accompanying notes form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

|                                                     |                    | Other comprehensive<br>income items that will<br>or may be classified to<br>profit or loss | Restricted<br>reserves | Retained earnings    |                            | Total equity<br>attributable to<br>owners of the<br>Company | Non-<br>controlling<br>interests | Total equity |
|-----------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------|------------------------|----------------------|----------------------------|-------------------------------------------------------------|----------------------------------|--------------|
|                                                     | Paid in<br>capital | Translation reserve                                                                        | Legal reserves         | Retained<br>earnings | Net profit<br>for the year |                                                             |                                  |              |
| Balances at January 1, 2021                         | 79.975             | (166.204)                                                                                  | 242.205                | 262.938              | 225.921                    | 644.835                                                     | 2.383                            | 647.218      |
| <b>Total comprehensive income</b>                   |                    |                                                                                            |                        |                      |                            |                                                             |                                  |              |
| Profit for the year                                 | -                  | -                                                                                          | -                      | -                    | 275.933                    | 275.933                                                     | 1.538                            | 277.471      |
| Foreign currency translation differences            | -                  | (173.401)                                                                                  | -                      | -                    | -                          | (173.401)                                                   | (1.288)                          | (174.689)    |
| <b>Total comprehensive income</b>                   | -                  | (173.401)                                                                                  | -                      | -                    | 275.933                    | 102.532                                                     | 250                              | 102.782      |
| <b>Transaction with owners of the Company</b>       |                    |                                                                                            |                        |                      |                            |                                                             |                                  |              |
| Advance dividends paid                              | -                  | -                                                                                          | 3.429                  | (34.291)             | -                          | (30.862)                                                    | -                                | (30.862)     |
| Dividends paid                                      | -                  | -                                                                                          | (11.335)               | (71.218)             | -                          | (82.553)                                                    | (1.023)                          | (83.576)     |
| Transfers                                           | -                  | -                                                                                          | -                      | 225.921              | (225.921)                  | -                                                           | -                                | -            |
| <b>Total transaction with owners of the Company</b> | -                  | -                                                                                          | (7.906)                | 120.412              | (225.921)                  | (113.415)                                                   | (1.023)                          | (114.438)    |
| Balances at December 31, 2021                       | 79.975             | (339.605)                                                                                  | 234.299                | 383.350              | 275.933                    | 633.952                                                     | 1.610                            | 635.562      |

The accompanying notes form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

|                                                                                                            | Notes | January 1 - December 31, 2022 | January 1 - December 31, 2021 |
|------------------------------------------------------------------------------------------------------------|-------|-------------------------------|-------------------------------|
| <b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                             |       | <b>110.462</b>                | <b>265.638</b>                |
| <b>Profit for the year</b>                                                                                 |       | <b>350.843</b>                | <b>277.471</b>                |
| <b>Adjustments to reconcile cash flow generated from operating activities:</b>                             |       | <b>(258.756)</b>              | <b>(51.784)</b>               |
| Adjustments for depreciation and amortisation                                                              | 24    | 12.660                        | 12.996                        |
| Adjustments for doubtful receivables                                                                       | 8     | (2.032)                       | 5.263                         |
| Adjustments for provisions, net                                                                            | 19    | 3.521                         | 3.861                         |
| Adjustments for share of profit of equity accounted investees                                              | 12    | (26.335)                      | 1.139                         |
| Adjustments for dividends received                                                                         | 26    | (12.385)                      | (5.043)                       |
| Adjustments for deposits and guarantee received                                                            | 27    | 1.973                         | 1.973                         |
| Adjustments for interest income and expenses                                                               |       | 17.680                        | 1.975                         |
| Adjustments for financial income of the service concession receivables                                     | 8     | (152.339)                     | (52.037)                      |
| Adjustments for fair value changes of the financial investments                                            | 26    | (29.579)                      | 12.103                        |
| Adjustments for tax expense                                                                                | 21    | (58.913)                      | (7.702)                       |
| Adjustments for net gain from sale of affiliate                                                            |       | (199)                         | (55.256)                      |
| Adjustments for the net gains on sales of property, plant and equipment and intangible assets              | 26    | (58)                          | 778                           |
| Adjustments for unrealized foreign exchange (gain) / losses                                                |       | (12.750)                      | 28.166                        |
| <b>Changes in working capital</b>                                                                          |       | <b>(51.557)</b>               | <b>(27.499)</b>               |
| Change in inventories                                                                                      |       | (1.162)                       | (7.117)                       |
| Change in trade receivables                                                                                |       | (16.832)                      | (95.380)                      |
| Change in customer contract assets                                                                         |       | (64.753)                      | (71.624)                      |
| Change in payables related to employee benefits                                                            |       | 3.937                         | 298                           |
| Change in other current assets, non-current assets related with other receivables and operating activities |       | (120.047)                     | 32.052                        |
| Change in trade payables                                                                                   |       | 122.430                       | 16.785                        |
| Change in customer contract liabilities                                                                    |       | 161.373                       | 184.649                       |
| Change in prepaid expenses                                                                                 |       | (59.477)                      | (3.618)                       |
| Change in deferred income                                                                                  |       | (134.631)                     | (62.495)                      |
| Change in other payables and other liabilities related with operating activities                           |       | 36.659                        | (30.035)                      |
| Change in restricted cash and cash equivalents                                                             | 6     | (3.782)                       | 20.038                        |
| Change in deposits and guarantees                                                                          |       | 24.728                        | (11.052)                      |
| <b>Cash flows used in operating activities</b>                                                             |       | <b>69.932</b>                 | <b>67.450</b>                 |
| Employee termination indemnity paid                                                                        | 19    | (315)                         | (529)                         |
| Collections from doubtful receivables                                                                      | 26    | 5.628                         | 4.457                         |
| Taxes paid                                                                                                 |       | (9.910)                       | (8.132)                       |
| Interest received                                                                                          | 25    | 4.560                         | 4.941                         |
| Collection of principals from service concessions                                                          | 8     | 43.509                        | 41.978                        |
| Collection of financial income from service concessions                                                    | 8     | 26.460                        | 24.735                        |

The accompanying notes form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

|                                                                                                        | Notes | January 1 - December 31, 2022 | January 1 - December 31, 2021 |
|--------------------------------------------------------------------------------------------------------|-------|-------------------------------|-------------------------------|
| <b>B. CASH FLOWS USED IN INVESTING ACTIVITIES</b>                                                      |       | <b>(156.577)</b>              | <b>5.658</b>                  |
| Proceeds from sales of property, plant and equipment and intangible assets                             |       | 15.155                        | 4.994                         |
| Acquisition of subsidiaries                                                                            | 7     | (6.539)                       | (40.128)                      |
| Acquisition of property, plant and equipment                                                           | 13    | (124.801)                     | (33.768)                      |
| Acquisition of property, intangible assets                                                             | 14    | (25)                          | (495)                         |
| Cash inflow from affiliate sales                                                                       |       | -                             | 76.070                        |
| Change in trade receivable from related parties                                                        |       | 7.473                         | 56.148                        |
| Interest received from related parties                                                                 | 26    | 3.088                         | 2.567                         |
| Dividends received                                                                                     | 26    | 12.385                        | 5.043                         |
| Investments related to service concession agreement                                                    | 8     | (63.313)                      | (64.773)                      |
| <b>C. CASH FLOWS USED IN FINANCING ACTIVITIES</b>                                                      |       | <b>7.112</b>                  | <b>(159.317)</b>              |
| Changes in trade payables due to related parties                                                       |       | 39.035                        | (57.301)                      |
| Interest paid to related parties                                                                       | 27    | (8.359)                       | (1.362)                       |
| Dividend paid                                                                                          |       | (80.496)                      | (114.438)                     |
| Proceeds from loans and borrowings                                                                     | 17    | 118.614                       | 132.555                       |
| Repayment of loans and borrowings                                                                      | 17    | (54.281)                      | (110.650)                     |
| Interest paid                                                                                          |       | (7.849)                       | (8.121)                       |
| Cash inflow from change in interest in subsidiaries without change in control                          |       | 448                           | -                             |
| <b>BEFORE FOREIGN CURRENCY TRANSLATION EFFECT ON NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b> |       | <b>(39.003)</b>               | <b>111.979</b>                |
| <b>EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCE IN CASH AND CASH EQUIVALENTS</b>                  |       | <b>(6.051)</b>                | <b>(64.754)</b>               |
| <b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>                                     | 5     | <b>84.875</b>                 | <b>37.650</b>                 |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D)</b>                                    | 5     | <b>39.821</b>                 | <b>84.875</b>                 |

The accompanying notes form an integral part of these consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 1. Group's organization and nature of operations

Çalık Enerji Sanayi ve Ticaret Anonim Şirketi ("Çalık Enerji" or "the Company") was established in 1987 in Türkiye for the purpose of engaging in the operation, exploration and production of natural gas and petroleum resources, shipment and selling of such resources to the international markets, production, distribution and retail sale of electricity energy or investing in the entities engaging in such operations. Çalık Enerji has fifteen branches, namely, Çalık Enerji Turkmenistan, Çalık Enerji Georgia, Çalık Enerji Uzbekistan, Çalık Enerji Libya, Çalık Enerji Iraq, Çalık Enerji Uzbekistan (TRC), Çalık Enerji Erbil Branch, Çalık Enerji Malawi, Kızılırmak Enerji Elektrik, Çalık Enerji Uzbekistan Taşkent PE, Çalık Enerji Afghanistan Branch, Çalık Enerji Romania Branch, Kızılırmak Enerji Erbil Branch, Çalık Enerji Senegal Branch and Çalık Enerji DM Branch.

Çalık Enerji is managed and owned by Çalık Holding Anonim Şirketi ("Çalık Holding"), the parent company of the Group, holding 95.42% of all Çalık Enerji's shares. As of December 31, 2022, the principal shareholders and their respective shareholding rates in Çalık Enerji are stated in Note 22. Çalık Enerji was established at its registered office address, Büyükdere Caddesi No: 163/A Zincirlikuyu, İstanbul.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

As of 31 December 2022, Çalık Enerji has 31 (December 31, 2021: 30) subsidiaries ("the Subsidiaries") and 8 (December 31, 2021: 6) joint ventures ("the Joint Ventures"). The consolidated financial statements of the Group as at and for the year ended December 31, 2022 comprise Çalık Enerji, its subsidiaries and its interests in the joint ventures. As of December 2022, the number of employees of the Group is 3.661 (December 31, 2021: 2.255). The subsidiaries and the joint ventures included in the consolidation of Çalık Enerji, their country of incorporation and nature of business are as follows:

| Company name                                                           | Type of partnership | Country      |
|------------------------------------------------------------------------|---------------------|--------------|
| Adacami Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.                  | Subsidiary          | Türkiye      |
| Ant Enerji Sanayi ve Ticaret Limited Şirketi                           | Subsidiary          | Türkiye      |
| Atayurt İnşaat A.Ş.                                                    | Subsidiary          | Türkiye      |
| Çalık Elektrik Dağıtım A.Ş.                                            | Subsidiary          | Türkiye      |
| Calik Enerji Swiss AG                                                  | Subsidiary          | Switzerland  |
| Çalık Georgia LLC <sup>(*)</sup>                                       | Subsidiary          | Georgia      |
| Çalık Limak Adi Ortaklığı                                              | Joint venture       | Türkiye      |
| Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi                  | Subsidiary          | Türkiye      |
| ÇL Enerji Üretim ve İnşaat Anonim Şirketi <sup>(*)</sup>               | Subsidiary          | Türkiye      |
| Demircili Rüzgar Enerjisi Elektrik Üretim A.Ş.                         | Subsidiary          | Türkiye      |
| Doğu Aras Enerji Yatırımları A.Ş.                                      | Joint venture       | Türkiye      |
| JSC Calik Georgia Wind                                                 | Subsidiary          | Georgia      |
| Kızılırmak Enerji Elektrik A.Ş.                                        | Subsidiary          | Türkiye      |
| Kosova Çalık Limak Energy SH.A.                                        | Joint venture       | Kosovo       |
| LC Electricity Supply and Trading d.o.o.                               | Joint venture       | Serbia       |
| Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.                 | Subsidiary          | Türkiye      |
| Onyx Trading Innovation FZE                                            | Subsidiary          | UAE - Dubai  |
| Saudi Jalik Energy Company <sup>(*)</sup>                              | Subsidiary          | Saudi Arabia |
| Technological Energy N.V.                                              | Subsidiary          | Netherlands  |
| Çalık Proje Mühendislik A.Ş.                                           | Subsidiary          | Türkiye      |
| Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş.              | Subsidiary          | Türkiye      |
| Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş.                 | Subsidiary          | Türkiye      |
| Yeşilirmak Elektrik Dağıtım A.Ş.                                       | Subsidiary          | Türkiye      |
| Yeşilirmak Elektrik Perakende Satış A.Ş.                               | Subsidiary          | Türkiye      |
| Taşkent Merkez Park Gayrimenkul Yatırım A.Ş.                           | Subsidiary          | Türkiye      |
| Uztur Investment and Development Limited                               | Subsidiary          | Uzbekistan   |
| TCB İnşaat Yatırım A.Ş.                                                | Subsidiary          | Türkiye      |
| DTM Enerji Yatırımları Adi Ortaklığı <sup>(*)</sup>                    | Joint venture       | Türkiye      |
| PKN Enerji Hizmetleri Adi Ortaklığı <sup>(*)</sup>                     | Joint venture       | Türkiye      |
| CE Solaire 1 SAS                                                       | Subsidiary          | Congo        |
| CE Solaire 2 SAS                                                       | Subsidiary          | Congo        |
| Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. <sup>(*)</sup> | Joint venture       | Türkiye      |
| Machinego Teknoloji Danışmanlık ve İş Makinaları A.Ş.                  | Joint venture       | Türkiye      |
| CYK Enerji Adi Ortaklığı                                               | Subsidiary          | Türkiye      |
| Çalık Enerji Japan G.K. <sup>(*)</sup>                                 | Subsidiary          | Japan        |
| Eurokos Dd L.L.C <sup>(*)</sup>                                        | Subsidiary          | Kosova       |
| Jasper Trading <sup>(*)</sup>                                          | Subsidiary          | Poland       |
| Çalık Albania Wind Sh.PK/Llc <sup>(*)</sup>                            | Subsidiary          | Albania      |
| CE Solar Dooel Skopje <sup>(*)</sup>                                   | Subsidiary          | Macedonia    |

<sup>(\*)</sup> Çalık Georgia LLC, ÇL Enerji Üretim ve İnşaat A.Ş., Saudi Jalik Energy Company, Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş., Jasper Trading, DTM Enerji Yatırımları Adi Ortaklığı, PKN Enerji Hizmetleri Adi Ortaklığı, Çalık Enerji Japan G.K. and Eurokos D.d L.L.C subsidiaries of the Group, are not consolidated due to the insignificance of their financial impact on the consolidated financial statements as at and for the period ended December 31, 2022.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 1. Group's organization and nature of operations (continued)

#### Adacami Enerji Elektrik Üretim Sanayi Ve Ticaret A.Ş. ("Adacami Enerji")

Adacami Enerji was established in December 2009, for the purpose of renting and operating electricity facility and selling electricity.

#### Ant Enerji Sanayi ve Ticaret Limited Şirketi ("Ant Enerji")

Ant Enerji was established in 2006, in Istanbul for the purpose of marketing, selling and distribution of energy.

#### Atayurt İnşaat A.Ş. ("Atayurt İnşaat")

Atayurt İnşaat was established in 2009 for the purpose of building and operating energy power plants and providing operational and maintenance services to power plants.

#### Çalık Elektrik Dağıtım A.Ş. ("ÇEDAŞ")

ÇEDAŞ was established in 2010 according to legislations of Energy Market Regulatory Authority to distribute and sale of electricity and to invest in companies operating in these businesses.

#### Çalık Enerji Swiss AG ("Calik Swiss")

Calik Swiss was established on April 27, 2018 in Switzerland for the purpose of the acquisition management and use of concessions other rights as well as construction and maintenance power plants and to provide services in the development of other group companies operating in the energy sector, especially in the electricity sector and in finding funding sources.

#### Çalık Georgia LLC ("Çalık Georgia")

Çalık Georgia was established in 2015 in Tbilisi for the purpose of engineering, procurement and constructions of hydroelectric power plant and trade of the electricity produced in Georgia.

#### Çalık Limak Adi Ortaklığı ("Çalık Limak")

Çalık Limak Adi Ortaklığı, was established in 2013 as a joint venture of ÇEDAŞ and Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. ("Limak Yatırım"), in Istanbul for the purpose of supplying all kind of technical equipments to Kosovo Electricity Distribution and Supply Company ISC fully owned by Kosovo Çalık Limak Enerji which is also joint venture of Çalık Enerji and Limak Yatırım.

#### Çalık Rüzgar Enerjisi Elektrik Üretim Limited Şirketi ("Çalık Rüzgar")

Çalık Rüzgar was established for the purpose of building and operating of electricity power plants, production, selling and marketing of electricity.

#### ÇL Enerji Üretim ve İnşaat Anonim Şirketi ("ÇL Enerji")

ÇL Enerji was established in Türkiye in 2019 for the purpose of operating electricity facility and selling electricity.

#### Demircili Rüzgar Enerjisi Elektrik Üretim A.Ş. ("Demircili Rüzgar")

Demircili Rüzgar was established on February 23, 2018 in Istanbul, for the purpose of establishing electric production facility, operating, renting it and producing electric energy and / or selling it to customers.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 1. Group's organization and nature of operations (continued)

#### Doğu Aras Enerji Yatırımları A.Ş. ("Doğu Aras")

Doğu Aras was founded in accordance with the energy market regulations as a joint venture with a joint agreement of CED and Kiler Alışveriş Hizmetleri Gıda Sanayi Ticaret A.Ş. ("Kiler Alışveriş") on May 5, 2013 with the participation of these two companies by 50% and 50%, respectively, for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, providing consultancy services on technical, financial, information processing and human resources management issues and making industrial and commercial investments through this companies.

On 28 June 2013, Doğu Aras purchased all share of Aras Elektrik Dağıtım A.Ş. ("EDAŞ") and Aras Elektrik Perakende Satış A.Ş. ("EPAŞ") which were state owned companies operating in electricity distribution and procurement in cities Kars, Ardahan, Iğdır, Erzurum, Ağrı, Bayburt and Erzurum within the privatization.

On November 4, 5 2021, the public offering of Doğu Aras shares was carried out using the "Fixed Price Bookkeeping" method. In the public offering, the unit price is TL 110, and the shares with a nominal value of TL 13.400.000 offered to the public were sold. Accordingly, the size of the public offering was realized as TL 1.474.000.000. After the mentioned public offering, Çalık Enerji's ownership rate in Doğu Aras became 40%.

#### JSC Çalık Georgia Wind ("JSC Georgia")

JSC Georgia was established in 2015 in Tbilisi for the purpose of developing energy infrastructure and the sponsoring of development of solar power plant and wind power plant projects through financing, construction and long-term operation of power plants.

#### Kızılırmak Enerji Elektrik A.Ş. ("Kızılırmak")

Kızılırmak was established in 2005, in Istanbul for the purpose of importing, exporting, distributing and operating all kinds of natural gas, crude oil and derivatives of these products.

#### Kosova Çalık Limak Energy SH.A. ("KÇLE")

KÇLE was established as a joint venture with a joint agreement of Çalık Enerji, ÇEDAŞ and Limak Yatırım on September 17, 2012 with the participation these three companies by 25%, 25% and 50%, respectively, in the share capital of KÇLE. In 2015, shares of KÇLE representing 25% of all shares, held by ÇEDAŞ, are transferred to Çalık Enerji.

On May 8, 2013, KÇLE purchased all shares of state-owned enterprise namely "Kompania Per Distribuim Dhe Fumizim Me Energji Elektrike SH.A" ("KEDS") which is operating in electricity distribution and sales in Kosovo.

#### LC Electricity Supply and Trading d.o.o ("LC Electricity")

LC Electricity was founded in Serbia in 2014 as a joint venture with a joint agreement between Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. ("Türkmen Elektrik") and Limak Yatırım with the participation of these two companies equally by 50%. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services in respect of these operations.

#### Momentum Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Momentum Enerji")

Momentum Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 1. Group's organization and nature of operations (continued)

#### Onyx Trading Innovation FZE ("Onyx Trading Innovation FZE")

Onyx Trading Innovation FZE was established in 2016 in Dubai for the purpose of trading.

#### Saudi Jalik Energy Company ("Saudi Jalik")

Saudi Jalik Energy Company was established in 2019 to operate building and construction projects.

#### Technological Energy N.V. ("Technological N.V.")

Technological N.V. was established on June 8, 2016 in the Netherlands. The company is the owner of Onyx Trading Innovation FZE and Calık Swiss.

#### Çalık Proje Mühendislik A.Ş. ("Çalık Mühendislik")

Çalık Proje Mühendislik A.Ş. was established in 1994, in Ankara to provide machinery and civil engineering and consulting services. 90,00% of the Company's shares were acquired by Çalık Enerji in 2015 for the purpose of providing engineering and consultancy services to Group entities.

The title of Technovision was changed to Çalık Proje Mühendislik A.Ş.

#### Türkmen'in Altın Asrı Elektrik Enerjisi Toptan Satış A.Ş. ("Türkmen Elektrik")

Türkmen Elektrik was established in 2000, in Istanbul for the purpose of distributing and selling electricity.

#### Yeşilçay Enerji Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Yeşilçay Enerji")

Yeşilçay Enerji was established in 2008 for the purpose of building and operating of electricity power plant, producing, selling and marketing of electricity. Yeşilçay Enerji also engages in exploration and production of mineral ore.

#### Yeşilırmak Elektrik Dağıtım A.Ş. ("YEDAŞ")

YEDAŞ was taken over by the Group in 2010 for 30 years with the scope of privatisation in order to distribute electricity energy in Samsun, Ordu, Amasya, Çorum and Sinop.

In accordance with the 3<sup>rd</sup> clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until 1 January 2013. In this regard, YEDAŞ that carried out the electricity distribution and retail sales operations in Samsun, Ordu, Amasya, Çorum and Sinop regions, unbundled its distribution and retail sales operations on December 31, 2012 and YEPAS has started its operations from January 1, 2013.

#### Yeşilırmak Elektrik Perakende Satış A.Ş. ("YEPAS")

In accordance with the 3<sup>rd</sup> clause of 4628 numbered Energy Markets Code, electricity distribution companies must separate its distribution and retail operations from each other until January 1, 2013. In this regard, YEDAŞ which was engaged in distribution and retail sale of electricity in Samsun, Ordu, Çorum, Amasya and Sinop regions, unbundled its distribution and retail operations on December 31, 2012. YEPAS was founded for retail sales of electricity and electricity related products by partial demerger of YEDAŞ as of January 1, 2013.

#### Taşkent Merkez Park Gayrimenkul Yatırım A.Ş. ("Taşkent Merkez")

Taşkent Merkez Park Gayrimenkul Yatırım A.Ş. was established in 2019 and its main operation subject is building residence.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 1. Group's organization and nature of operations (continued)

#### Uztur Investment and Development Limited ("Uztur")

The company was established in 2018 in Uzbekistan to maintain construction projects.

#### TCB İnşaat Yatırım A.Ş. ("TCB İnşaat")

TCB İnşaat Yatırım Anonim Şirketi was established in 2014 and its main activity is to do construction, contracting and decoration works in domestic and abroad.

#### DTM Enerji Yatırımları Adi Ortaklığı ("DTM Enerji")

Çalık-Biskon Adi Ortaklığı was established January 23, 2020 for the purpose of providing goods and supplies. Çalık-Biskon belongs to Çalık Enerji ve Biskon Yapı A.Ş. companies.

The title of Çalık Biskon was changed to DTM Enerji Yatırımları Adi Ortaklığı.

#### PKN Enerji Hizmetleri Adi Ortaklığı ("PKN Enerji")

Denge Çalık NTF Adi Ortaklığı was established January 23, 2020 for the purpose of providing goods and supplies. Denge Çalık NTF belongs to Çalık Enerji ve Denge Reklam San. Ve Tic. Ltd companies.

The title of Denge-Çalık NTF was changed to PKN Enerji Hizmetleri Adi Ortaklığı.

#### CE Solaire 1 SAS ("CE Solaire 1")

CE Solaire 1 was established in the Democratic Republic of Congo in 2020 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

#### CE Solaire 2 SAS ("CE Solaire 2")

CE Solaire 2 was established in the Democratic Republic of Congo in 2020 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

#### Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. ("Workindo Teknoloji")

Workindo was established in 2019 in Türkiye for the purpose of the showing business activity in human resources, domestically and internationally to give workers supply employment services and carry out these services.

#### Machinego Teknoloji Danışmanlık Ve İş Makinaları A.Ş. ("Machinego Teknoloji")

It was established to carry out the activities of leasing and selling, buying, intermediating in the buying and selling of all kinds of agricultural and construction machinery, tractors, harvesters and equipment through the web portal with creating and developing a publication, database, providing it as a service to customers, receiving advertisements and advertising, establishing partnerships with domestic and foreign companies, and to perform all services and transactions.

#### CYK Enerji Adi Ortaklığı ("CYK Enerji")

CYK Enerji Adi Ortaklığı was established in April 29, 2021 in Samsun for supply of goods and services related to electricity distribution business.

#### Çalık Enerji Japan G.K. ("Çalık Japan")

Çalık Enerji Japan G.K was established in February 25, 2021 in Japan. The company is inactive as of the reporting date.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 1. Group's organization and nature of operations (continued)

#### Eurokos Dd L.L.C. ("Eurokos")

Eurokos Dd L.L.C. was established in the Republic of Kosovo in 2021 for electrical power plant construction and operation, electricity generation, electricity sales and marketing.

#### Jasper Trading ("Jasper Trading")

Jasper Trading was established in 2021 in the Poland. As at the reporting date, the Company is non operating.

#### Çalık Albania Wind Sh.P.K./Llc ("Çalık Albania")

Çalık Albania Wind Sh.P.K./Llc was established in Albania in 2022 for power plant construction and operation, electricity generation, electricity sales and marketing, and engineering activities.

#### Ce Solar Dooel Skopje ("Ce Solar")

Ce Solar Dooel Skopje was established in Albania in 2022 for the construction and operation of electric power plant, electricity generation, sales and marketing.

### 2. Basis of preparation

#### 2.1 Financial reporting standards

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué. The financial statements and notes are presented in accordance with the 2022 TAS Taxonomy announced by the POA with the principal decision dated October 4, 2022.

The Company and its subsidiaries located in Türkiye prepare their statutory financial statements and keeping of accounting records, in accordance with the principles and guidance issued by Capital Market Boards ("CMB"), the Turkish Commercial Code ("TCC"), tax legislation and issued by the Ministry of Finance of the Republic of Türkiye is based on the Uniform Chart of Accounts. Consolidated financial statements have been prepared in US Dollars on the basis of historical cost, except for the financial assets and liabilities shown with their fair values.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, financial statements as of December 21, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

#### Going concern

The Group has prepared its consolidated financial statements in accordance with the going concern principle.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 2. Basis of preparation (continued)

#### 2.1 Financial reporting standards (continued)

##### Approval of consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors of the Company on April 14, 2023. The General Assembly has the authority to amend the consolidated financial statements.

#### 2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis and for the Group's Turkish entities as adjusted for the effects of inflation that lasted by 31 December 2004, except for the financial investments that are measured at fair value.

#### 2.3 Functional and presentation currency

The Company's functional currency was Turkish Lira (TL) until 30 June 2018. Due to changes in sales strategies and dividend policies as of July 1, 2018, the US Dollar began to reflect the economic bases of situations and events that are significant to Çalık Enerji. Therefore the functional currency of the Company has been changed to US Dollars as of July 1, 2018 in accordance with TAS 21 - "Effects of Changes in Foreign Exchange Rates". All assets and liabilities items are translated to US Dollars at the exchange rate at the reporting date. All profit or loss and other comprehensive income items are translated to US Dollars at historic exchange rates of the corresponding year.

##### Financial statements of foreign subsidiaries, joint ventures and associates

The assets and liabilities, presented in the financial statements of the foreign Subsidiaries, Joint Ventures and Associates prepared in accordance with the Group's accounting policies, are translated into TL at the exchange rate at the date of the financial position whereas income and expenses are translated at the average exchange rates for the respective periods. Exchange differences resulting from using the exchange rates at the financial position date and the average exchange rates are recognised in the currency translation differences under the equity.

The exchange rates against USD used by the Group at December 31, 2022 and 2021 are as follows:

|                    | December 31, 2022 | December 31, 2021 |
|--------------------|-------------------|-------------------|
| Turkish Lira       | 0,0535            | 0,0750            |
| Euro               | 1,0661            | 1,1319            |
| British Sterling   | 1,2027            | 1,3479            |
| Iraqi Dinar        | 0,0007            | 0,0007            |
| Georgian Lari      | 0,3714            | 0,3149            |
| Libyan Dinar       | 0,2073            | 0,2119            |
| Turkmenistan Manat | 0,2864            | 0,2788            |
| Uzbekistani Som    | 0,0001            | 0,0001            |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 2. Basis of preparation (continued)

#### 2.4 Comparatives and adjustment of prior periods' financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements. The Group has made reclassification in the prior period financial statements in order to comply with the presentation of the current period consolidated financial statements.

- Administrative expenses amounting to USD 15.873 is reclassified to the cost of sales as of December 31, 2021.
- Interest income from related parties which was shown under finance income amounting to USD 2.567 is reclassified to income from investing activities as of December 31, 2021.
- Interest income from time deposits which was shown under finance income amounting to USD 4.941 is reclassified to other income from operating activities as of December 31, 2021.
- Short-term deferred revenue amounting to USD 147.282 is reclassified to other contract liabilities as of December 31, 2021.
- Received deposits and guarantees which was shown under long-term other payable amounting to USD 29.882 is reclassified to short-term other payable as of December 31, 2021.

#### 2.5 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with TASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas at estimation uncertainty and critical judgment in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in the following notes:

Note 8 - Allowance for trade receivables: Allowances for the trade and other receivables are based on the Group management's assessment on the amount, historical performance and general economic environment. The Group monitors recoverability of its trade receivables periodically by considering the collection ratios in the previous years and recognises allowance for doubtful receivables for probable losses. Subsequently, if the economic conditions, collection trends and other significant sectorial trends accrued worse than the Group management's estimates, the allowance for doubtful receivables in the consolidated financial statements might not compensate the actual doubtful receivables.

Note 16 - Ongoing construction and contracting works: When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Revenue measurements are based on estimates that are revised as events and uncertainties are resolved. Cost and revenues may be revised based on variations to the original contract, penalties on delays, cost escalation clauses and other similar items. These revisions are recognised in the consolidated financial statements as they are incurred. Revenue incentive are recognised as revenue to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised to the extent of costs incurred that are probable of recovery. Costs are recognised as an expense as they are incurred.

Note 13 and Note 14 - Useful lives of property, plant and equipment and other intangible assets: The Group management estimates the useful lives of property, plant and equipment and intangible assets through the experience of its technical team based on the management strategies and future marketing plans.

Note 19 - Provision for litigations: Group management estimates and recognizes provision for ongoing lawsuits by estimating the relevant cash outflows.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 2. Basis of preparation (continued)

#### 2.5 Use of estimates and judgments (continued)

Note 28 - Determination of fair value: Estimates are made for using observable and non-observable market data in determination of fair values.

Note 19 - Reserve for retirement pay is determined by using actuarial assumptions (discount rates, future salary increases and employee turnover rates).

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group.

#### 3.1 Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent company, Çalık Enerji, its subsidiaries and joint ventures on the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

##### i) Business combinations (expect acquisitions from entities under common control)

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the result of implementation is negative, a bargain purchase gain is recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.1 Basis of consolidation (continued)

##### ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls a business when exposure, or rights, to variable returns due to its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to comply with the policies adopted by the Group.

##### iii) Non-controlling interests

The Group measures any non-controlling interests in the acquiree at their proportionate share of the acquiree's identifiable net assets.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

##### iv) Loss of control

When the Group loses the control over the subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

##### v) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group equity and any gain/loss arising is recognised directly in equity.

##### vi) Joint arrangements

Joint arrangements are agreements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns. They are classified and accounted for as follows:

- Joint operation - when the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture - when the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

The accompanying consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.1 Basis of consolidation (continued)

##### vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Carrying value of shares owned by the Group and dividends arising from these shares has been eliminated in equity and profit or loss statement's accounts.

In consolidation of operating results and financial positions of subsidiaries whose functional currency is other than US Dollars, main consolidation transactions are made such as elimination of related party balances and transactions. But, a-monetary asset (or liability) of related parties regardless of short-term or long-term (except for monetary items which are part of net investment of the Group in its subsidiaries whose functional currency is other than US Dollars) can not be eliminated with related party liability (or related party asset) without presenting results of fluctuation of foreign currencies in consolidated financial statements. Because a monetary item provides obligation of translation of any currency to other currency and makes the Group exposed to gain or losses arising from fluctuation of foreign currencies. Correspondingly, these kind of foreign exchange differences are recognised in profit or loss of consolidated financial statements of the Group.

#### 3.2 Foreign currency

##### i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and will not be subject to translation anymore.

Foreign currency differences arising from retranslate, recognized in profit or loss, except for exchange rate differences, which arise from the recycle in the following items and recorded in other comprehensive income.

- available-for-sale equity instruments (except for impairment, the foreign exchange differences recognized in other comprehensive income are reclassified to profit or loss);
- financial liabilities entered in order to hedge net investments in foreign operations recorded as other comprehensive income
- cash flow hedging instruments to the extent that hedging is effective

##### ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to functional currency of the Company US Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US Dollars at average exchange rates at the dates of the transaction.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportion of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes off only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes off only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented within equity in the translation reserve.

### 3.3 Financial instruments

#### i) Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI - equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A non-recyclable preference can be made to introduce the Group's non-trading equity investment into the financial statements for the first time and present subsequent changes in its fair value in other comprehensive income. This selection is made separately for each investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

#### Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.3 Financial instruments (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

*Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

- In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- Prepayment and extension feature; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets: Subsequent measurement and gains and losses.*

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial assets at FVTPL</b>          | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.                                                                                                                                                                                                                                                                                                                         |
| <b>Financial assets at amortised cost</b> | Financial assets at amortised cost are comprised of cash and cash equivalents, trade receivables, service concession receivables and other receivables. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. |
| <b>Debt investments at FVOCI</b>          | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.                                                                                                                             |
| <b>Equity investments at FVOCI</b>        | These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.                                                                                                                                                                               |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.3 Financial instruments (continued)

##### *Financial assets measured at amortised cost*

Financial assets measured at amortized cost are financial instruments with fixed or determinable payments that are not quoted in an active market. These assets are initially recognized at fair value plus directly attributable transaction costs. After initial recognition, they valued at amortized cost using the effective interest method, less any impairment. Loans and receivables are comprised trade receivables and other receivables, including cash and cash equivalents, construction contracts receivables and receivables from preferential service agreements.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, bank deposits and other liquid assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

##### *Service concession arrangements*

According to the "Transfer of Operating Rights Agreement" ("TORA") signed between Türkiye Elektrik Dağıtım A.Ş. ("TEDAŞ") and YEDAŞ on July 24, 2006, the operating rights on the distribution installations and other items related thereto were transferred to YEDAŞ for a consideration of US Dollar 68.420 TORA consideration has been amortized by adding to revenue cap during the first tariff period (2006-2010). As of December 31, 2022, the aforementioned TORA consideration amount has been fully amortized.

TORA term is 30 years starting from July 24, 2006. At the end of this period, operational period may be extended by TEDAŞ in accordance with the related regulations which will be in force in the same period.

Under the terms of this agreement within in the scope of TFRS Interpretation 12, the Group acts as a service provider to distribute electricity ("the operator"). The operator constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. There have been no changes in the structure of the agreement in the current year.

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the discretion of the grantor Energy Market Regulatory Authority ("EMRA") for the construction or upgrade of the services provided.

The Group initially measures receivables resulting from its investments of which repayments are granted through tariffs under "Due from service concession agreements" item under trade receivables at fair value in accordance with "Financial Instruments: Recognition and Measurement" standard. Subsequent to the initial recognition, such financial assets are measured at amortized costs.

Parameters related to operating rights resulting from "Distribution and Retail Sales License" which YEDAŞ owns via TORA are updated by EMRA committee decisions during the five year implementation periods. As of December 31, 2022, YEDAŞ fulfilled its obligations related to the license for services which was privatized at July 24, 2006, including the first implementation period between 2006 and 2010; the second implementation period which covers the years 2011 and 2015; and the third implementation period which covers the years 2016 and 2020.

Rights which will be applicable for the fourth implementation period between 2021 and 2025 were announced by EMRA with its committee decision dated December 24, 2020 and numbered 9919-1.

YEDAŞ's revenues and costs are subject to EMRA regulations. Revenue requirements of YEDAŞ are determined by EMRA and adjusted if necessary for the differences of revenue components approved by EMRA. In case of revenue components are above or below of revenue requirements determined by EMRA, those differences may be subject to adjustment depending on their compositions. Revenue requirements which has still under regulation over 5 years period consist of YEDAŞ's requirements for operating expenses, amortization of capital expenditures, alternative investment costs related to unamortised investments and tax differences added to or deducted from revenue in order to compensate periodic deviations which are resulting from tax implementations. Adjustments to revenue requirements are calculated by using Energy Market Index ("EPE") over the years.

YEDAŞ recognises and measures its revenue in accordance with TFRS 15 for the services provided.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.3 Financial instruments (continued)

##### Other

Other non derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses.

##### Financial liabilities

The Group's financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. The contract representing the right in the assets of the Group after deducting all debts of the Group is an equity-based financial instrument. The accounting policies applied for certain financial liabilities and equity instruments are as follows.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities

##### a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially recognized at fair value and revalued at their fair value at the each balance sheet date. Changes in fair values are recognized in the consolidated statement of profit or loss. The net gain or loss recognized in the consolidated statement of profit or loss includes the interest paid on the financial liability.

### 3. Significant accounting policies (continued)

##### b) Other financial liabilities

Other financial liabilities included financial debts have been accounted by considering its fair value without initial costs.

Other financial liabilities, included interest expense calculated by using effective interest rate in next period, have been accounted with its effective interest rate.

Effective interest method is an accounting methodology which refers to distributing interest expense into related periods while accounting redeemed cost. Effective interest rate is used to calculate present value of payments of a related financial liability during expected life of a financial instrument.

##### Security deposits

According to the Article 26 of Electricity Market Customer Services Regulation, legal entities which have retail electricity sale licenses, can demand security deposits from their subscribers in order to deduct customers' debts in case of possible inability to pay energy consumption fee due to address change and/or cease of retail sale agreements or termination of retail sale agreements.

Security deposits received from current subscribers are recognised in the "payables to third parties" item at the adjusted values based on inflation applicable to reporting dates using Consumer Price Index ("CPI") rates. Security deposits valuation expenses and realised security deposit expenses are recognised as finance cost in profit or loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.3 Financial instruments (continued)

##### Accounting on transaction and delivery date

All financial asset purchases and sales are recognized at the transaction date, in other words, it is accounted for when the Group commits to purchase or sell transaction. Ordinary purchases and sales are purchases and sales where the delivery period of the asset is generally determined according to legislations or regulations in the markets.

##### Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### Derecognition

##### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

##### Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

##### Impairment

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortised cost;
- Contract assets (as defined in TFRS 15)

Provisions set aside for losses within the scope of IFRS 9 are accounted by following methods:

Financial assets with redeemed cost;

- Lifetime ECL: It refers to expected credit losses of defaulting on loans or debts during expected life of a financial instrument

Bank balance with no credit risk after initial recognition;

- 12 Month ECL refer to expected credit losses of defaulting on loans or debts in 12 months after the reporting date.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.3 Financial instruments (continued)

The Group has chosen the ECLs for the calculation of impairment of the receivables.

In the assessment of the credit risk of a financial asset whether the risk is significantly higher and the estimation of the ECLs, the Group recognizes the reasonable and supported information arising from the estimation of the credit losses without enduring of overcost and the effort regarding the expected estimation of the credit losses including the effect of the expected early payments. This information comprises future quantitative and qualitative information analysis based on the previous credit loss experience.

In terms of assessment of financial instrument whether it has a low credit risk or not, other methodologies that are alignment with the accepted global description of the low credit risk which in alignment and evaluated of the financial instruments might be applied.

The maximum time of scaling the ECLs is the maximum contract time that the Group is under the credit risk.

#### Measurement of ECLs

ECLs are an estimation weighted to the probability of the expected life of a financial instrument. In other words, it is the all of the discounted cash openings of the credit losses. (For example, it is the difference between the cash inflows of the referred contract to the entity and the expected collection of the cash flows).

The Group applies the simplistic approach in order to meet the expected credit loss to the trade receivables, other receivables, other assets and contract assets. (According to TFRS 9, expected credit loss provision must be applied to all of the trade receivables in perpetuity.)

ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### Trade Receivables

The following analysis provides more detailed information on the calculation of the ECLs for trade receivables with the adoption of TFRS 9. The Group considers the model used and some of the assumptions used in the calculation of these ECLs as the main sources of estimation uncertainty.

The Group has calculated the ECLs based on the experience of credit losses realised in the last three years.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.4 Property, plant and equipment

##### i) Recognition and measurement

The costs of items of property, plant and equipment of Çalık Enerji's Turkish entities purchased before December 31, 2004 are restated for the effects of inflation in TL units current at December 31, 2004 pursuant to TAS 29. Property, plant and equipment purchased after this date are recognised at their historical cost. Accordingly, property, plant and equipment of the Group are carried at costs, less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labor;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

##### ii) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognised in "Income from investing activities" or "Expenses from investing activities" under profit or loss.

##### iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.4 Property, plant and equipment (continued)

##### iv) Depreciation

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

| <b>Description</b>         | <b>Year</b> |
|----------------------------|-------------|
| Land, buildings and plants | 50          |
| Machinery and equipments   | 2-40        |
| Motor vehicles             | 5-10        |
| Furniture and equipment    | 3-15        |

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives, also on a straight-line basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### 3.5 Intangible assets

##### i) Recognition and measurement

Intangible assets of the Group consist of licences for oil exploration, hydroelectric power generation, wind power generation and electricity distribution rights and computer software acquired by the Group, which have finite useful lives, and are measured at cost less accumulated amortisation and any accumulated impairment losses, if any.

##### ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

##### iii) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

Amortisation of service concession rights acquired by the Group is recognised in profit or loss on a straight line basis over their respective concession periods.

Amortisation of electricity distribution rights is based on the fair value of the asset which is acquired through business combination under scope of TFRS 3 "Business Combinations". The remaining amortisation period for electricity distribution rights are 26 years which is the service concession period of YEDAŞ when it was acquired by ÇEDAŞ. Licences and other intangible assets including computer software are amortised between 10 and 50 years and 2 and 10 years, respectively.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of trading goods is based on the weighted average method and includes expenditure and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

#### 3.7 Impairment non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment loss is reversed when there is a change in the estimates used in the calculation of recoverable amount. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 3.8 Employee benefits

##### i) Reserve for employee severance indemnity

Reserve for employee severance indemnity represents the present value of the estimated future probable obligation of the Group arising from the retirement of the employees and calculated in accordance with the Turkish Labour Law. It is computed and reflected in the consolidated financial statements on an accrual basis as it is earned by serving employees. The computation of the liabilities is based upon the retirement pay ceiling announced by the Government. The ceiling amounts applicable for each year of employment were US Dollar 0,82 and US Dollar 0,60 at 31 December 2022 and 2021, respectively.

IFRSs require actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. The total liability for employee severance benefit was calculated by an independent actuary based on past service cost methodology using the observable statistical market data such as mortality, inflation and interest rates or retirement pay ceilings applicable to the relevant periods and assumptions derived from the specific historic date of the Group such as retention and employee turnover rates or salary increase rates.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.8 Employee benefits (continued)

Income ceiling calculation for the entities holding electricity distribution and retail sale license per the service concession agreement is updated yearly in accordance with EMRA decision No. 2991 dated December 28, 2010 in order to compensate the expenditures (such as employee benefit costs) relevant to the operations performed under these licenses as they are incurred. Accordingly, the employee severance indemnity amounting to US Dollar 918 (December 31, 2021: US Dollar 1.078) had no effect on the Group's consolidated financial statements as of 31 December 2022 since the same amount will be compensated by the Government as an adjusting item in the following income ceiling calculation.

Actuarial gains/losses are comprised of adjustment of difference between actuarial assumptions and realised and change in actuarial assumptions. As a result of the adoption of TAS 19 (2013), all actuarial differences have to be recognised in other comprehensive income. However due to insignificance of the balances, the Group continues to recognise actuarial differences on reserve for employee severance indemnity in profit or loss both in the current and prior years.

Provision for employment termination indemnity are not subject to any statutory funding.

##### ii) Vacation pay liability

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

#### 3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

##### i) Provisions for EMRA regulations

In case of incompliance with the Electricity Market Act numbered 6446 which is effective after the publication on the Official Gazette dated March 30, 2013, numbered 28603 as well as with the regulations and communiqués promulgated by EMRA, EMRA sends a letter notifying the reason and related penalty fee with payment maturity to the Group. Although these penalties generally are paid in advance, some payments could be delayed until the final conclusion in case of disagreement with EMRA. Based on the final conclusions as a result of assessment made by the law department of the Group and assumption/analysis made by the Group management, required provision is made on the consolidated statement of the financial position as the notification is received.

##### ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.10 Revenue

In accordance with TFRS 15 "Revenue from Customer Contracts" the Group has started to use the five-step model below to recognize revenue.

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

The Group evaluates the goods or services that undertakes in each contract with the customers and determines each commitment to transfer the said goods or services as a separate performance obligation. For each performance obligation, it is determined at the beginning of the contract that the performance of the performance obligation will be fulfilled in time or at a certain time. If the Group transfers the control of a good or service over time and thus fulfills the performance obligations related to the sales over time, it measures the progress of the fulfillment of the performance obligations and takes the revenue to the consolidated financial statements.

The accounting for the revenue of the Group's different activities is explained below:

##### *i) Construction contracts*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.10 Revenue (continued)

##### ii) Electricity sales

Due to the fact that the electricity could not be stored, the purchase and sales realizes simultaneously and accordingly revenue and cost of revenue are recognised at the transaction time. Monthly invoicing is made at the month ends, when the Group prepares invoices for rendering services to its customers during one-month period. The Group management monitors closely at period ends and the delays of 5-10 days in electricity usage count do not have a significant impact on the accompanying consolidated financial statements. Revenue from the sale of electricity to subscribers is stated, net of returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the subscribers. Transfer of risk and rewards depends on the consumption of electricity by subscribers.

##### iii) Electricity retail sale service

Electricity retail sale service is defined in Electricity Market Law and Electricity Market License Communiqué promulgated by EMRA as other services such as invoicing or collection provided to the customers excluding the sale of electricity and/or capacity, the services provided by companies holding retail sale licenses to consumers. Electricity retail sale service fee included in the invoices issued by the Group contains invoicing costs, consumer services costs, capital expenditures relevant to the electricity retail sale services. Electricity retail sale service fee is applied to all customers who purchase energy from the Group.

##### iv) Transmission system utilisation

The transmission tariff is prepared by Türkiye Elektrik İletim A.Ş. ("TEİAŞ") and includes prices, terms and conditions for the provision of transmission service to all users benefiting from the transmission of generated, imported or exported electricity over the transmission facilities, which will be employed on the basis of non-discriminatory conduct principle in accordance with the Electricity Market Law Article 13. Grid investments made by TEİAŞ and transmission surcharges are included in the transmission tariff. Transmission system utilisation fees charged to the customers are the unit prices allocated by the entities holding electricity distribution license in order to compensate the transmission tariff charges invoiced by TEİAŞ to those entities.

##### v) Distribution system utilisation

Distribution activities covers establishing, operating and maintaining distribution facilities in order to transport the electricity through 36 kilowatt ("kW") or lower lines.

The distribution tariff includes prices, terms and conditions for the distribution service to all real persons and legal entities benefiting from the distribution of electricity through distribution facilities, which will be employed on the basis of non-discriminatory conduct principle in accordance with the Electricity Market Law Article 13. Distribution fee including distribution system utilisation price is calculated based on the costs of capital expenditures related to the distribution system, operating and maintenance expenses and collected from each distribution system users. Distribution fee does not include costs of energy, electricity retail sale service, meter reading and transmission.

##### vi) Meter reading

Meter reading fee is determined in accordance with the Electricity Market License Communiqué and Electricity Market Tariffs Communiqué and includes cost of meter reading. The mentioned fee is calculated based on reading frequency depending on the connection status and subscriber groups and charged to the distribution system users.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.10 Revenue (continued)

##### vii) Electricity dissipation and theft

Electricity dissipation and theft cost is calculated using electricity dissipation and theft ratio applied to the projected electricity transfer quantity based on each distribution region and charged to each electricity consumers including the industrial plants connected to the electricity network as electricity dissipation and theft income.

##### viii) Price balancing

A price balancing mechanism is applied by EMRA to protect the consumers purchasing electricity over the regulated tariffs from the price differences partially or wholly due to the cost differences among the distribution regions. The amount to be provided to or collected from the entities holding electricity distribution license is calculated in accordance with a formula determined by EMRA for each distribution region and informed to the parties. These amounts are recognised in profit or loss.

##### ix) Service concession arrangements

The Group has measured the financial asset at fair value, with the effective interest method which is calculated by discounting estimated future cash receipts with regards to the compensation of TOR and the initial and annual capital expenditures made by the Group, through the expected life of the arrangement and set "Financial Asset Related to Concession Agreements" on the balance sheet and recognizes the revenue on an effective interest method as "Revenue".

##### x) Revenue from the sale of goods and services

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sale is recognised.

Transfer of risks and rewards vary depending on the individual terms of the contract of sale. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.11 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the following:

- a) the amount of the initial measurement of the lease liability,
- b) any lease payments made at or before the commencement date, less any lease incentives received,
- c) any initial direct costs incurred by the Group, and
- d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis.

#### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) Fixed payments, less any lease incentives receivable,
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- c) amounts expected to be paid under residual value guarantees
- d) exercise price of a purchase option reasonably certain to be exercised by the Group
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

After the commencement date, Group measures the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability,
- b) reducing the carrying amount to reflect the lease payments made, and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.11 Right-of-use assets (continued)

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### 3.12 Finance income and finance cost

Finance income comprises foreign currency gains (excluding those on trade receivables and payables), and gains on derivative instruments used for economic hedge for the foreign currency risk of the borrowings or interest rate risk exposures originating from the borrowings that are recognised in profit or loss. Interest income obtained from related parties is recognised as it accrues, using the effective interest method.

Finance cost comprise interest expense on borrowings and due to related parties, foreign currency losses (excluding those on trade receivables and payables), and losses on derivative instruments used for economic hedge for the foreign currency or interest rate risk exposures originating from the borrowings that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis except of bank borrowings as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

#### 3.13 Other income and expenses from operating activities

Other income from operating activities comprises interest income on time deposits that is recognised as it accrues in profit or loss, using the effective interest method, recoveries from provision for doubtful receivables and inventories, rediscount gains on trade and other payables, foreign currency gains (excluding those on borrowings) and other operating income.

Other expense from operating activities comprises commission expenses for letter of credits, provision expense for doubtful receivables and inventories, donations, rediscount losses on trade and other receivables, foreign currency losses (excluding those on borrowings) and other operating expenses.

Foreign currency gains and losses are reported on a net basis except of bank borrowings as either other income or other expense depending on whether foreign currency movements are in a net gain or net loss position by each entity of the Group.

#### 3.14 Income and losses from investing activities

Income from investing activities comprises gain on sale subsidiaries and associates, dividend income from marketable securities, gain on sale of property, plant and equipment and intangible assets and other income from investing activities.

Losses from investing activities comprises losses on sale of property, plant and equipment and intangible assets and other losses from investing activities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.15 Income tax (including deferred tax assets and liabilities)

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, jointly arrangements and associates to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred taxes related to fair value measurement of financial assets at fair value through profit or loss are charged or credited to equity and subsequently recognised in profit or loss together with the deferred gains that are realised.

#### *Tax exposures*

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The provisions concerning to the "thin capitalization" are stated in the Article 12 of new corporate tax law. According to the Article 12, if the borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders exceeds three times of the shareholders' equity of the company operating in Türkiye at any time during the related year, the exceeding portion of the borrowing will be treated as thin capital.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.15 Income tax (including deferred tax assets and liabilities) (continued)

The financial borrowings were regarded as thin capitalization provided with:

- The borrowings obtained directly or indirectly from the shareholders of the companies or persons related to shareholders
- Used for/in the entity
- Borrowings exceeds three times of the shareholders' equity of the company at any time during the related year,

#### Transfer pricing

Transfer pricing is disclosed in the 13<sup>th</sup> clause of the Corporate Tax Law under the heading "veiled shifting of profit" via transfer pricing. The application details are stated in the "general communiqué regarding veiled shifting of profits via transfer pricing" published on November 18, 2007.

If the tax payer involves in transactions with related parties relating to trading of products or goods not performed within the framework of the principals regarding to pricing according to peers, then it will be considered that the related profits are shifted in a veiled way via transfer pricing. Such veiled shifting of profits via transfer pricing will not be deducted from tax assessment for the purposes of corporate tax.

#### 3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities through which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available including revenues and expenses.

In order for an operating segment to be identified as a reportable segment, the revenue of the entity inter-departmental sales or transfers, constitutes 10% or more of the total revenue of all business segments within and outside the organization. It must be 10% or more, or the assets must be 10% or more of the total assets of all operating segments.

The reporting of the operating segments is arranged to ensure uniformity with the reporting to the chief operating decision maker. The sectors merged under "Other" are combined to provide segment reporting based on the inability to meet the quantitative minimum limits for being a reportable segment.

#### 3.17 Contingent assets and liabilities

If the inflows of the economic benefits to the Group are probable, contingent assets are disclosed in the notes to the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the consolidated financial statements of the period in which the change occurs.

Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. Unless the possibility of any outflow in settlement is remote, contingent liabilities are disclosed in the notes to the financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.18 Subsequent events

Subsequent events represent the events after reporting date comprising any event between the reporting date and the date of authorisation for the financial statements' issue to the benefit or loss of the entity. Conditions of subsequent events are as follows:

- to have new evidences of subsequent events as of reporting date (adjusting events after reporting date); and
- to have evidences of related subsequent events occurred after reporting date (non adjusting events after reporting date).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise subsequent to the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements.

#### 3.19 Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities reflect cash flows mainly generated from main operations of the Group. The Group presents the cash flows from operating activities by using the indirect method such as adjusting the accruals for cash inflows and outflows from gross profit/loss, other non-cash transactions, prior and future transactions or deferrals.

Cash flows from investment activities reflect cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Group.

Cash flows relating to financing activities reflect sources of financial activities and payment schedules of the Group.

Cash and cash equivalents comprise cash on hand and demand deposits, investment funds, reverse repo receivables and other bank deposits which their maturities are three months or less from date of acquisition. Any restricted cash and cash equivalents that are not ready for the Group's use as at the reporting date, are excluded from the sum of the cash and cash equivalent in the consolidated statement of cash flows.

#### 3.20 Related parties

Parties are considered related to the Group if:

(a) Directly, or indirectly through one or more intermediaries, the party:

- (i) controls is controlled by, or is under common control with the Group (this includes parent, subsidiaries and fellow subsidiaries);
- (ii) has an interest in the Group that gives it significant influence over the Group; or
- (iii) has joint control over the Group;

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.20 Related parties (continued)

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is member of the key management personnel of the Group and its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e);

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

A number of transactions are entered into with related parties in the normal course of business.

#### 3.21 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

#### i) The new standards, amendments and interpretations which are effective as at 1 January 2022 are as follows:

##### Amendments to TFRS 3 - Reference to the Conceptual Framework

In July 2020, POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

The amendments did not have a significant impact on the financial position or performance of the Group.

##### Amendments to TAS 16 - Proceeds before intended use

In July 2020, POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

The amendments did not have a significant impact on the financial position or performance of the Group.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.21) The new standards, amendments and interpretations (continued)

##### Amendments to TAS 37 - Onerous contracts - Costs of Fulfilling a Contract

In July 2020, POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

The amendments did not have a significant impact on the financial position or performance of the Group.

##### Annual Improvements - 2018-2020 Cycle

In July 2020, POA issued Annual Improvements to TFRS Standards 2018-2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter:* The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments - Fees in the "10 per cent test" for derecognition of financial liabilities:* The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- *TAS 41 Agriculture - Taxation in fair value measurements:* The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

The amendments did not have a significant impact on the financial position or performance of the Group.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.21. The new standards, amendments and interpretations (continued)

##### ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

##### **Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will wait until the final amendment to assess the impacts of the changes.

##### **TFRS 17 - The new Standard for insurance contracts**

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

##### **Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities**

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### **Amendments to TAS 8 - Definition of Accounting Estimates**

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 3. Significant accounting policies (continued)

#### 3.21. The new standards, amendments and interpretations (continued)

##### ii) Standards issued but not yet effective and not early adopted (continued)

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

#### Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

#### Amendments to TAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

#### Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 4. Related party disclosures

For the purpose of the consolidated financial statements, the shareholders, key management personnel and the Board members, and in each case, together with their families and companies controlled by/affiliated with them; and joint ventures are considered and referred to as the related parties. A number of transactions are entered into with the related parties in the normal course of business.

As disclosed in detail in Note 3, the joint ventures of the Group have been accounted for using the equity method in the consolidated financial statements.

### Related party balances

The details of transactions between the Group and the related parties as of December 31, 2022 and 2021 are explained below:

|                           | December 31, 2022 |                |                |                |
|---------------------------|-------------------|----------------|----------------|----------------|
|                           | Shareholders      | Joint ventures | Other (*)      | Total          |
| Trade receivables         | -                 | -              | 130.435        | 130.435        |
| Other receivables         | 11.540            | -              | 16.406         | 27.946         |
| Cash and cash equivalents | -                 | -              | 8.790          | 8.790          |
| Other payables            | (42.514)          | -              | (42)           | (42.556)       |
| Trade payables            | (1.036)           | -              | (6.111)        | (7.147)        |
| Prepaid expenses          | -                 | -              | 410            | 410            |
| Financial payables        | -                 | -              | (16.773)       | (16.773)       |
| <b>Total</b>              | <b>(32.010)</b>   | <b>-</b>       | <b>133.115</b> | <b>101.105</b> |

|                           | December 31, 2021 |                |                |                |
|---------------------------|-------------------|----------------|----------------|----------------|
|                           | Shareholders      | Joint ventures | Other (*)      | Total          |
| Trade receivables         | -                 | -              | 131.348        | 131.348        |
| Other receivables         | 30.905            | -              | 4.514          | 35.419         |
| Cash and cash equivalents | -                 | -              | 10.367         | 10.367         |
| Other payables            | (3.158)           | -              | (363)          | (3.521)        |
| Trade payables            | (695)             | -              | (3.192)        | (3.887)        |
| Prepaid expenses          | -                 | -              | 20             | 20             |
| Deferred revenue          | -                 | -              | (3.198)        | (3.198)        |
| Financial payables        | -                 | -              | (15.597)       | (15.597)       |
| <b>Total</b>              | <b>27.052</b>     | <b>-</b>       | <b>123.899</b> | <b>150.951</b> |

(\*) Shows the transactions with other companies of the Group's ultimate parent.

As of December 31, 2022 and 2021, cash and cash equivalents include balances of the Group's subsidiaries with Aktifbank Yatırım Bankası A.Ş.

As of December 31, 2022 and 2021, financial payables include balances obtained from the Group's subsidiaries, Aktifbank Yatırım Bankası A.Ş. for financing activities.

Other receivables amounting to US Dollar 11.540 (31 December 2021: US Dollar 30.905) is composed of receivables from Çalık Holding given by the Group's subsidiaries for the financing activities.

As of December 31, 2022, other payables amounting to US Dollar 42.556 (31 December 2021: US Dollar 3.521) is composed of payables amounting to US Dollar 42.514 (31 December 2021: US Dollar 3.158) is related to funding amounts from related parties and Çalık Holding's recharges including management expenditures and common usage cost.

As of December 31, 2022 and 2021, the majority of the Group's trade receivables from related parties within the scope of the TAPP project, the employer of the project is TAPP 500 Power Transmission Line FZE.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 4. Related party disclosures (continued)

As of December 31, 2021, the Group's deferred revenue is related with the advance received from Mitsubishi Corporation for project.

As of December 31, 2022, intra-group interest rates are determined for the aforementioned intra-group balances considering the average interest rates of the borrowings used by Çalık Group entities. The average effective interest rates for receivable and payable balances denominated in TL, EUR and USD are 21,14%, 7,97% and 9,08% respectively (2021: 21,10%, 4,94% and 6,42% respectively).

There are no guarantees given or taken for the due to and due from related parties, respectively. No impairment losses have been recognised against balances outstanding as of December 31, 2022 (December 31, 2021: None) and no specific allowance has been made for impairment losses on balances with the related parties.

### Related party transactions

For the years ended December 31, 2022 and 2021, the revenues earned and expenses incurred by the Group in relation to transactions with its related parties as summarised below:

|                                                 | January 1 - December 31, 2022 |                |              |            |
|-------------------------------------------------|-------------------------------|----------------|--------------|------------|
|                                                 | Shareholders                  | Joint ventures | Other        | Total      |
| Revenue <sup>(*)</sup>                          | -                             | -              | 23.026       | 23.026     |
| Cost of sales                                   | (187)                         | -              | (5.693)      | (5.880)    |
| Administrative expenses <sup>(**)</sup>         | (6.471)                       | -              | (4.368)      | (10.839)   |
| Selling, marketing and distribution expenses    | -                             | -              | (2.894)      | (2.894)    |
| Research and development expenses               | -                             | -              | (620)        | (620)      |
| Finance income/(expense), net                   | -                             | -              | (3.543)      | (3.543)    |
| Income/(Expense) from investing activities, net | 24                            | -              | 941          | 965        |
| <b>Total</b>                                    | <b>(6.634)</b>                | <b>-</b>       | <b>6.849</b> | <b>215</b> |

|                                                 | January 1 - December 31, 2021 |                |               |               |
|-------------------------------------------------|-------------------------------|----------------|---------------|---------------|
|                                                 | Shareholders                  | Joint ventures | Other         | Total         |
| Revenue <sup>(*)</sup>                          | -                             | -              | 97.613        | 97.613        |
| Cost of sales                                   | (105)                         | -              | (6.378)       | (6.483)       |
| Administrative expenses <sup>(**)</sup>         | (5.250)                       | -              | (4.208)       | (9.458)       |
| Selling, marketing and distribution expenses    | -                             | -              | (4.331)       | (4.331)       |
| Research and development expenses               | -                             | -              | (1.574)       | (1.574)       |
| Finance income/(expense), net                   | -                             | -              | 5.160         | 5.160         |
| Income/(Expense) from investing activities, net | (658)                         | -              | 2.139         | 1.481         |
| <b>Total</b>                                    | <b>(6.013)</b>                | <b>-</b>       | <b>88.421</b> | <b>82.408</b> |

<sup>(\*)</sup> As of December 31, 2022, the whole amount includes electricity bills issued by Yepaş to Anagold, Çalık Denim and other related parties. For the year ended December 31, 2021, amounting to US Dollar 70.929 of revenue transactions composed of progress billings to TAPP 500 Power Transmission Line FZE within the scope of TAPP project. In addition to this, as of December 31, 2021, revenue transactions composed of progress billings to Mitsubishi Corporation, a related party and prime contractor for the projects, in accordance with ongoing engineering, procurement and construction contracts amounting to US Dollar 18.255.

<sup>(\*\*)</sup> For the year ended 31 December 2022 and 2021, administrative expenses mainly composed of service and insurance billings from Çalık Holding.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 4. Related party disclosures (continued)

#### Transactions with key management personnel

On a consolidated basis, key management costs included in administrative expenses for the year ended on December 31, 2022 amounted to US Dollar 5.103 (December 31, 2021: US Dollar 6.414). The related amount consists of salary and wages, bonus and premiums, attendance fee and such other payments to key management.

### 5. Cash and cash equivalents

As of December 31, 2022 and 2021, cash and cash equivalents comprised the following:

|                                                                              | December 31, 2022 | December 31, 2021 |
|------------------------------------------------------------------------------|-------------------|-------------------|
| Cash on hand                                                                 | 299               | 358               |
| Cash at banks                                                                | 37.355            | 85.919            |
| -Demand deposits                                                             | 20.096            | 70.792            |
| -Time deposits                                                               | 17.259            | 15.127            |
| Other cash and cash equivalents <sup>(*)</sup>                               | 16.255            | 8.904             |
| <b>Cash and cash equivalents</b>                                             | <b>53.909</b>     | <b>95.181</b>     |
| Restricted bank balances                                                     | (14.088)          | (10.306)          |
| <b>Cash and cash equivalents in the consolidated statement of cash flows</b> | <b>39.821</b>     | <b>84.875</b>     |

<sup>(\*)</sup> As of December 31, 2022, other cash and cash equivalents mainly consist of bonds due to 3 months in Çedaş amounting to US Dollar 16.153 (December 31, 2021: 8.887) and credit card receivables amounting to US Dollar 102 (December 31, 2021: US Dollar 17).

As of December 31, 2022, average effective interest rates on TL denominated time deposits are between 11% - 20% (December 31, 2021: 14,5%-20%) and maturity of time deposits is 90 days (December 31, 2021: 3-14).

As of December 31, 2022, there is no USD denominated time deposits (December 31, 2021: None).

### 6. Restricted bank balances

As of December 31, 2022 and 2021, restricted bank balances comprised the following:

|                                                  | December 31, 2022 | December 31, 2021 |
|--------------------------------------------------|-------------------|-------------------|
| Collateral <sup>(*)</sup>                        | 6.156             | 8.677             |
| EPC ve maintenance blocked amount <sup>(*)</sup> | 5.114             | 1.543             |
| Takas Bank blocked amount <sup>(*)</sup>         | 2.811             | 76                |
| Public case blocked amount <sup>(*)</sup>        | 7                 | 10                |
| <b>Restricted bank balances</b>                  | <b>14.088</b>     | <b>10.306</b>     |

<sup>(\*)</sup> The restricted cash and cash equivalents amounting to US Dollar 14.088 (December 31, 2021: US Dollar 10.306) is not available for the Group's daily transactions as at December 31, 2022. The US Dollar 5.114 portion of the amount held in banks in Türkiye with the contracts related to the engineering services, procurement operations and construction projects (December 31, 2021: None). There is no portion of the amount held in bank in Malawi (December 31, 2021: US Dollar 57). There is no portion of the amount held in bank in Swiss (December 31, 2021: US Dollar 1.486). The portion amounting to US Dollar 6.156 (December 31, 2021: US Dollar 8.677) takes place as a mandatory guarantee related to loans in domestic banks. In addition, The US Dollar 7 (December 31, 2021: US Dollar 10) portion blocked and held by court referring to the nationalization lawsuits. The US Dollar 2.811 (December 31, 2021: US Dollar 76) portion of the remaining part of the amount held for the cash guarantee given to the İstanbul Takas ve Saklama Bankası A.Ş. with the provision of the used electricity.

The Group's exposure to currency risks related to cash and cash equivalents are disclosed in Note 28.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 7. Financial investments

As of December 31, 2022 and 2021, financial investments comprised the following:

|                                                                | December 31, 2022 |               |               | December 31, 2021 |               |               |
|----------------------------------------------------------------|-------------------|---------------|---------------|-------------------|---------------|---------------|
|                                                                | Current           | Non-current   | Total         | Current           | Non-current   | Total         |
| Financial assets measured at fair value through profit or loss | 48.457            | 13.185        | 61.642        | 23.778            | 10.902        | 34.680        |
|                                                                | <b>48.457</b>     | <b>13.185</b> | <b>61.642</b> | <b>23.778</b>     | <b>10.902</b> | <b>34.680</b> |

As of December 31, 2022 and 2021, financial assets measured at fair value through profit or loss comprised the following:

|                                | December 31, 2022 | December 31, 2021 |
|--------------------------------|-------------------|-------------------|
| <b>Equity instruments</b>      |                   |                   |
| Equity securities - listed     | 48.457            | 23.778            |
| Equity securities - non-listed | 13.185            | 10.902            |
| <b>Total</b>                   | <b>61.642</b>     | <b>34.680</b>     |

As of December 31, 2022 and 2021, the details of the investments classified as financial assets at fair value through profit or loss and the shareholding rates are as follows:

|                                                                                | %  | December 31, 2022 | %     | December 31, 2021 |
|--------------------------------------------------------------------------------|----|-------------------|-------|-------------------|
| <b>Equity securities - available for sale:</b>                                 |    |                   |       |                   |
| Bursagaz Bursa Şehiriçi Doğal Gaz Dağıtım Ticaret ve Taahhüt A.Ş. ("Bursagaz") | 10 | 5.263             | 10.00 | 5.072             |
| Kayserigaz Kayseri Doğalgaz Dağıtım Pazarlama Ticaret A.Ş. ("Kayserigaz")      | 10 | 4.428             | 10.00 | 4.336             |
| Other <sup>(*)</sup>                                                           | -  | 3.494             | -     | 1.494             |
| <b>Total</b>                                                                   |    | <b>13.185</b>     |       | <b>10.902</b>     |

<sup>(\*)</sup> Çalık Swiss AG acquired 0,89% of Starfire Energy INC on September 8, 2022 for an amount 2.000 USD. As explained in Note 1, it includes subsidiaries and joint ventures that are not included in the consolidation as of December 31, 2022 and 2021.

The movements in financial investments during the years ended 31 December 2022 and 2021 are as follows:

|                                                | 2022          | 2021          |
|------------------------------------------------|---------------|---------------|
| <b>At 1 January</b>                            | <b>34.680</b> | <b>28.955</b> |
| Additions <sup>(*)</sup>                       | 6.539         | 40.128        |
| Fair value increases/decreases <sup>(**)</sup> | 29.579        | (12.103)      |
| Capital increase addition and acquisition      | -             | 16            |
| Translation difference                         | (9.156)       | (22.316)      |
| <b>At 31 December</b>                          | <b>61.642</b> | <b>34.680</b> |

<sup>(\*)</sup> The balance includes the purchase of Starfire Energy INC and YEDAŞ repo transactions for 2022 and share purchases of Doğu Aras's stocks for 2021.

<sup>(\*\*)</sup> The amount realized in 2022 and 2021 arise from the fair value decrease of the shares of Bursagaz and Kayserigaz which are measured at fair value through profit or loss in the consolidated financial statements and fair value change of Doğu Aras's stocks. Moreover, the balance includes the fair value change of currency protected time deposit for 2022.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 7. Financial investments (continued)

The table below presents the summary of the financial information of the main financial investments:

| December 31, 2022 |             |              |                                                              |                                   |                   |                   |
|-------------------|-------------|--------------|--------------------------------------------------------------|-----------------------------------|-------------------|-------------------|
| Name              | Total asset | Total equity | Retained earnings attributable to the owners' of the Company | Net income/ (loss) for the period | Reviewed/ audited | Period            |
| Bursagaz          | 180.794     | 87.595       | 9.103                                                        | 150                               | Unaudited         | December 31, 2022 |
| Kayserigaz        | 131.643     | 53.446       | 12.524                                                       | 120                               | Unaudited         | December 31, 2022 |
| December 31, 2021 |             |              |                                                              |                                   |                   |                   |
| Name              | Total asset | Total equity | Retained earnings attributable to the owners' of the Company | Net income/ (loss) for the period | Reviewed/ audited | Period            |
| Bursagaz          | 119.721     | 54.345       | 10.111                                                       | 6.488                             | Unaudited         | December 31, 21   |
| Kayserigaz        | 71.614      | 32.379       | 13.862                                                       | 4.838                             | Unaudited         | December 31, 21   |

### 8. Trade receivables, service concession receivables and trade payables

#### Trade receivables

##### Short-term trade receivables

As of December 31, 2022 and 2021, short-term trade receivables comprised the following:

|                                   | December 31, 2022 | December 31, 2021 |
|-----------------------------------|-------------------|-------------------|
| Due from related parties (Note 4) | 128.775           | 131.348           |
| Due from third parties            | 130.153           | 136.846           |
|                                   | <b>258.928</b>    | <b>268.194</b>    |

As at 31 December 2022 and 2021, short-term trade receivables comprised the following:

|                                    | December 31, 2022 | December 31, 2021 |
|------------------------------------|-------------------|-------------------|
| Accounts receivable <sup>(*)</sup> | 258.928           | 268.194           |
| Doubtful receivables               | 21.412            | 26.382            |
| Allowance for doubtful receivables | (21.412)          | (26.382)          |
| <b>Total</b>                       | <b>258.928</b>    | <b>268.194</b>    |

(\*) As at 31 December 2022 trade receivables of the Group mainly consists of engineering services, supply operations and uncollected portion of progress billings related to EPC agreement to US Dollar 197.827 (31 December 2021: US Dollar 193.442).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 8. Trade receivables, service concession receivables and trade payables (continued)

Movement of allowance for doubtful receivables for the years ended at 31 December is as follows:

|                                                                       | 2022          | 2021          |
|-----------------------------------------------------------------------|---------------|---------------|
| <b>Allowance at the beginning of year</b>                             | <b>26.382</b> | <b>29.356</b> |
| Provision for impairment (Note 26)                                    | 3.596         | 9.720         |
| Reversal of impairment allowances<br>no longer required (-) (Note 26) | (5.628)       | (4.457)       |
| Translation differences                                               | (2.938)       | (8.237)       |
| <b>Total</b>                                                          | <b>21.412</b> | <b>26.382</b> |

### Long-term trade receivables

As of December 31, 2022 and 2021, long-term trade receivables comprised the following:

|                        | December 31, 2022 | December 31, 2021 |
|------------------------|-------------------|-------------------|
| Due from third parties | 29.998            | 12.094            |
| <b>Total</b>           | <b>29.998</b>     | <b>12.094</b>     |

### Service concession receivables

As of December 31, 2022 and 2021, service concession receivables comprised the following:

|                                           | December 31, 2022 | December 31, 2021 |
|-------------------------------------------|-------------------|-------------------|
| Short term service concession receivables | 61.989            | 43.447            |
| Long term service concession receivables  | 190.745           | 130.034           |
| <b>Total</b>                              | <b>252.734</b>    | <b>173.481</b>    |

Maturity of the service concession receivables were as follows:

|                         | Receivables subject to redemption |                   |
|-------------------------|-----------------------------------|-------------------|
| Redemption              | December 31, 2022                 | December 31, 2021 |
| Due within one year     | 61.989                            | 43.447            |
| Due one to three years  | 92.144                            | 69.347            |
| Due three to five years | 21.258                            | 49.131            |
| Due over five years     | 77.343                            | 11.556            |
| <b>Total</b>            | <b>252.734</b>                    | <b>173.481</b>    |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 8. Trade receivables, service concession receivables and trade payables (continued)

Movement of service concession receivables for the year ended of December 31, 2022 and 2021 are as follows:

|                                                 | 2022           | 2021           |
|-------------------------------------------------|----------------|----------------|
| <b>At 1 January</b>                             | <b>173.481</b> | <b>254.459</b> |
| Additions                                       | 63.313         | 64.773         |
| Redemptions related to current year investments | (69.969)       | (66.713)       |
| Principal collections                           | (43.509)       | (41.978)       |
| Financial income collections                    | (26.460)       | (24.735)       |
| Financial income                                | 152.339        | 52.037         |
| Translation difference                          | (66.430)       | (131.075)      |
| <b>At 31 December</b>                           | <b>252.734</b> | <b>173.481</b> |

### Short-term trade payables

As of December 31, 2022 and 2021, short-term trade payables comprised the following:

|                                 | December 31, 2022 | December 31, 2021 |
|---------------------------------|-------------------|-------------------|
| Due to third parties            | 204.032           | 84.862            |
| Due to related parties (Note 4) | 7.147             | 3.887             |
|                                 | <b>211.179</b>    | <b>88.749</b>     |

As of December 31, 2022 and 2021, third parties short-term trade payables comprised the following:

|                               | December 31, 2022 | December 31, 2021 |
|-------------------------------|-------------------|-------------------|
| Trade payables <sup>(*)</sup> | 173.532           | 81.818            |
| Expense accruals              | 30.500            | 3.044             |
|                               | <b>204.032</b>    | <b>84.862</b>     |

(\*) Trade payables mainly comprise payables to suppliers the EPC contracts, average maturity of debt is between 30 and 45 days. The payment schedule comprises some performance indicators when they met and preliminary contract advance and finally temporary acceptance and/or at the end of the work. In addition, this amount consists of debt the electricity purchases from Elektrik Üretim A.Ş. (EÜAŞ) amounting to USD 15.713 (December 31, 2021: USD 11.601), the companies Türkiye Elektrik İletim A.Ş. (TEİAŞ) arising from the usage of the electricity transfer lines amounting to USD 13.791 (December 31, 2021: USD 5.213).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 9. Other receivables and other payables

As of December 31, 2022 and 2021, other short-term receivables comprised the following:

|                                   | December 31, 2022 | December 31, 2021 |
|-----------------------------------|-------------------|-------------------|
| Due from related parties (Note 4) | 17.267            | 10.450            |
| Due from third parties            | 13.529            | 8.125             |
|                                   | <b>30.796</b>     | <b>18.575</b>     |

As of December 31, 2022 and 2021, short-term other receivables from third parties comprised the following:

|                                  | December 31, 2022 | December 31, 2021 |
|----------------------------------|-------------------|-------------------|
| Other receivables <sup>(*)</sup> | 12.760            | 7.924             |
| Deposits and guarantees given    | 292               | 155               |
| Receivables from tax authorities | 476               | 42                |
| Receivables from personnel       | 1                 | 4                 |
|                                  | <b>13.529</b>     | <b>8.125</b>      |

<sup>(\*)</sup> This amount consists of receivables from TEDAŞ regarding payments such as expropriation fees made on behalf of TEDAŞ and receivables from projects.

### Other long term receivables

As of December 31, 2022 and 2021, other long term receivables comprised the following:

|                                   | December 31, 2022 | December 31, 2021 |
|-----------------------------------|-------------------|-------------------|
| Due from related parties (Note 4) | 10.679            | 24.969            |
| Due from third parties            | 33.715            | 3.402             |
|                                   | <b>44.394</b>     | <b>28.371</b>     |

As of December 31, 2022 and 2021, due from third parties comprised the following:

|                               | December 31, 2022 | December 31, 2021 |
|-------------------------------|-------------------|-------------------|
| Receivables from TEİAŞ        | 31.811            | 1.197             |
| Deposits and guarantees given | 1.904             | 2.205             |
| <b>Total</b>                  | <b>33.715</b>     | <b>3.402</b>      |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 9. Other receivables and other payables (continued)

#### Other short term payables

As of December 31, 2022 and 2021, other short-term payables comprised the following:

|                                 | December 31, 2022 | December 31, 2021 |
|---------------------------------|-------------------|-------------------|
| Due to related parties (Note 4) | 42.556            | 3.521             |
| Due to third parties            | 47.389            | 40.477            |
| <b>Total</b>                    | <b>89.945</b>     | <b>43.998</b>     |

As of December 31, 2022 and 2021, other short-term payables to third parties comprised the following:

|                                                 | December 31, 2022 | December 31, 2021 |
|-------------------------------------------------|-------------------|-------------------|
| Deposits and guarantees received <sup>(*)</sup> | 45.055            | 31.936            |
| Others                                          | 2.334             | 8.541             |
| <b>Total</b>                                    | <b>47.389</b>     | <b>40.477</b>     |

<sup>(\*)</sup> As of December 31, 2022 and 2021, the deposits and guarantees received mainly consist of security deposits received by the electricity distribution and retail sale companies of the Group from their customers.

#### Other long term payables

As of December 31, 2022 and 2021, other long-term payables comprised the following:

|                                  | December 31, 2022 | December 31, 2021 |
|----------------------------------|-------------------|-------------------|
| Deposits and guarantees received | 4.703             | 5.650             |
| <b>Total</b>                     | <b>4.703</b>      | <b>5.650</b>      |

The Group's exposure to credit and currency risks related to other receivables and liquidity and currency risks of other payables are disclosed in Note 28.

### 10. Inventories

As of December 31, 2022 and 2021, inventories comprised the following:

|                            | December 31, 2022 | December 31, 2021 |
|----------------------------|-------------------|-------------------|
| Trading goods              | 8.583             | 20.663            |
| Raw materials and supplies | 15.812            | 2.570             |
| <b>Total</b>               | <b>24.395</b>     | <b>23.233</b>     |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 11. Prepaid expenses and deferred income

#### Short term prepaid expenses

As of December 31, 2022 and 2021, current prepayments comprised the following:

|                                           | December 31, 2022 | December 31, 2021 |
|-------------------------------------------|-------------------|-------------------|
| Advances given <sup>(*)</sup>             | 96.548            | 35.635            |
| Prepaid expenses for the following months | 2.432             | 3.280             |
| <b>Total</b>                              | <b>98.980</b>     | <b>38.915</b>     |

<sup>(\*)</sup> As of December 31, 2022, advances given consists advance balances amounting to US Dollar 123 (December 31, 2021: US Dollar 390) given to EPIAŞ for electricity purchases and advance balances amounting to US Dollar 96.127 (December 31, 2021: US Dollar 34.293) given to suppliers and service providers for EPC projects.

#### Long term prepayments

As of December 31, 2022 and 2021, non-current prepayments comprised the following:

|                                          | December 31, 2022 | December 31, 2021 |
|------------------------------------------|-------------------|-------------------|
| Prepaid expenses for the following years | 949               | 1.537             |
| <b>Total</b>                             | <b>949</b>        | <b>1.537</b>      |

#### Short term deferred revenue

As of December 31, 2022 and 2021, short term deferred revenue comprised the following:

|                   | December 31, 2022 | December 31, 2021 |
|-------------------|-------------------|-------------------|
| Advances received | 26.098            | 13.447            |
| <b>Total</b>      | <b>26.098</b>     | <b>13.447</b>     |

### 12. Investments in equity accounted investees

#### a) Joint agreements

##### i) Joint ventures

##### KÇLE

KÇLE was established as a joint venture with a joint agreement between ÇEDAŞ, Çalık Enerji and Limak Yatırım on September 17, 2012 with the participation of these three companies by 25%, 25% and 50%, respectively, in the share capital of KÇLE. On May 8, 2013, KÇLE purchased all shares of the state-owned enterprise namely Kompania Per Distribuim Dhe Fumizim Me Energji Elektrike SH.A ("KEDS") which is operating in electricity distribution and procurement in Kosovo for a consideration of US Dollar 29.038 (equivalent of EUR 26.300) within the scope of a tender in the privatisation process initiated by the Government of Republic of Kosovo.

As per Share Transfer Agreement dated April 27, 2015, Çalık Enerji acquired 1.250 number of shares of KÇLE with a nominal value of EUR 12 held by ÇEDAŞ for a total consideration of EUR 17.475 and increased its ownership percent from 25,00% to 50,00%.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 12. Investments in equity accounted investees (continued)

#### Doğu Aras

Doğu Aras was founded in accordance to energy market regulations as a joint venture with a joint agreement between ÇED and Kiler Alışveriş on May 5, 2013 with the participation of these two companies by 50% and 50%, respectively, for the purpose of establishing and participating to the companies that are engaged in distribution, retail and wholesale of electricity energy and/or capacity, assigning management of these established and participated companies, providing consultancy services on technical, financial, information processing and human resources management issues and making industrial and commercial investments through this companies.

On June 28, 2013, Doğu Aras purchased all shares of EDAŞ and EPAŞ which were state owned companies operating in electricity distribution and sales in cities Kars, Ardahan, Iğdır, Erzincan, Ağrı, Bayburt and Erzurum by paying an amount of US Dollar 128.500 as a result of a tender in the privatisation process.

On November 4, 5, 2021, the public offering of Doğu Aras shares was carried out using the "Fixed Price Bookkeeping" method. In the public offering, the unit price is TL 110, and the shares with a nominal value of TL 13.400.000 offered to the public were sold. Accordingly, the size of the public offering was realized as TL 1.474.000.000.

#### LC Electricity

LC Electricity was established on July 3, 2014 in Serbia as a joint venture with a joint agreement between Türkmen Elektrik and Limak Yatırım with the participation of these two companies equally by 50%. The purpose of LC Electricity is trading electricity and sales/purchases of goods and services as part of this operation.

Investments in equity-accounted joint ventures and the Group's share of control are as follows:

| Joint ventures-equity accounted | Carrying value | December 31, 2022 | Carrying value | December 31, 2021 |
|---------------------------------|----------------|-------------------|----------------|-------------------|
|                                 |                | % of ownership    |                | % of ownership    |
| <b>Assets</b>                   |                |                   |                |                   |
| KÇLE                            | 91.886         | 50,00             | 86.827         | 50,00             |
| Çalık Limak Adi Ortaklığı       | 282            | 50,00             | 503            | 50,00             |
| Doğu Aras                       | 93.454         | 40,00             | 78.746         | 40,00             |
| LC Electricity                  | 10             | 50,00             | 10             | 50,00             |
| <b>Total</b>                    | <b>185.632</b> |                   | <b>166.086</b> |                   |

For the years ended December 31, 2022 and 2021, the movements in investments in equity accounted investees, net were as follows:

|                                                                     | 2022           | 2021           |
|---------------------------------------------------------------------|----------------|----------------|
| Balance at 1 January                                                | 166.086        | 205.520        |
| Share of profit of equity accounted investees                       | 26.335         | (1.139)        |
| Translation differences                                             | (3.115)        | (4.434)        |
| Stocks sold                                                         | -              | (19.217)       |
| Dividend income from affiliates and jointly controlled partnerships | (3.674)        | (14.644)       |
| <b>Balance at 31 December</b>                                       | <b>185.632</b> | <b>166.086</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 12. Investments in equity accounted investees (continued)

Summary financial information for equity accounted joint ventures was presented below:

| December 31, 2022                                 |                  |                     |                |                    |              |                     |                         |                   |            |         |                |               |                             |                 |                                |
|---------------------------------------------------|------------------|---------------------|----------------|--------------------|--------------|---------------------|-------------------------|-------------------|------------|---------|----------------|---------------|-----------------------------|-----------------|--------------------------------|
| Company name                                      | Reporting period | Ownership rates (%) | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Net assets | Revenue | Total expenses | Profit/(loss) | Group's share of net assets | Carrying amount | Group's share of profit/(loss) |
| KÇLE (Joint venture) <sup>(1)</sup>               | December 31      | 50,00%              | 129.055        | 165.386            | 294.441      | 149.637             | 13.538                  | 163.175           | 131.266    | 394.710 | 384.753        | 9.957         | 65.633                      | 91.886          | 4.979                          |
| Doğu Aras (Joint venture) <sup>(1)</sup>          | December 31      | 40,00%              | 188.131        | 153.867            | 341.998      | 150.469             | 78.888                  | 229.357           | 112.641    | 946.005 | 893.406        | 52.599        | 45.056                      | 93.454          | 21.040                         |
| Çalık Limak Adı Ortaklığı A.Ş.<br>(Joint venture) | December 31      | 50,00%              | 1.554          | 10                 | 1.564        | 1.563               | -                       | 1.563             | 1          | 2.714   | 2.086          | 628           | 1                           | 282             | 316                            |
| LC Electricity (Joint venture)                    | December 31      | 50,00%              | -              | -                  | -            | -                   | -                       | -                 | -          | -       | -              | -             | -                           | 10              | -                              |
| <b>Total</b>                                      |                  |                     |                |                    |              |                     |                         |                   |            |         |                |               |                             | <b>185.632</b>  | <b>26.335</b>                  |

| December 31, 2021                                 |                  |                     |                |                    |              |                     |                         |                   |            |         |                |               |                             |                 |                                |
|---------------------------------------------------|------------------|---------------------|----------------|--------------------|--------------|---------------------|-------------------------|-------------------|------------|---------|----------------|---------------|-----------------------------|-----------------|--------------------------------|
| Company name                                      | Reporting period | Ownership rates (%) | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Net assets | Revenue | Total expenses | Profit/(loss) | Group's share of net assets | Carrying amount | Group's share of profit/(loss) |
| KÇLE (Joint venture) <sup>(1)</sup>               | December 31      | 50,00%              | 117.405        | 171.506            | 288.911      | 147.345             | 12.948                  | 160.293           | 128.618    | 353.428 | 407.628        | (54.200)      | 64.309                      | 86.827          | (27.100)                       |
| Doğu Aras (Joint venture) <sup>(1)</sup>          | December 31      | 40,00%              | 120.737        | 98.775             | 219.512      | 99.788              | 14.794                  | 114.582           | 104.930    | 625.326 | 574.843        | 50.483        | 41.972                      | 78.746          | 25.204                         |
| Çalık Limak Adı Ortaklığı A.Ş.<br>(Joint venture) | December 31      | 50,00%              | 4.185          | 10                 | 4.195        | 4.193               | -                       | 4.193             | 2          | 8.188   | 6.675          | 1.513         | 1                           | 503             | 757                            |
| LC Electricity (Joint venture)                    | December 31      | 50,00%              | -              | -                  | -            | -                   | -                       | -                 | -          | -       | -              | -             | -                           | 10              | -                              |
| <b>Total</b>                                      |                  |                     |                |                    |              |                     |                         |                   |            |         |                |               |                             | <b>166.086</b>  | <b>(1.139)</b>                 |

<sup>(1)</sup> Consolidated financial information is presented.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 13. Property, plant and equipment

During the years ended December 31, 2022 and 2021, movements of property, plant and equipment and cost were as follows:

|                                     | Land and<br>buildings | Machines and<br>equipments | Vehicles      | Furniture and<br>fixtures | Leasehold<br>improvements | Construction in<br>progress <sup>(*)</sup> | Total          |
|-------------------------------------|-----------------------|----------------------------|---------------|---------------------------|---------------------------|--------------------------------------------|----------------|
| <b>Cost</b>                         |                       |                            |               |                           |                           |                                            |                |
| <b>Balance at January 1, 2021</b>   | <b>30.570</b>         | <b>72.269</b>              | <b>15.053</b> | <b>25.361</b>             | <b>10.578</b>             | <b>20.542</b>                              | <b>174.373</b> |
| Additions <sup>(*)</sup>            | 2.474                 | 262                        | 3.300         | 5.014                     | 220                       | 22.498                                     | 33.768         |
| Foreign currency differences        | (2.222)               | (32.535)                   | (3.080)       | (944)                     | (2.778)                   | (58)                                       | (41.617)       |
| Disposal                            | (646)                 | -                          | (922)         | (3.426)                   | -                         | -                                          | (4.994)        |
| Transfers                           | -                     | 374                        | -             | -                         | -                         | (374)                                      | -              |
| <b>Balance at December 31, 2021</b> | <b>30.176</b>         | <b>40.370</b>              | <b>14.351</b> | <b>26.005</b>             | <b>8.020</b>              | <b>42.608</b>                              | <b>161.530</b> |
| <b>Balance at January 1, 2022</b>   | <b>30.176</b>         | <b>40.370</b>              | <b>14.351</b> | <b>26.005</b>             | <b>8.020</b>              | <b>42.608</b>                              | <b>161.530</b> |
| Additions <sup>(*)</sup>            | 1.369                 | 210                        | 200           | 5.022                     | 46                        | 117.954                                    | 124.801        |
| Foreign currency differences        | (695)                 | (11.486)                   | (1.382)       | (554)                     | (854)                     | 2.777                                      | (12.194)       |
| Disposal                            | (1.798)               | -                          | (2.383)       | (3.706)                   | (3.807)                   | (3.461)                                    | (15.155)       |
| Transfers                           | -                     | -                          | -             | 663                       | -                         | (954)                                      | (291)          |
| <b>Balance at December 31, 2022</b> | <b>29.052</b>         | <b>29.094</b>              | <b>10.786</b> | <b>27.430</b>             | <b>3.405</b>              | <b>158.924</b>                             | <b>258.691</b> |

<sup>(\*)</sup> Construction in progress are mainly related to investments Trilliant Tashkent Project in Uzbekistan.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 13. Property, plant and equipment (continued)

During the years ended December 31, 2022 and 2021, movements of property, plant and equipment and related accumulated depreciation were as follows:

|                                                 | Land and<br>Buildings | Machines and<br>equipments | Vehicles       | Furniture and<br>fixtures | Leasehold<br>improvements | Construction in<br>progress | Total           |
|-------------------------------------------------|-----------------------|----------------------------|----------------|---------------------------|---------------------------|-----------------------------|-----------------|
| <b>Accumulated depreciation</b>                 |                       |                            |                |                           |                           |                             |                 |
| <b>Balance at January 1, 2021</b>               | <b>(10.271)</b>       | <b>(23.645)</b>            | <b>(7.539)</b> | <b>(16.049)</b>           | <b>(3.923)</b>            | -                           | <b>(61.427)</b> |
| Current year depreciation                       | (1.727)               | (3.458)                    | (2.562)        | (2.566)                   | (344)                     | -                           | (10.657)        |
| Foreign currency differences                    | 719                   | 9.801                      | 1.259          | 491                       | (222)                     | -                           | 12.048          |
| Disposal                                        | 186                   | -                          | 558            | 2.258                     | -                         | -                           | 3.002           |
| <b>Balance at December 31, 2021</b>             | <b>(11.093)</b>       | <b>(17.302)</b>            | <b>(8.284)</b> | <b>(15.866)</b>           | <b>(4.489)</b>            | -                           | <b>(57.034)</b> |
| <b>Balance at January 1, 2022</b>               | <b>(11.093)</b>       | <b>(17.302)</b>            | <b>(8.284)</b> | <b>(15.866)</b>           | <b>(4.489)</b>            | -                           | <b>(57.034)</b> |
| Current year depreciation                       | (1.996)               | (2.760)                    | (2.126)        | (3.422)                   | (91)                      | -                           | (10.395)        |
| Foreign currency differences                    | 7                     | 4.250                      | 720            | 416                       | 568                       | -                           | 5.961           |
| Disposal                                        | 484                   | -                          | 1.715          | 2.591                     | 943                       | -                           | 5.733           |
| <b>Balance at December 31, 2022</b>             | <b>(12.598)</b>       | <b>(15.812)</b>            | <b>(7.975)</b> | <b>(16.281)</b>           | <b>(3.069)</b>            | -                           | <b>(55.735)</b> |
| <b>Net carrying amount at January 1, 2021</b>   | <b>20.299</b>         | <b>48.624</b>              | <b>7.514</b>   | <b>9.312</b>              | <b>6.655</b>              | <b>20.542</b>               | <b>112.946</b>  |
| <b>Net carrying amount at December 31, 2021</b> | <b>19.083</b>         | <b>23.068</b>              | <b>6.067</b>   | <b>10.139</b>             | <b>3.531</b>              | <b>42.608</b>               | <b>104.496</b>  |
| <b>Net carrying amount at December 31, 2022</b> | <b>16.454</b>         | <b>13.282</b>              | <b>2.811</b>   | <b>11.149</b>             | <b>336</b>                | <b>158.924</b>              | <b>202.956</b>  |

As at December 31, 2022, the Group has no capitalised interest expense on property, plant and equipment (December 31, 2021: None).

As at December 31, 2022 the Group has no guarantee, pledge and mortgage on property, plant and equipment (December 31, 2021: None)

As at December 31, 2022, the Group has no property, plant and equipment acquired through finance lease contracts (December 31, 2021: None).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 14. Intangible assets

During the years ended December 31, 2022 and 2021, movements of intangible assets and related accumulated amortisation were as follows:

|                                                 | Licences & software | Electric distribution rights | Other intangibles | Total           |
|-------------------------------------------------|---------------------|------------------------------|-------------------|-----------------|
| <b>Cost</b>                                     |                     |                              |                   |                 |
| <b>Balance at January 1, 2021</b>               | <b>21.552</b>       | <b>67.989</b>                | <b>2.906</b>      | <b>92.447</b>   |
| Additions                                       | 222                 | -                            | 273               | 495             |
| Disposals                                       | -                   | -                            | -                 | -               |
| Translation difference                          | (1.067)             | (30.546)                     | (1.021)           | (32.634)        |
| <b>Balance at December 31, 2021</b>             | <b>20.707</b>       | <b>37.443</b>                | <b>2.158</b>      | <b>60.308</b>   |
| <b>Balance at January 1, 2022</b>               | <b>20.707</b>       | <b>37.443</b>                | <b>2.158</b>      | <b>60.308</b>   |
| Additions                                       | 3                   | -                            | 22                | 25              |
| Transfers                                       | 291                 | -                            | -                 | 291             |
| Translation difference                          | (795)               | (10.752)                     | 9                 | (11.538)        |
| <b>Balance at December 31, 2022</b>             | <b>20.206</b>       | <b>26.691</b>                | <b>2.189</b>      | <b>49.086</b>   |
| <b>Accumulated amortization</b>                 |                     |                              |                   |                 |
| <b>Balance at January 1, 2021</b>               | <b>(21.262)</b>     | <b>(26.164)</b>              | <b>(2.198)</b>    | <b>(49.624)</b> |
| Current year amortization                       | (226)               | (2.164)                      | (116)             | (2.506)         |
| Disposals                                       | -                   | -                            | -                 | -               |
| Translation difference                          | 1.486               | 12.487                       | 177               | 14.150          |
| <b>Balance at December 31, 2021</b>             | <b>(20.002)</b>     | <b>(15.841)</b>              | <b>(2.137)</b>    | <b>(37.980)</b> |
| <b>Balance at January 1, 2022</b>               | <b>(20.002)</b>     | <b>(15.841)</b>              | <b>(2.137)</b>    | <b>(37.980)</b> |
| Current year amortization                       | (84)                | (1.159)                      | (65)              | (1.308)         |
| Disposals                                       | -                   | -                            | 27                | 27              |
| Translation difference                          | 487                 | 4.676                        | 324               | 5.487           |
| <b>Balance at December 31, 2022</b>             | <b>(19.599)</b>     | <b>(12.324)</b>              | <b>(1.851)</b>    | <b>(33.774)</b> |
| <b>Net carrying amount at January 1, 2021</b>   | <b>290</b>          | <b>41.825</b>                | <b>708</b>        | <b>42.823</b>   |
| <b>Net carrying amount at December 31, 2021</b> | <b>705</b>          | <b>21.602</b>                | <b>21</b>         | <b>22.328</b>   |
| <b>Net carrying amount at December 31, 2022</b> | <b>607</b>          | <b>14.367</b>                | <b>338</b>        | <b>15.312</b>   |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 15. Other current assets and liabilities

#### Other current assets

As of December 31, 2022 and 2021, other current assets comprised the following:

|                      | December 31, 2022 | December 31, 2021 |
|----------------------|-------------------|-------------------|
| Other current assets | 63.683            | 11.504            |
| Deferred VAT         | 21.903            | 14.006            |
|                      | <b>85.586</b>     | <b>25.510</b>     |

#### Other current liabilities

As of December 31, 2022 and 2021, other current liabilities comprised the following:

|                         | December 31, 2022 | December 31, 2021 |
|-------------------------|-------------------|-------------------|
| Taxes and funds payable | 23.930            | 12.859            |
| Other liabilities       | 23.932            | 921               |
|                         | <b>47.862</b>     | <b>13.780</b>     |

### 16. Due from/due to customers for contract works

Due from customers for contract work and due to customers for contract work were included in the accompanying consolidated statement of financial position under the following captions:

|                                       | December 31, 2022 | December 31, 2021 |
|---------------------------------------|-------------------|-------------------|
| Due from customers for contract works | 142.429           | 77.676            |
| Due to customers for contract works   | (22.338)          | (41.971)          |
| <b>Total</b>                          | <b>120.091</b>    | <b>35.705</b>     |

As of December 31, 2022 and 2021, the details of uncompleted contracts were as follows:

|                                                            | 2022             | 2021           |
|------------------------------------------------------------|------------------|----------------|
| Total costs incurred on uncompleted contracts              | 823.875          | 415.159        |
| Estimated earnings                                         | 207.377          | 203.588        |
| <b>Total estimated revenue on uncompleted contracts</b>    | <b>1.031.252</b> | <b>618.747</b> |
| Less: Billings to date                                     | (911.161)        | (583.042)      |
| <b>Net amounts due to/from customers for contract work</b> | <b>120.091</b>   | <b>35.705</b>  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 16. Due from/due to customers for contract works (continued)

As of December 31, 2022 and 2021, the details of uncompleted contracts were as follows:

|                                           | December 31, 2022 | December 31, 2021 |
|-------------------------------------------|-------------------|-------------------|
| Other contract liabilities <sup>(*)</sup> | 181.006           | 147.282           |
| <b>Total</b>                              | <b>181.006</b>    | <b>147.282</b>    |

<sup>(\*)</sup> Advances received are composed of the contract advances received from Taurus Arm For Power Generation within the scope of the BZC and BZS2 project undertaken by the Group in Iraq, West African Energy SA within the scope of the SNC project undertaken by the Group in Senegal, Rompetrol Energy SA within the scope of the RPE project undertaken by the Group in Romania, Türkmenbashi Oil Refinery within the scope of the TRS and HLT projects undertaken by the Group in Turkmenistan and Lukoil Mid-East Limited within the scope of the WQS2 project undertaken by the Group in Iraq.

### 17. Loans and borrowings

As of December 2022 and 2021, loans and borrowings comprised the following:

|                                              | December 31, 2022 | December 31, 2021 |
|----------------------------------------------|-------------------|-------------------|
| <b>Short term loans and borrowings</b>       |                   |                   |
| Short term bank loans                        | 31.783            | 16.336            |
| - USD denominated bank loans                 | -                 | -                 |
| - Foreign currency denominated bank loans    | 31.783            | 16.336            |
| Short term portion of long-term bank loans   | 50.199            | 20.809            |
| - USD denominated bank loans                 | 30.137            | 1.624             |
| - Foreign currency denominated bank loans    | 20.062            | 19.185            |
| Short term portion of long-term bonds issued | 8.265             | 12.387            |
| Short term lease payables                    | 1.321             | 1.378             |
| Other financial liabilities                  | 5.347             | -                 |
| <b>Total short-term loans and borrowings</b> | <b>96.915</b>     | <b>50.910</b>     |
| Long term bank loans                         | 67.113            | 53.935            |
| - USD denominated bank loans                 | -                 | 28.513            |
| - Foreign currency denominated bank loans    | 67.113            | 25.422            |
| Long term bonds issued                       | -                 | 9.934             |
| Long term lease payables                     | 3.606             | 2.408             |
| <b>Total long-term loans and borrowings</b>  | <b>70.719</b>     | <b>66.277</b>     |
| <b>Total</b>                                 | <b>167.634</b>    | <b>117.187</b>    |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 17. Loans and borrowings (continued)

As of December 31, 2022 and 2021, the terms and conditions of outstanding loans and borrowings were as follows:

| December 31, 2022           |          |                           |           |                |                 |
|-----------------------------|----------|---------------------------|-----------|----------------|-----------------|
|                             | Currency | Nominal interest rate (%) | Maturity  | Nominal amount | Carrying amount |
| Unsecured bank loans        | TL       | 13,32-33,35               | 2023-2024 | 5.167          | 5.202           |
| Unsecured bank loans        | TL       | Revolving                 | 2023      | 4.240          | 4.307           |
| Unsecured bank loans        | USD      | 5,69                      | 2023      | 30.000         | 30.137          |
| Unsecured bank loans        | EUR      | 4,28-7,98                 | 2023-2031 | 18.385         | 18.489          |
| Secured bank loans          | EUR      | 0,53-1,24                 | 2023      | 3.740          | 3.791           |
| Secured bank loans          | TL       | Revolving                 | 2023      | 4.131          | 4.197           |
| Secured bank loans          | TL       | 15%-20,88%                | 2023-2029 | 81.975         | 82.971          |
| Other financial liabilities | TL       | -                         | 2023      | 5.347          | 5.347           |
| Bond Issued                 | TL       | 17,07                     | 2023      | 8.022          | 8.266           |
|                             |          |                           |           | <b>161.007</b> | <b>162.707</b>  |
| December 31, 2021           |          |                           |           |                |                 |
|                             | Currency | Nominal interest rate (%) | Maturity  | Nominal amount | Carrying amount |
| Unsecured bank loans        | TL       | 17,09-20,94               | 2022-2023 | 1.157          | 1.061           |
| Unsecured bank loans        | USD      | 5,69                      | 2023      | 32.507         | 30.136          |
| Unsecured bank loans        | EUR      | 3,53-4,90                 | 2026      | 8.872          | 8.831           |
| Unsecured bank loans        | TL       | Revolving                 | 2022      | 16.489         | 15.909          |
| Secured bank loans          | EUR      | 0,49-1,24                 | 2022-2025 | 5.318          | 4.055           |
| Secured bank loans          | TL       | 17%-19%                   | 2022-2028 | 27.707         | 31.088          |
| Other financial liabilities | TL       | 18,69-23,01               | 2022      | 10.052         | 10.052          |
| Bond Issued                 | TL       | 20,63                     | 2023      | 15.665         | 12.269          |
|                             |          |                           |           | <b>117.767</b> | <b>113.401</b>  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 17. Loans and borrowings (continued)

There are pledges over Çalık Enerji's shares of YEDAŞ, YEPAS and ÇEDAŞ with number of shares by 85 (TL 0,00085), 115 (TL 0,00115), 377.622.000 (TL 377.622 thousands), respectively and ÇEDAŞ's shares of YEPAS and YEDAŞ, with number of shares by 6.358.770.388 (TL 63.587 thousands) and 35.700.685.312 (TL 357.006 thousands), as a guarantee for the bank borrowings used or will be used by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAS from Ziraat Bankası A.Ş.

As of December 31, 2022 and 2021, maturity profile of the bank borrowings is as follows

|                     | December 31, 2022 | December 31, 2021 |
|---------------------|-------------------|-------------------|
| Due within one year | 81.982            | 37.145            |
| One to two years    | 14.388            | 45.625            |
| Two to three years  | 10.269            | 2.039             |
| Three to four years | 11.734            | 2.039             |
| Over four years     | 30.722            | 4.232             |
| <b>Total</b>        | <b>149.095</b>    | <b>91.080</b>     |

As of December 31, 2022 and 2021, maturity profile of the issued bond is as follows

|                     | December 31, 2022 | December 31, 2021 |
|---------------------|-------------------|-------------------|
| Due within one year | 13.612            | 12.387            |
| One to two years    | -                 | 9.934             |
| <b>Total</b>        | <b>13.612</b>     | <b>22.321</b>     |

The Group's exposure to liquidity and currency risks related to borrowings are disclosed in Note 28.

### Cash flows from financing activities and reconciliation of their movements

The movement of the Group's financial liabilities arising from financing activities for the year ended December 31, 2022 and 2021 are as follows:

|                                                 | 2022           | 2021           |
|-------------------------------------------------|----------------|----------------|
| <b>Loans and issued bonds as of January 1</b>   | <b>117.187</b> | <b>138.084</b> |
| Current period additions                        | 118.614        | 132.555        |
| Interest and capital repayments                 | (62.130)       | (118.771)      |
| Foreign exchange (gain) / loss                  | (1.719)        | (14.779)       |
| Effects of changes in foreign exchange rates    | (4.318)        | (19.902)       |
| <b>Loans and issued bonds as of December 31</b> | <b>167.634</b> | <b>117.187</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 18. Payables related to employee benefits

As of December 31, 2022 and 2021, payables related to employee benefits comprised the following:

|                                  | December 31, 2022 | December 31, 2021 |
|----------------------------------|-------------------|-------------------|
| Due to personnel                 | 5.070             | 1.586             |
| Social security premiums payable | 1.173             | 720               |
|                                  | <b>6.243</b>      | <b>2.306</b>      |

### 19. Provisions

As of December 31, 2022 and 2021, provisions comprised the following items:

|                                     | December 31, 2022 | December 31, 2021 |
|-------------------------------------|-------------------|-------------------|
| <b><u>Short term provisions</u></b> |                   |                   |
| Short term employee benefits        | 4.244             | 2.330             |
| Other short term provisions         | 12.305            | 11.029            |
| <b>Total short term provisions</b>  | <b>16.549</b>     | <b>13.359</b>     |
| <b><u>Long term provisions</u></b>  |                   |                   |
| Long term employee benefits         | 4.924             | 1.856             |
| <b>Total long term provisions</b>   | <b>4.924</b>      | <b>1.856</b>      |
| <b>Total provisions</b>             | <b>21.473</b>     | <b>15.215</b>     |

As of December 31, 2022 and 2021, short-term and long term employee benefits comprised the following items:

|                             | December 31, 2022 | December 31, 2021 |
|-----------------------------|-------------------|-------------------|
| <b><u>Short-term</u></b>    |                   |                   |
| Vacation pay liability      | 2.010             | 1.208             |
| Bonus provision             | 2.234             | 1.122             |
|                             | <b>4.244</b>      | <b>2.330</b>      |
| <b><u>Long term</u></b>     |                   |                   |
| Long term employee benefits | 4.924             | 1.856             |
|                             | <b>4.924</b>      | <b>1.856</b>      |

As of December 31, 2022 and 2021, other provisions comprised the following items:

|                                     | December 31, 2022 | December 31, 2021 |
|-------------------------------------|-------------------|-------------------|
| <b><u>Short-term</u></b>            |                   |                   |
| Provision for litigation and claims | 8.339             | 9.149             |
| Other provision expenses            | 3.966             | 1.880             |
|                                     | <b>12.305</b>     | <b>11.029</b>     |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 19. Provisions (continued)

Movement of provisions for the years ended of December 31, 2022 and 2021 are as follows:

|                                     | January 1     | Provision for the year | Cancelled Provisions<br>Payments / Actuarial<br>differences in current<br>period | Translation difference | December 31   |
|-------------------------------------|---------------|------------------------|----------------------------------------------------------------------------------|------------------------|---------------|
| <b>2022</b>                         |               |                        |                                                                                  |                        |               |
| Provision for litigation and claims | 9.149         | 689                    | (21)                                                                             | (1.478)                | 8.339         |
| Other provision expenses            | 1.880         | -                      | -                                                                                | 2.086                  | 3.966         |
| Provision for bonus                 | 1.122         | 135                    | -                                                                                | 977                    | 2.234         |
| Vacation pay liability              | 1.208         | 833                    | (83)                                                                             | 52                     | 2.010         |
| Reserve for severance payments      | 1.856         | 1.864                  | 2.292                                                                            | (1.088)                | 4.924         |
|                                     | <b>15.215</b> | <b>3.521</b>           | <b>2.188</b>                                                                     | <b>549</b>             | <b>21.473</b> |
| <b>2021</b>                         |               |                        |                                                                                  |                        |               |
| Provision for litigation and claims | 12.070        | 1.195                  | (86)                                                                             | (4.030)                | 9.149         |
| Other provision expenses            | 4.050         | -                      | (526)                                                                            | (1.644)                | 1.880         |
| Provision for bonus                 | -             | 1.122                  | -                                                                                | -                      | 1.122         |
| Vacation pay liability              | 1.277         | 406                    | (156)                                                                            | (319)                  | 1.208         |
| Reserve for severance payments      | 2.890         | 1.138                  | (794)                                                                            | (1.378)                | 1.856         |
|                                     | <b>20.287</b> | <b>3.861</b>           | <b>(1.562)</b>                                                                   | <b>(7.371)</b>         | <b>15.215</b> |

### Long term employee benefits

For the years ended December 31, 2022 and 2021, the movements in the reserve for severance payments were as follows:

|                                       | 2022         | 2021         |
|---------------------------------------|--------------|--------------|
| Balance at the beginning of the year  | <b>1.856</b> | <b>2.890</b> |
| Interest cost                         | 940          | 958          |
| Cost of services                      | 924          | 180          |
| Payments during the year              | (315)        | (529)        |
| Actuarial difference                  | 2.607        | (265)        |
| Translation difference                | (1.088)      | (1.378)      |
| <b>Balance at the end of the year</b> | <b>4.924</b> | <b>1.856</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 19. Provisions (continued)

The reserve has been calculated by estimating the present value of future probable obligation of the Group arising from the retirement of the employees.

Actuarial valuation methods were developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

|                                        | 2022  | 2021  |
|----------------------------------------|-------|-------|
|                                        | %     | %     |
| Discount rate                          | 3,00  | 3,03  |
| Interest rate                          | 21,44 | 19,10 |
| Expected rate of salary/limit increase | 17,90 | 15,60 |

The computation of the liability is predicated upon retirement pay ceiling announced by the Government. As of December 2022, the ceiling amount was US Dollar 0,82 (31 December 2021: US Dollar 0,63).

### 20. Commitments and contingencies

Guarantee, pledge and mortgages ("GPM") given as of December 31, 2022 is as follows:

| December 31, 2022                                                                                                     | Original currency<br>(in thousands) |                  |               |               |              |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------|---------------|---------------|--------------|
|                                                                                                                       | USD equivalent                      | TL               | USD           | EURO          | Other        |
| A Total amount of GPMs given in the name of its own legal personality                                                 | 174.760                             | 946.312          | 98.253        | 16.595        | 8.205        |
| B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures                          | 44.699                              | 835.798          | -             | -             | -            |
| - Total amount of GPMs given in the name of the consolidated subsidiaries                                             | 44.699                              | 835.798          | -             | -             | -            |
| C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties | -                                   | -                | -             | -             | -            |
| D Other GPMs given                                                                                                    | -                                   | -                | -             | -             | -            |
| <b>Total</b>                                                                                                          | <b>219.459</b>                      | <b>1.782.110</b> | <b>98.253</b> | <b>16.595</b> | <b>8.205</b> |

The ratio of the Group's GPM to the Group's equity is 27%.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 20. Commitments and contingencies (continued)

GPMs given as of December 31, 2021 are as follows:

| December 31, 2021                                                                                                     | Original currency<br>(in thousands) |                  |                |               |              |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------|----------------|---------------|--------------|
|                                                                                                                       | USD equivalent                      | TL               | USD            | EURO          | Other        |
| A Total amount of GPMs given in the name of its own legal personality                                                 | 257.905                             | 606.129          | 138.443        | 60.848        | 5.114        |
| B Total amount of GPMs given in the name of the consolidated subsidiaries and joint ventures                          | 59.886                              | 798.215          | -              | -             | -            |
| - Total amount of GPMs given in the name of the consolidated subsidiaries                                             | 59.886                              | 798.215          | -              | -             | -            |
| C Total amount of GPMs given to be able to conduct ordinary business transactions to secure payables of third parties | -                                   | -                | -              | -             | -            |
| D Other GPMs given                                                                                                    | -                                   | -                | -              | -             | -            |
| <b>Total</b>                                                                                                          | <b>317.791</b>                      | <b>1.404.344</b> | <b>138.443</b> | <b>60.848</b> | <b>5.114</b> |

The ratio of the Group's GPM to the Group's equity is 50%.

Details of the commitments and contingent liabilities arising in the ordinary course of the business of the Group comprised the following items as of December 31, 2022 and 2021:

|                                                            | December 31, 2022 | December 31, 2021 |
|------------------------------------------------------------|-------------------|-------------------|
| TETAŞ and TEİAŞ                                            | 35.196            | 15.974            |
| Given to government agencies for the ongoing EPC contracts | 54.074            | 212.408           |
| Given to EMRA                                              | 13                | 18                |
| Given to others (*)                                        | 85.477            | 29.505            |
| <b>Total letter of guarantees</b>                          | <b>174.760</b>    | <b>257.905</b>    |
| Pledge on shares (*)                                       | 44.699            | 59.886            |
| <b>Total contingent liabilities</b>                        | <b>219.459</b>    | <b>317.791</b>    |

(\*) There are pledges over Çalık Enerji's shares of YEDAŞ, YEPAS and ÇEDAŞ with numbers of 85 (TL 0.00085 thousands), 115 (TL 0.00115 thousands), 377.622.000 (TL 377.622 thousands), respectively and ÇEDAŞ's shares of YEPAS and YEDAŞ, with numbers of 6.358.770.388 (TL 63.587 thousands) and 35.700.685.312 (TL 357.006 thousands), as a guarantee for the bank borrowings used or will be used by Çalık Holding, ÇEDAŞ, YEDAŞ and YEPAS from a bank.

(\*\*) The main portion of the balance related to commitments given to third parties for the EPC contracts.

### Litigation and claims

As of December 31, 2022, the expected cash outflow amount for the pending claims filed against to the Group is US Dollar 8.339 (31 December 2021: US Dollar 9.149). As of December 31, 2022, the provision for litigation and claims are mainly related to the Group's electricity retail sales companies regarding electricity dissipation and theft lawsuits of consumers. The Group made a provision for the whole amount related to these claims (Note 19).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 20. Commitments and contingencies (continued)

#### Pending tax audits

In Türkiye, the tax and other government authorities (Social Security Institution) have the right to inspect the Group's tax returns and accounting records for the past five fiscal years. The Group has not recorded a provision for any additional taxes for the fiscal years that remained unaudited, as the amount cannot be estimated with any degree of uncertainty. The Group's management believes that no material assessment will arise from any future inspection for unaudited fiscal years.

#### Letter of guarantees received

As of December 31, 2022, the Group has received letter of guarantees amounting to US Dollar 35.312 from its customers and suppliers (31 December 2021: US Dollar 44.966).

### 21. Taxation

#### Türkiye

Corporate income tax is levied on the statutory corporate income tax base, which is determined by modifying income for certain tax exclusions and allowances.

A temporary article has been added to the Turkish Corporate Tax Law No. 5220 published in the Official Gazette on April 22, 2021. The corporate tax rate under the Corporate Tax Law is increased from the current 20% rate for the 2021 tax year to 25% and to 23% for the 2022 tax year; The amendment entered into force on the publication date of the Law.

The tax legislation provides for a temporary tax of 23% (2021: 25%) to be calculated and paid based on earnings generated for each quarter for the period ended December 31, 2022. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

According to the Corporate Tax Law, 75% (2021: 75%) of the capital gains arising from the sale of properties and investments owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity with the intention to be utilized in a share capital increase or kept under equity as restricted funds within five years from the date of the sale. The remaining 25% of such capital gains are subject to corporate tax. In addition, with the change of the law numbered 7061, the ratio regarding the real estate decreased from 75% to 50%, and this ratio will be applied as 50% starting from the 2018 tax declarations.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. According to the amendments in the tax legislations, which became effective from 24 April 2003, dividends that are paid to the shareholders from the profits of the years between 1999 and 2002 are immune from the withholding tax, if such profits are exempted from corporation tax bases of the companies. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no:5520 revised.

Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the non resident institutions generating income in Türkiye through their operations or permanent representatives and the resident institutions, was increased from 10% to 15%. In applying the withholding tax rates on dividend payments to the non resident institutions and the individuals the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

In Türkiye, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 21. Taxation (continued)

In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

#### *Transfer pricing regulations*

In Türkiye, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated November 18, 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

#### *Tax applications for foreign subsidiaries and joint ventures of the Group*

##### *Republic of Kosovo*

The applicable corporate tax rate in Republic of Kosovo is 10% (December 31, 2021: 10%).

Under Kosovo tax legislation system, tax losses can be carried forward to be offset against future taxable income for up to seven years.

##### *Republic of Iraq*

As of December 31, 2022, the applicable corporate tax rate for the subsidiaries and branches operating in Iraq is 15% (31 December 2021: 15%). Tax losses can be carried forward to be offset against future taxable income for up to five years to the extent of the half of the current year profit when the financial profit is reported. As of December 31, 2022 and 2021, profit generated from Group's operations in Iraq is not subject to corporate tax.

##### *United Arab Emirates*

As of December 31, 2022, the Group has a subsidiary and branches in the United Arab Emirates located in Dubai. There is no federal corporate tax in United Arab Emirates. However, similar taxes are implemented in different sectors in different emirates. As of December 31, 2022 and 2021, the Group's subsidiary operating in Dubai is not subject to corporate tax.

##### *Georgia*

The applicable corporate tax rate in Georgia is 15%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 21. Taxation (continued)

#### Libya

The corporate tax rate is 20% (December 31, 2021: 20%). In addition to the 20% tax rate, a Jihad tax is levied by 4% of profits for foreign companies.

#### Turkmenistan

According to Turkmenistan law, while the corporate tax rate is 8% for local companies, it is 20% for branches of foreign companies and for local companies which have foreign partners. Parent company of branches located in Turkmenistan is tax-exempt due to income generated from construction projects outside Türkiye is tax exempt in Türkiye. Besides, revenue arising from sales of machinery and equipment which are exported from Türkiye and included in construction cost in those countries are subject to corporate tax in Türkiye.

#### Serbia

The applicable corporate tax rate in Serbia is 15%.

#### Uzbekistan

The applicable corporate tax rate in Uzbekistan is 15%. As of December 31, 2022, the Group is not subject to corporate tax resulting from their operations in the country with a dispensation between the Group and Uzbekistani government.

#### The Netherlands

Corporate income tax is levied at the rate of 25% (December 31, 2021: 25%) on the worldwide income of resident companies, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes. A unilateral decree for the avoidance of double taxation provides relief for resident companies from Dutch tax on income, such as foreign business profits derived through a permanent establishment abroad, if no tax treaty applies.

Under the Dutch taxation system, tax losses can be carried forward to be offset against future taxable income for nine years. Tax losses can be carried back to offset profits up to one year. Companies must file their tax returns within six months following the close of the tax year to which they relate, unless the company applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

#### Malawi

The Corporate income tax rate in Malawi is 30% for local entities whereas tax rate is 35% for foreign entities and those operating as branches of foreign entities. As of December 31, 2022, the Group's subsidiary operating in Malawi is not subject to corporate tax while the income resulting from their operations in the country are accepted as tax-exempt.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 21. Taxation (continued)

#### Tax recognised in profit or loss

Income tax expense for the years ended December 31, 2022 and 2021 comprised the following items:

|                                         | 2022          | 2021         |
|-----------------------------------------|---------------|--------------|
| Current corporation and income taxes    | (21.093)      | (28.822)     |
| Deferred taxes on temporary differences | 80.006        | 36.524       |
| <b>Total income tax expense</b>         | <b>58.913</b> | <b>7.702</b> |

As of December 31, 2022, taxes payable on income amounting to US Dollar 16.684 (December 31, 2021: US Dollar 6.848) is not offset with prepaid taxes amounting to US Dollar 9.929 (December 31, 2021: US Dollar 6.867) since they are related to different tax jurisdictions.

#### Reconciliation of effective tax rate

The reported income tax expense for the years ended December 31, 2022 and 2021 are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

|                                                                      | 2022          | 2021          |
|----------------------------------------------------------------------|---------------|---------------|
|                                                                      | <u>Amount</u> | <u>Amount</u> |
| Reported profit before taxation                                      | 291.930       | 269.769       |
| Taxes on reported profit per statutory tax rate                      | (67.144)      | (67.442)      |
| <b>Permanent differences:</b>                                        |               |               |
| Disallowable expenses                                                | (5.857)       | (23.507)      |
| Tax exempt income <sup>(*)</sup>                                     | 79.270        | 88.816        |
| Effect of share of profit of equity-accounted investees              | (4.839)       | 5.041         |
| Losses for fiscal years                                              | -             | (4.752)       |
| Reversal of used tax losses                                          | (402)         | (3.724)       |
| Tax effect of consolidated adjustments                               | (55.882)      | (42.640)      |
| Effect of change in tax rate                                         | 5.081         | 11.941        |
| Revaluation effect of tangible and intangible assets <sup>(**)</sup> | 100.965       | 42.698        |
| Others, net                                                          | 7.721         | 1.271         |
| <b>Tax expense</b>                                                   | <b>58.913</b> | <b>7.702</b>  |

<sup>(\*)</sup> Related amount consist of profits generated by foreign branches of the Group which are not subject to corporate tax.

<sup>(\*\*)</sup> The Group has revalued its tangibles and their depreciation for two times in 2022 and for once in 2021 within the scope of the Tax Procedure Law (Sequence No: 530) published by the Ministry of Treasury and Finance. Cost method continued to be used as accounting policy in TFRS financial statements. The deferred tax asset/liability, which is currently calculated over the temporary difference between TPL and TFRS financial statements, is calculated over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application is recognized in the income statement to the extent that the recovery of the said tax advantage is actualizable.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 21. Taxation (continued)

#### Deferred tax assets and liabilities

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

#### Unrecognised deferred tax assets and liabilities

As of December 31, 2022, deferred tax assets amounting to US Dollar 847 (31 December 2021: US Dollar 2.824) have not been recognised with respect to the statutory tax losses carried forward up to 2027. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

According to the Tax Procedural Law in Türkiye, statutory losses can be carried forward maximum for five years. Consequently, 2027 is the latest year for recovering the deferred tax assets arising from such tax losses carried forward. The table below shows the expiration date of the tax losses carried forward:

| Date of expiration | 2022         | 2021          |
|--------------------|--------------|---------------|
| 2022               | -            | 9             |
| 2023               | 557          | 7.687         |
| 2024               | 50           | 1.408         |
| 2025               | 542          | 2.735         |
| 2026               | 1.626        | 2.281         |
| 2027               | 1.460        | -             |
|                    | <b>4.235</b> | <b>14.120</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 21. Taxation (continued)

#### Recognised deferred tax assets and liabilities

Since companies in Türkiye can not file a tax return, subsidiaries that have deferred tax assets are not netted off with subsidiaries that have deferred tax liabilities and are shown separately.

Deferred tax assets and deferred tax liabilities of December 31, 2022 and 2021 are attributable to the items detailed in the table below:

|                                                     | 2022           |                 | 2021          |                 |
|-----------------------------------------------------|----------------|-----------------|---------------|-----------------|
|                                                     | Asset          | Liability       | Asset         | Liability       |
| Vacation pay liability                              | 216            | -               | 102           | (49)            |
| Employee severance indemnity                        | 696            | -               | 104           | -               |
| Provision for litigations                           | 931            | -               | 1.067         | (132)           |
| TFRS 9 effect on borrowings                         | 36             | (14)            | 143           | 28              |
| Property, plant and equipment and intangible assets | 135.153        | (20.788)        | 40.275        | (6.190)         |
| Security deposits                                   | 4.101          | -               | 2.069         | -               |
| Provision for expenses                              | 1.948          | -               | 2.094         | -               |
| Effect of percentage of completion method           | 2.511          | -               | 1.794         | (2.865)         |
| Service concession receivables                      | -              | (23.146)        | -             | (8.819)         |
| Doubtful receivables                                | 2.116          | (1.011)         | 2.126         | -               |
| Revaluation of financial investments                | (923)          | (3.065)         | 1.501         | (289)           |
| Other temporary differences                         | 6.551          | (9.869)         | 5.159         | (7.819)         |
| <b>Total deferred tax assets/(liabilities)</b>      | <b>153.336</b> | <b>(57.893)</b> | <b>56.434</b> | <b>(26.135)</b> |
| Offsetting                                          | (57.864)       | 57.864          | (25.216)      | 25.217          |
| <b>Deferred tax assets/(liabilities), net</b>       | <b>95.472</b>  | <b>(29)</b>     | <b>31.218</b> | <b>(918)</b>    |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 21. Taxation (continued)

Movements in deferred tax balances during the year:

|                                                     | Balance<br>1 January 2021 | Effects of<br>translation | Recognised in<br>profit or loss | Balance<br>31 December 2021 | Effects of<br>translation | Recognised in<br>profit or loss | Balance<br>31 December 2022 |
|-----------------------------------------------------|---------------------------|---------------------------|---------------------------------|-----------------------------|---------------------------|---------------------------------|-----------------------------|
| Vacation pay liability                              | 169                       | (45)                      | (71)                            | 53                          | 76                        | 87                              | 216                         |
| Employee severance indemnity                        | 68                        | (8)                       | 44                              | 104                         | 526                       | 66                              | 696                         |
| Provision for litigations                           | 758                       | (46)                      | 223                             | 935                         | (136)                     | 132                             | 931                         |
| Amortised cost effect on borrowings                 | 18                        | (12)                      | 165                             | 171                         | (88)                      | (61)                            | 22                          |
| Property, plant and equipment and intangible assets | 43.754                    | (29.902)                  | 20.233                          | 34.085                      | (20.574)                  | 100.854                         | 114.365                     |
| Security deposits                                   | 2.627                     | (1.180)                   | 622                             | 2.069                       | (932)                     | 2.964                           | 4.101                       |
| Provision for expenses                              | 3.399                     | (1.296)                   | (9)                             | 2.094                       | (617)                     | 471                             | 1.948                       |
| Effect of percentage of completion method           | (68)                      | -                         | (1.003)                         | (1.071)                     | 3.516                     | 66                              | 2.511                       |
| Service concession receivables                      | (50.892)                  | 22.865                    | 19.208                          | (8.819)                     | (6.078)                   | (8.249)                         | (23.146)                    |
| Doubtful receivables                                | 1.879                     | (57)                      | 304                             | 2.126                       | (1.014)                   | (7)                             | 1.105                       |
| Deferred income                                     | (286)                     | -                         | 1.498                           | 1.212                       | 779                       | (5.979)                         | (3.988)                     |
| Other temporary differences                         | 3.391                     | (1.360)                   | (4.690)                         | (2.659)                     | 9.679                     | (10.338)                        | (3.318)                     |
| <b>Total deferred tax assets/(liabilities)</b>      | <b>4.817</b>              | <b>(11.041)</b>           | <b>36.524</b>                   | <b>30.300</b>               | <b>(14.863)</b>           | <b>80.006</b>                   | <b>95.443</b>               |

### 22. Capital and reserves

*Paid in capital*

As of December 31, 2022, the Company's statutory nominal value of authorised and paid-in share capital is US Dollar 79.975 (December 31, 2021: US Dollar 79.975) comprising of 10.891.705.225 registered shares (December 31, 2021: 10.891.705.225) having per value of US Dollar 0,00734 (December 31, 2021: US Dollar 0,00734) nominal each.

As of December 31, 2022 and 2021, the shareholding structure of Çalık Enerji based on the number of shares is presented below:

|                                                  | 31 December 2022       |               | 31 December 2021       |               |
|--------------------------------------------------|------------------------|---------------|------------------------|---------------|
|                                                  | Thousands<br>of shares | %             | Thousands<br>of shares | %             |
| Çalık Holding                                    | 10.393.195             | 95,42         | 10.393.195             | 95,42         |
| Kırmızı Elmas Enerji ve Altyapı Yatırımları A.Ş. | 487.591                | 4,48          | 487.591                | 4,48          |
| Ahmet Çalık                                      | 10.919                 | 0,10          | 10.919                 | 0,10          |
|                                                  | <b>10.891.705</b>      | <b>100,00</b> | <b>10.891.705</b>      | <b>100,00</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 22. Capital and reserves (continued)

#### Legal reserves

The legal reserves are established by annual appropriations amounting to 5% of income disclosed in the Group's statutory accounts until it reaches 20% of paid-in share capital (first legal reserve). Without limit, a further 10% of dividend distributions in excess of 5% of share capital is to be appropriated to increase legal reserves (second legal reserve). The first legal reserve is restricted and is not available for distribution as dividend unless it exceeds 50% of share capital. As of December 31, 2018, 75% of the gain on sale of financial investments are exempted from corporate tax on the condition that such gains are recognised in the restricted reserves within the equity for the five years. In the accompanying consolidated financial statements as of December 31, 2022, the total of the legal reserves of the consolidated entities amounted to US Dollar 246.924 (December 31, 2021: US Dollar 234.299).

#### Dividends

As per the General Assembly Meeting dated on March 30, 2022, the Company has distributed dividends to its shareholders amounting to US Dollar 77.965 from retained earnings and the Company has distributed advance dividends to its shareholders amounting to US Dollar 2.531.

#### Non-controlling interest

For the years ended December 31, 2022 and 2021, movements of the non-controlling interest were as follows:

|                                                                 | December 31, 2022 | December 31, 2021 |
|-----------------------------------------------------------------|-------------------|-------------------|
| Non controlling interest at the beginning of the year           | 1.610             | 2.383             |
| Net loss for the year attributable to non controlling interest  | 2.389             | 1.538             |
| Foreign currency translation differences for foreign operations | (749)             | (1.288)           |
| Dividend distribution                                           | (691)             | (1.023)           |
| <b>Balance at the end of the year</b>                           | <b>2.559</b>      | <b>1.610</b>      |

#### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and the conversion of the Company's functional currency to presentation currency.

### 23. Revenue

For the years ended December 31, 2022 and 2021, revenue comprised the following:

|                | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|----------------|----------------------------------|----------------------------------|
| Export sales   | 761.090                          | 459.897                          |
| Domestic sales | 612.511                          | 627.667                          |
| <b>Total</b>   | <b>1.373.601</b>                 | <b>1.087.564</b>                 |

For the years ended December 31, 2022 and 2021, details of the revenue comprised the following:

|                                   | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|-----------------------------------|----------------------------------|----------------------------------|
| Electricity sale and distribution | 601.496                          | 621.546                          |
| EPC                               | 761.090                          | 459.897                          |
| Other operations                  | 11.015                           | 6.121                            |
| <b>Total</b>                      | <b>1.373.601</b>                 | <b>1.087.564</b>                 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 24. Operating expenses

For the years ended December 31, 2022 and 2021, administrative expenses comprised the following:

|                                        | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|----------------------------------------|----------------------------------|----------------------------------|
| Personnel expenses                     | 20.788                           | 19.438                           |
| Outsource expenses <sup>(*)</sup>      | 6.890                            | 5.355                            |
| Subcontractor expenses                 | 5.898                            | 9.275                            |
| Communication and information expenses | 3.010                            | 3.726                            |
| Taxes, duties and fees                 | 2.462                            | 2.988                            |
| Depreciation and amortisation expenses | 2.283                            | 334                              |
| Travel and accommodation expenses      | 1.455                            | 547                              |
| Consulting expenses                    | 1.427                            | 1.428                            |
| Insurance expenses                     | 1.309                            | 1.244                            |
| Accommodation expenses                 | 1.251                            | 1.464                            |
| Advertising and promotion expenses     | 713                              | 349                              |
| Office expenses                        | 489                              | 807                              |
| Maintenance and repair expenses        | 222                              | 283                              |
| Rent expense                           | 215                              | 2.161                            |
| Communication expenses                 | 186                              | 124                              |
| Other                                  | 4.414                            | 731                              |
|                                        | <b>53.012</b>                    | <b>50.254</b>                    |

<sup>(\*)</sup> Outsource expenses comprise of expenses made by Çalık Holding on behalf of Çalık Enerji.

For the years ended December 31, 2022 and 2021, research and development expenses comprised the following:

|                                   | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|-----------------------------------|----------------------------------|----------------------------------|
| Personnel expenses                | 1.762                            | 2.904                            |
| Travel and accommodation expenses | 1.741                            | 1.314                            |
| Consulting expenses               | 1.366                            | 642                              |
| Other                             | 903                              | 575                              |
|                                   | <b>5.772</b>                     | <b>5.435</b>                     |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 24. Operating expenses (continued)

For the years ended December 31, 2022 and 2021, the total operating expenses by nature comprised the following:

|                                        | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|----------------------------------------|----------------------------------|----------------------------------|
| Materials and trading goods expenses   | 905.402                          | 724.684                          |
| Personnel expenses                     | 80.386                           | 52.615                           |
| Depreciation and amortisation expenses | 12.660                           | 12.996                           |
| Outsource expenses                     | 8.150                            | 6.248                            |
| Travel and accommodation expenses      | 5.162                            | 2.967                            |
| Maintenance and repair expenses        | 4.923                            | 2.983                            |
| Communication and information expenses | 3.194                            | 3.959                            |
| Consulting expenses                    | 2.900                            | 1.822                            |
| Taxes, duties and fees                 | 2.731                            | 3.512                            |
| Rent expenses                          | 2.696                            | 4.758                            |
| Insurance expenses                     | 1.721                            | 1.716                            |
| Advertising and promotion expenses     | 731                              | 377                              |
| Office expenses                        | 631                              | 597                              |
| Communication expenses                 | 189                              | 129                              |
| Other                                  | 91.697                           | 14.554                           |
|                                        | <b>1.123.173</b>                 | <b>833.917</b>                   |

For the years ended December 31, 2022 and 2021, depreciation and amortisation expenses comprised the following:

|                                               | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|-----------------------------------------------|----------------------------------|----------------------------------|
| <b>Depreciation and amortisation expenses</b> |                                  |                                  |
| Cost of goods sold                            | 10.282                           | 12.565                           |
| General administrative expenses               | 2.283                            | 334                              |
| Research and development expenses             | 95                               | 97                               |
|                                               | <b>12.660</b>                    | <b>12.996</b>                    |

For the years ended December 31, 2022 and 2021, personnel expenses comprised the following:

|                                    | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|------------------------------------|----------------------------------|----------------------------------|
| <b>Personnel expenses</b>          |                                  |                                  |
| Salaries, payments and bonuses     | 58.141                           | 36.448                           |
| Mandatory social security premiums | 4.621                            | 4.963                            |
| Other                              | 17.624                           | 11.204                           |
|                                    | <b>80.386</b>                    | <b>52.615</b>                    |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 25. Other income and expense from operating activities

For the years ended December 31, 2022 and 2021, other operating income comprised the following:

|                                               | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|-----------------------------------------------|----------------------------------|----------------------------------|
| Foreign exchange gains                        | 34.555                           | 3.764                            |
| Time deposit interest income                  | 4.560                            | 4.941                            |
| Penalty and indemnity gains                   | 3.055                            | 2.305                            |
| Interest income - related to overdue payments | 2.947                            | 2.402                            |
| Gains from services to joint ventures         | 821                              | 872                              |
| Incentive gains                               | 576                              | 850                              |
| Other                                         | 3.164                            | 1.632                            |
|                                               | <b>49.678</b>                    | <b>16.766</b>                    |

For the years ended December 31, 2022 and 2021, other operating expenses comprised the following:

|                                    | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|------------------------------------|----------------------------------|----------------------------------|
| Foreign exchange losses            | 29.944                           | 23.551                           |
| Realized security deposit expenses | 17.701                           | 7.272                            |
| Provision expenses                 | 3.653                            | 2.286                            |
| Forest land lease line price       | 359                              | 1.196                            |
| Litigation expenses                | 272                              | 1.079                            |
| Other                              | 10.988                           | 9.667                            |
|                                    | <b>62.917</b>                    | <b>45.051</b>                    |

### 26. Gain and losses from investing activities and IFRS 9 impact

For the years ended December 31, 2022 and 2021 income from investing activities comprised the following:

|                                                          | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|----------------------------------------------------------|----------------------------------|----------------------------------|
| Fair value difference arising from financial investments | 29.579                           | -                                |
| Dividend income                                          | 12.385                           | 5.043                            |
| Interest income from related parties                     | 3.088                            | 2.567                            |
| Affiliate (subsidiary) sales profit                      | 199                              | 55.257                           |
| Gain on sale of property, plant and equipment            | 85                               | 231                              |
|                                                          | <b>45.336</b>                    | <b>63.098</b>                    |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 26. Gain and losses from investing activities and IFRS 9 impact (continued)

For the years ended December 31, 2022 and 2021 losses from investing activities comprised the following:

|                                                          | January 1 -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|----------------------------------------------------------|----------------------------------|----------------------------------|
| Loss on sale of property, plant and equipment            | 27                               | 1.009                            |
| Fair value difference arising from financial investments | -                                | 12.103                           |
| Other losses from investing activities                   | 2                                | -                                |
|                                                          | <b>29</b>                        | <b>13.112</b>                    |

For the years ended December 31, 2022 and 2021, losses and gains from TFRS 9:

|                                                              | January 1, -<br>December 31, 2022 | January 1, -<br>December 31, 2021 |
|--------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Provision from doubtful receivables (Note 8)                 | 3.596                             | 9.720                             |
| Collection & reversal of doubtful trade receivables (Note 8) | (5.628)                           | (4.457)                           |
|                                                              | <b>(2.032)</b>                    | <b>5.263</b>                      |

### 27. Finance income/(costs)

For the years ended December 31, 2022 and 2021, finance income comprised the following:

|                                         | January 1, -<br>December 31, 2022 | January 1 -<br>December 31, 2021 |
|-----------------------------------------|-----------------------------------|----------------------------------|
| Foreign exchange gains on borrowings    | 6.136                             | 24.609                           |
| Security deposit valuation cancellation | 246                               | -                                |
|                                         | <b>6.382</b>                      | <b>24.609</b>                    |

For the years ended December 31, 2022 and 2021, finance costs comprised the following:

|                                              | January 1, -<br>December 31, 2022 | January 1, -<br>December 31, 2021 |
|----------------------------------------------|-----------------------------------|-----------------------------------|
| Interest expense due to related parties      | 8.359                             | 1.362                             |
| Short term interest expenses from borrowings | 5.627                             | 6.282                             |
| Foreign exchange loss on borrowings          | 4.417                             | 9.829                             |
| Bank commission expenses                     | 2.717                             | 2.501                             |
| Long term interest expenses from borrowings  | 2.222                             | 1.839                             |
| Letter of guarantees commission expenses     | 1.973                             | 1.973                             |
|                                              | <b>25.315</b>                     | <b>23.786</b>                     |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management

Financial risk management

#### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

#### Risk management framework

Risk management activities are conducted by a realistic organizational structure and it is fully supported with the commitment of top management.

The Group acts proactively in terms of risk management to ensure that its business operations in different industries and regions are not adversely affected because of market, operational, liquidity and counterparty risks. Risk Management and internal audit departments within each sector and at the Group level provide and maintain awareness for different types of risks, including emerging risks, and ensure that appropriate risk management mechanisms are in place.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group's principal financial assets are cash and cash equivalents, financial investments, trade receivables and other receivables. The Group requires a certain amount of collateral in respect of its account receivable. Credit evaluations are performed on all customers requiring credit over a certain amount on individual level.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic concentration was as follows:

| Location     | 31 December 2022 | 31 December 2021 |
|--------------|------------------|------------------|
| Turkmenistan | 147.456          | 98.128           |
| Türkiye      | 75.990           | 104.946          |
| Iraq         | 58.451           | 12.783           |
| Romania      | 4.156            | 25.419           |
| Uzbekistan   | 1.620            | -                |
| Dubai        | 1.375            | 6.259            |
| Switzerland  | 1.216            | 31.229           |
| Malawi       | 322              | -                |
| Georgia      | -                | 1.524            |
|              | <b>290.586</b>   | <b>280.288</b>   |

To measure expected credit losses, the Group grouped its trade receivables and contract assets considering the maturity and credit risk characteristics. The expected credit loss ratio for each class of trade receivables and contract assets, which is grouped using past credit loss experiences, current conditions and forecasts of future economic conditions, is calculated and the expected credit loss provision has been calculated by multiplying the determined rate and sum of trade receivable and contract assets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

#### Exposur to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at December 31, 2022 and 2021 was:

|                                                                              | Receivables       |                |                   |               |                                                                            |                                             |                                                                   |   |                       |          |
|------------------------------------------------------------------------------|-------------------|----------------|-------------------|---------------|----------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------------|---|-----------------------|----------|
|                                                                              | Trade receivables |                | Other receivables |               | Receivables from customer contracts                                        | Service concession receivables              | Cash at banks, reverse repurchase agreements and investment funds |   | Financial investments | Other    |
|                                                                              | Related party     | Other party    | Related party     | Other party   | Contractual assets arising from ongoing construction and contracting works | Service concession receivables (Long+Short) |                                                                   |   |                       |          |
| <b>December 31, 2022</b>                                                     |                   |                |                   |               |                                                                            |                                             |                                                                   |   |                       |          |
| <b>Maximum credit risk exposure at reporting date (A+B+C+D)</b>              | <b>130.435</b>    | <b>160.151</b> | <b>27.946</b>     | <b>47.244</b> | <b>142.429</b>                                                             | <b>252.734</b>                              | <b>53.610</b>                                                     |   | <b>-</b>              | <b>-</b> |
| -Portion of maximum risk covered by guarantees                               | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | - | -                     | -        |
| A. Carrying value of financial assets that are neither past due nor impaired | 130.435           | 92.934         | 27.946            | 47.244        | 142.429                                                                    | 252.734                                     | 53.610                                                            |   | -                     | -        |
| B. Carrying value of financial assets that are past due but not impaired     | -                 | 67.217         | -                 | -             | -                                                                          | -                                           | -                                                                 | - | -                     | -        |
| C. Carrying value of impaired assets                                         | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | - | -                     | -        |
| - Past due (gross carrying amount)                                           | -                 | 21.412         | -                 | -             | -                                                                          | -                                           | -                                                                 | - | -                     | -        |
| - Impairment (-)                                                             | -                 | (21.412)       | -                 | -             | -                                                                          | -                                           | -                                                                 | - | -                     | -        |
| - Not past due (gross carrying amount)                                       | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | - | -                     | -        |
| - Impairment (-)                                                             | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | - | -                     | -        |
| - Impairment (-)                                                             | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | - | -                     | -        |
| D. Elements including credit risk on off statement of financial position     | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | - | -                     | -        |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

|                                                                              | Receivables       |                |                   |               |                                                                            |                                             |                                                                   |                       |       |  |
|------------------------------------------------------------------------------|-------------------|----------------|-------------------|---------------|----------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------------|-----------------------|-------|--|
|                                                                              | Trade receivables |                | Other receivables |               | Receivables from customer contracts                                        | Service concession receivables              |                                                                   |                       |       |  |
|                                                                              | Related party     | Other party    | Related party     | Other party   | Contractual assets arising from ongoing construction and contracting works | Service concession receivables (Long+Short) | Cash at banks, reverse repurchase agreements and investment funds | Financial investments | Other |  |
| <b>31 December 2021</b>                                                      |                   |                |                   |               |                                                                            |                                             |                                                                   |                       |       |  |
| <b>Maximum credit risk exposure at reporting date (A+B+C+D)</b>              | <b>131.348</b>    | <b>148.940</b> | <b>35.419</b>     | <b>11.528</b> | <b>77.676</b>                                                              | <b>173.481</b>                              | <b>94.823</b>                                                     | -                     | -     |  |
| -Portion of maximum risk covered by guarantees                               | -                 | -              | -                 | -             |                                                                            |                                             | -                                                                 | -                     | -     |  |
| A. Carrying value of financial assets that are neither past due nor impaired | 131.348           | 137.541        | 35.419            | 11.528        | <b>77.676</b>                                                              | <b>173.481</b>                              | 94.823                                                            | -                     | -     |  |
| B. Carrying value of financial assets that are past due but not impaired     | -                 | 11.399         | -                 | -             | -                                                                          | -                                           | -                                                                 | -                     | -     |  |
| C. Carrying value of impaired assets                                         | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | -                     | -     |  |
| - Past due (gross carrying amount)                                           | -                 | 26.382         | -                 | -             | -                                                                          | -                                           | -                                                                 | -                     | -     |  |
| - Impairment (-)                                                             | -                 | (26.382)       | -                 | -             | -                                                                          | -                                           | -                                                                 | -                     | -     |  |
| - Not past due (gross carrying amount)                                       | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | -                     | -     |  |
| - Impairment (-)                                                             | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | -                     | -     |  |
| - Impairment (-)                                                             | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | -                     | -     |  |
| D. Elements including credit risk on off statement of financial position     | -                 | -              | -                 | -             | -                                                                          | -                                           | -                                                                 | -                     | -     |  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

As at December 31, 2022 and 2021, the aging of trade receivables (due but not impaired) at the reporting date was:

|                                                     | Receivables       |                   | Cash at banks | Derivative instruments | Other    |
|-----------------------------------------------------|-------------------|-------------------|---------------|------------------------|----------|
|                                                     | Trade receivables | Other receivables |               |                        |          |
| <b>31 December 2022</b>                             |                   |                   |               |                        |          |
| Past due 1-30 days                                  | 12.990            | -                 | -             | -                      | -        |
| Past due 1-3 months                                 | 3.260             | -                 | -             | -                      | -        |
| Past due 3-12 months                                | 1.425             | -                 | -             | -                      | -        |
| Past due 1-5 years                                  | 2.918             | -                 | -             | -                      | -        |
| More than 5 years                                   | 46.624            | -                 | -             | -                      | -        |
| <b>Total</b>                                        | <b>67.217</b>     | <b>-</b>          | <b>-</b>      | <b>-</b>               | <b>-</b> |
| Portion of assets overdue secured by guarantee etc. | -                 | -                 | -             | -                      | -        |
|                                                     |                   |                   |               |                        |          |
|                                                     | Receivables       |                   | Cash at banks | Derivative instruments | Other    |
|                                                     | Trade receivables | Other receivables |               |                        |          |
| <b>31 December 2021</b>                             |                   |                   |               |                        |          |
| Past due 1-30 days                                  | 6.638             | -                 | -             | -                      | -        |
| Past due 1-3 months                                 | 2.651             | -                 | -             | -                      | -        |
| Past due 3-12 months                                | 1.018             | -                 | -             | -                      | -        |
| Past due 1-5 years                                  | 1.092             | -                 | -             | -                      | -        |
| More than 5 years                                   | -                 | -                 | -             | -                      | -        |
| <b>Total</b>                                        | <b>11.399</b>     | <b>-</b>          | <b>-</b>      | <b>-</b>               | <b>-</b> |
| Portion of assets overdue secured by guarantee etc. | -                 | -                 | -             | -                      | -        |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

#### Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Group has access to funding sources from banks and keeps certain level assets as cash and cash equivalents. The Group continuously assesses liquidity risk by identifying and monitoring changes in funding required in meeting business goals and targets set in terms of the overall Group strategy.

As at December 31, 2022 and 2021, the followings are carrying amounts, contractual cash flows and the contractual maturities of financial liabilities;

| 2022                                         | Carrying amount | Total contractual cash flows | Less than 3 months | 3-12 months | 1-5 years | More than 5 years |
|----------------------------------------------|-----------------|------------------------------|--------------------|-------------|-----------|-------------------|
| <b>Contractual maturities</b>                |                 |                              |                    |             |           |                   |
| <b>Non-derivative financial liabilities</b>  |                 |                              |                    |             |           |                   |
| Bank loans                                   | 149.095         | (152.751)                    | (14.404)           | (71.235)    | (67.112)  | -                 |
| Bonds issued and other financial liabilities | 13.612          | (14.385)                     | (773)              | (13.612)    | -         | -                 |
| Trade payables                               | 211.179         | (211.179)                    | (211.179)          | -           | -         | -                 |
| Other payables                               | 94.648          | (94.648)                     | (50.095)           | (39.850)    | (4.703)   | -                 |
| Liabilities recognised in employee benefits  | 6.243           | (6.243)                      | (6.243)            | -           | -         | -                 |
| <b>2021</b>                                  |                 |                              |                    |             |           |                   |
|                                              | Carrying amount | Total contractual cash flows | Less than 3 months | 3-12 months | 1-5 years | More than 5 years |
| <b>Contractual maturities</b>                |                 |                              |                    |             |           |                   |
| <b>Non-derivative financial liabilities</b>  |                 |                              |                    |             |           |                   |
| Bank loans                                   | 91.080          | (95.446)                     | (17.396)           | (24.114)    | (53.936)  | -                 |
| Bonds issued and other financial liabilities | 22.321          | (25.717)                     | (627)              | (11.760)    | (13.330)  | -                 |
| Trade payables                               | 88.749          | (88.749)                     | (88.749)           | -           | -         | -                 |
| Other payables                               | 49.648          | (49.648)                     | (14.116)           | (29.882)    | (5.650)   | -                 |
| Liabilities recognised in employee benefits  | 2.306           | (2.306)                      | (2.306)            | -           | -         | -                 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameter, while optimising the return.

#### Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature or reprise at different times or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices, such as six months Libor and different types of interest. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Group's business strategies.

#### Profile

As at December 31, 2022 and 2021, the interest rate profile of the Group's interest-bearing financial instruments were as follows:

| <b>Fixed rate instruments</b>    | <b>2022</b> | <b>2021</b> |
|----------------------------------|-------------|-------------|
| Financial assets                 | 17.259      | 15.127      |
| Financial liabilities            | (149.094)   | (91.080)    |
|                                  | <b>2022</b> | <b>2021</b> |
| <b>Variable rate instruments</b> |             |             |
| Financial liabilities            | (8.265)     | (22.321)    |

#### Fair value sensitivity analysis for fixed instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and the Group does not designate derivatives (interest rate swaps) as hedging instruments under fair value hedge accounting model. Therefore, a change in interest rate as of the reporting date would not affect profit or loss and equity.

#### Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are Euro and TL.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group is exposed to currency risk through the impact of rate changes on the translation of foreign currency denominated payables and bank borrowings from financial institutions. Such risk is monitored by the Board of Directors and limited through taking positions within approved limits as well as using derivative instruments where necessary.

To minimise risk arising from foreign currency denominated statement of financial position items, the Group sometimes utilises derivative instruments as well as keeping part of its idle cash in foreign currencies.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

#### Currency risk

As at December 31, 2022 and 2021, the currency risk exposures of the Group in USD equivalents are as follows:

|                                                                                               | 31 December 2022  |                 |                    |                 |                        | 31 December 2021  |                |                  |                 |                        |
|-----------------------------------------------------------------------------------------------|-------------------|-----------------|--------------------|-----------------|------------------------|-------------------|----------------|------------------|-----------------|------------------------|
|                                                                                               | USD<br>equivalent | USD             | TL                 | EURO            | Other <sup>(***)</sup> | USD<br>equivalent | USD            | TL               | EURO            | Other <sup>(***)</sup> |
| 1.Trade receivables                                                                           | 23.575            | 2.901           | 78.482             | 764             | 15.662                 | 16.431            | (8)            | 4.246            | 5.722           | 9.644                  |
| 2a. Monetary financial assets (including cash on hand, bank deposits) <sup>(*)</sup>          | 121.620           | 108             | 2.156.012          | 945             | 5.199                  | 25.550            | 5.297          | 48.454           | 7.779           | 7.813                  |
| 2b. Other monetary assets                                                                     | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| 3. Other                                                                                      | 12                | 12              | -                  | -               | -                      | -                 | -              | -                | 2               | -                      |
| <b>4. Current assets (1+2+3)</b>                                                              | <b>145.207</b>    | <b>3.021</b>    | <b>2.234.494</b>   | <b>1.710</b>    | <b>20.861</b>          | <b>41.981</b>     | <b>5.289</b>   | <b>52.700</b>    | <b>13.503</b>   | <b>17.457</b>          |
| 5. Trade receivables                                                                          | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| 6a. Monetary financial assets                                                                 | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| 6b. Non-monetary financial assets                                                             | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| 7. Other                                                                                      | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| <b>8. Non-current assets (5+6+7)</b>                                                          | <b>-</b>          | <b>-</b>        | <b>-</b>           | <b>-</b>        | <b>-</b>               | <b>-</b>          | <b>-</b>       | <b>-</b>         | <b>-</b>        | <b>-</b>               |
| <b>9. Total assets (4+8)</b>                                                                  | <b>145.207</b>    | <b>3.021</b>    | <b>2.234.494</b>   | <b>1.710</b>    | <b>20.861</b>          | <b>41.981</b>     | <b>5.289</b>   | <b>52.700</b>    | <b>13.503</b>   | <b>17.457</b>          |
| 10. Trade payables                                                                            | (69.942)          | (21.076)        | (34.792)           | (28.230)        | (16.908)               | (33.903)          | (2.406)        | (137.324)        | (18.032)        | (785)                  |
| 11. Financial liabilities                                                                     | (20.678)          | -               | (87.122)           | (15.025)        | -                      | (7.200)           | -              | (42.839)         | (3.522)         | -                      |
| 12a. Other monetary liabilities                                                               | (51.438)          | -               | (852.924)          | (48)            | (5.771)                | (5.004)           | (62)           | (57.329)         | (7)             | (634)                  |
| 12b. Other non-monetary liabilities                                                           | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| <b>13. Short term liabilities (10+11+12)</b>                                                  | <b>(142.058)</b>  | <b>(21.076)</b> | <b>(974.838)</b>   | <b>(43.304)</b> | <b>(22.679)</b>        | <b>(46.107)</b>   | <b>(2.468)</b> | <b>(237.492)</b> | <b>(21.561)</b> | <b>(1.419)</b>         |
| 14. Trade payables                                                                            | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| 15. Financial liabilities                                                                     | (9.759)           | -               | (133.035)          | (2.480)         | -                      | (19.024)          | -              | (134.836)        | (7.870)         | -                      |
| 16a. Other monetary liabilities                                                               | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| 16b. Other non-monetary liabilities                                                           | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| <b>17. Long term liabilities (14+15+16)</b>                                                   | <b>(9.759)</b>    | <b>-</b>        | <b>(133.035)</b>   | <b>(2.480)</b>  | <b>-</b>               | <b>(19.024)</b>   | <b>-</b>       | <b>(134.836)</b> | <b>(7.870)</b>  | <b>-</b>               |
| <b>18. Total liabilities (13+17)</b>                                                          | <b>(151.817)</b>  | <b>(21.076)</b> | <b>(1.107.873)</b> | <b>(45.784)</b> | <b>(22.679)</b>        | <b>(65.131)</b>   | <b>(2.468)</b> | <b>(372.328)</b> | <b>(29.431)</b> | <b>(1.419)</b>         |
| <b>19. Net position of off-statement of financial position derivate instruments (19a+19b)</b> | <b>-</b>          | <b>-</b>        | <b>-</b>           | <b>-</b>        | <b>-</b>               | <b>-</b>          | <b>-</b>       | <b>-</b>         | <b>-</b>        | <b>-</b>               |
| 19a. Total hedged assets <sup>(**)</sup>                                                      | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| 19b. Total hedged liabilities <sup>(**)</sup>                                                 | -                 | -               | -                  | -               | -                      | -                 | -              | -                | -               | -                      |
| <b>20. Net statement of financial position (9+18+19)</b>                                      | <b>(6.608)</b>    | <b>(18.055)</b> | <b>1.126.620</b>   | <b>(44.074)</b> | <b>(1.818)</b>         | <b>(23.150)</b>   | <b>2.821</b>   | <b>(319.628)</b> | <b>(15.928)</b> | <b>16.038</b>          |
| <b>21. Net statement of monetary items (IFRS 7.b23) (=1+2a+5+6a+10+11+12a+14+15+16a)</b>      | <b>(6.620)</b>    | <b>(18.067)</b> | <b>1.126.620</b>   | <b>(44.074)</b> | <b>(1.818)</b>         | <b>(23.150)</b>   | <b>2.821</b>   | <b>(319.628)</b> | <b>(15.930)</b> | <b>16.038</b>          |

<sup>(\*)</sup> Consists of the Group's other receivables in foreign currency with a monetary financial asset nature.

<sup>(\*\*)</sup> Consists of the currency risk of the Group subsidiaries' own currencies.

<sup>(\*\*\*)</sup> USD equivalents are given.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

#### Sensitivity analysis

A strengthening/weakening of the TL against the other currencies below would have increased/ (decreased) the comprehensive income and profit/loss (excluding the tax effect) as of December 31, 2022 and 2021 as follows:

| 31 December 2022                                       | Profit / (Loss)      |                  | Equity               |                  |
|--------------------------------------------------------|----------------------|------------------|----------------------|------------------|
|                                                        | Strengthening of USD | Weakening of USD | Strengthening of USD | Weakening of USD |
| <b>Increase/(decrease) 10% of TL parity</b>            |                      |                  |                      |                  |
| 1-TL net asset / liability                             | 6.025                | (6.025)          | 6.025                | (6.025)          |
| 2-Hedged portion of TL amounts (-)                     | -                    | -                | -                    | -                |
| <b>3-Net effect of USD (1+2)</b>                       | <b>6.025</b>         | <b>(6.025)</b>   | <b>6.025</b>         | <b>(6.025)</b>   |
| <b>Increase/(decrease) 10% of EUR parity</b>           |                      |                  |                      |                  |
| 4-EUR net asset / liability                            | (4.699)              | 4.699            | (4.699)              | 4.699            |
| 5-Hedged portion of EUR amounts (-)                    | -                    | -                | -                    | -                |
| <b>6-Net effect of EUR (4+5)</b>                       | <b>(4.699)</b>       | <b>4.699</b>     | <b>(4.699)</b>       | <b>4.699</b>     |
| <b>Increase/(decrease) 10% of other parities</b>       |                      |                  |                      |                  |
| 7-Other foreign currency net asset / liability         | (182)                | 182              | (182)                | 182              |
| 8-Hedged portion of other foreign currency amounts (-) | -                    | -                | -                    | -                |
| <b>9-Net effect of other foreign currencies (7+8)</b>  | <b>(182)</b>         | <b>182</b>       | <b>(182)</b>         | <b>182</b>       |
| <b>TOTAL (3+6+9)</b>                                   | <b>1.144</b>         | <b>(1.144)</b>   | <b>1.144</b>         | <b>(1.144)</b>   |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

| 31 December 2021                                       | Profit / (Loss)      |                  | Equity               |                  |
|--------------------------------------------------------|----------------------|------------------|----------------------|------------------|
|                                                        | Strengthening of USD | Weakening of USD | Strengthening of USD | Weakening of USD |
| <b>Increase/(decrease) 10% of TL parity</b>            |                      |                  |                      |                  |
| 1-TL net asset / liability                             | (2.398)              | 2.398            | (2.398)              | 2.398            |
| 2-Hedged portion of TL amounts (-)                     | -                    | -                | -                    | -                |
| <b>3-Net effect of USD (1+2)</b>                       | <b>(2.398)</b>       | <b>2.398</b>     | <b>(2.398)</b>       | <b>2.398</b>     |
| <b>Increase/(decrease) 10% of EUR parity</b>           |                      |                  |                      |                  |
| 4-EUR net asset / liability                            | (1.803)              | 1.803            | (1.803)              | 1.803            |
| 5-Hedged portion of EUR amounts (-)                    |                      |                  |                      |                  |
| <b>6-Net effect of EUR (4+5)</b>                       | <b>(1.803)</b>       | <b>1.803</b>     | <b>(1.803)</b>       | <b>1.803</b>     |
| <b>Increase/(decrease) 10% of other parities</b>       |                      |                  |                      |                  |
| 7-Other foreign currency net asset / liability         | 1.604                | (1.604)          | 1.604                | (1.604)          |
| 8-Hedged portion of other foreign currency amounts (-) |                      |                  |                      |                  |
| <b>9-Net effect of other foreign currencies (7+8)</b>  | <b>1.604</b>         | <b>(1.604)</b>   | <b>1.604</b>         | <b>(1.604)</b>   |
| <b>TOTAL (3+6+9)</b>                                   | <b>(2.597)</b>       | <b>2.597</b>     | <b>(2.597)</b>       | <b>2.597</b>     |

### Capital management

The Group's objectives when managing capital include:

- to comply with the capital requirements required by the regulators of the financial markets where the Group operates;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

The Group's debt to equity ratio at the end of year was as follows:

|                                                 | December 31, 2022 | December 31, 2021 |
|-------------------------------------------------|-------------------|-------------------|
| Total current liabilities                       | 714.819           | 422.650           |
| Less: cash and cash equivalents                 | 53.909            | 95.181            |
| Less: deferred revenue and contract liabilities | 229.442           | 202.700           |
| <b>Net debt</b>                                 | <b>431.468</b>    | <b>124.769</b>    |
| Equity                                          | 805.142           | 635.562           |
| <b>Debt to equity ratio as of December 31</b>   | <b>0,54</b>       | <b>0,20</b>       |

### Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Çalık Holding's Internal Audit department.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

#### Fair value information

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted market price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The table below provides reconciliation between line items in the consolidated statement of financial position and categories of financial instruments.

| December 31, 2022                     | Financial assets presented<br>from amortized value | Financial assets<br>measured by reflecting FV<br>difference on profit / loss | Financial liabilities<br>presented at<br>amortized value | Net carrying amount |
|---------------------------------------|----------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------|---------------------|
| Cash and cash equivalents             | 53.909                                             | -                                                                            | -                                                        | 53.909              |
| Financial investments                 | -                                                  | 61.642                                                                       | -                                                        | 61.642              |
| Trade receivables                     | 290.586                                            | -                                                                            | -                                                        | 290.586             |
| Other receivables                     | 75.190                                             | -                                                                            | -                                                        | 75.190              |
| <b>Total assets</b>                   | <b>419.685</b>                                     | <b>61.642</b>                                                                | <b>-</b>                                                 | <b>481.327</b>      |
| Borrowings                            | -                                                  | -                                                                            | (167.634)                                                | (167.634)           |
| Trade payables                        | -                                                  | -                                                                            | (211.179)                                                | (211.179)           |
| Payables related to employee benefits | -                                                  | -                                                                            | (6.243)                                                  | (6.243)             |
| Other payables                        | -                                                  | -                                                                            | (94.648)                                                 | (94.648)            |
| <b>Total liabilities</b>              | <b>-</b>                                           | <b>-</b>                                                                     | <b>(479.704)</b>                                         | <b>(479.704)</b>    |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

| December 31, 2021                     | Financial assets presented from amortized value | Financial assets measured by reflecting FV difference on profit / loss | Financial liabilities presented at amortized value | Net carrying amount |
|---------------------------------------|-------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------|---------------------|
| Cash and cash equivalents             | 95.181                                          | -                                                                      | -                                                  | 95.181              |
| Financial investments                 | -                                               | 34.680                                                                 | -                                                  | 34.680              |
| Trade receivables                     | 280.288                                         | -                                                                      | -                                                  | 280.288             |
| Other receivables                     | 46.946                                          | -                                                                      | -                                                  | 46.946              |
| <b>Total assets</b>                   | <b>422.415</b>                                  | <b>34.680</b>                                                          | <b>-</b>                                           | <b>457.095</b>      |
| Borrowings                            | -                                               | -                                                                      | (117.187)                                          | (117.187)           |
| Trade payables                        | -                                               | -                                                                      | (88.749)                                           | (88.749)            |
| Payables related to employee benefits | -                                               | -                                                                      | (2.306)                                            | (2.306)             |
| Other payables                        | -                                               | -                                                                      | (49.648)                                           | (49.648)            |
| <b>Total liabilities</b>              | <b>-</b>                                        | <b>-</b>                                                               | <b>(257.890)</b>                                   | <b>(257.890)</b>    |

#### Fair value hierarchy

The fair value hierarchy consists of three levels, depending upon whether fair values are determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have significant impact on the fair value of the instrument (Level 3):

#### Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: This category includes inputs that are quoted market prices (unadjusted) in active markets for identical instruments. These are instruments where the fair value can be determined directly from prices which are quoted in active, liquid markets and where the instrument observed in the market is representative of that being priced in the Group's portfolio.
- Level 2: This category includes inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: This category includes all instruments where the valuation technique uses inputs based on unobservable data, which could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant, unobservable adjustments or assumptions are required to reflect differences between instruments. Unobservable in this context means that there is little or no current market data available from which the price at which an arm's length transaction would be likely to occur can be derived.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

The Group uses following assumptions to estimate the fair value of financial instruments:

**Equity securities:** Fair values of publicly traded equity securities are based on quoted market prices where available. In the case of where no quoted market is available, fair value is determined based on quoted prices for similar securities or other valuation techniques since there is significant variability in the range of reasonable fair value estimates and the probabilities of the various estimates within the range cannot be assessed reasonably. Valuation techniques include discounted cash flow models and transaction multiple methods.

**Derivative assets and liabilities:** Derivatives are valued using valuation techniques. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instruments. Observable prices or model inputs are usually available in the market for exchange-traded derivatives and simple over-the-counter derivatives.

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values. The principal technique used to value these instruments are based on discounted cash flows. These valuation models calculate the present value of expected future cash flows. Inputs to valuation models are determined from observable market data where possible. The inputs used include prices available from exchanges, dealers, brokers or providers of consensus pricing, yield curves, credit spreads, default rates, recovery rates, and volatility of underlying interest rates, equity prices and foreign currency exchange rates. These inputs are determined with reference to quoted prices, recently executed trades, independent market quotes, where available.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 28. Financial instruments - Fair values and risk management (continued)

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate. For measuring derivatives, fair values taken into account both credit valuation adjustments and debit valuation adjustments.

#### Financial instruments not measured at fair value

The following table compares the carrying amount of financial assets and liabilities not measured at fair value and analyses them by the level in the fair value hierarchy.

|                                       | Level 1        | Level 2          | Level 3          | Total fair value        | Total carrying amount        |
|---------------------------------------|----------------|------------------|------------------|-------------------------|------------------------------|
| <b>December 31, 2022</b>              |                |                  |                  |                         |                              |
| <b>Financial assets</b>               |                |                  |                  |                         |                              |
| Cash and cash equivalents             | -              | 53.909           | -                | 53.909                  | 53.909                       |
| Financial investments                 | 48.457         | -                | 13.185           | 61.642                  | 61.642                       |
| Trade receivables                     | -              | -                | 290.586          | 290.586                 | 290.586                      |
| Other receivables                     | -              | -                | 75.190           | 75.190                  | 75.190                       |
|                                       | <b>48.457</b>  | <b>53.909</b>    | <b>378.961</b>   | <b>481.327</b>          | <b>481.327</b>               |
| <b>Financial liabilities</b>          |                |                  |                  |                         |                              |
| Borrowings                            | -              | (167.634)        | -                | (167.634)               | (167.634)                    |
| Trade payables                        | -              | -                | (211.179)        | (211.179)               | (211.179)                    |
| Payables related to employee benefits | -              | -                | (6.243)          | (6.243)                 | (6.243)                      |
| Other payables                        | -              | -                | (94.648)         | (94.648)                | (94.648)                     |
|                                       | -              | <b>(167.634)</b> | <b>(312.070)</b> | <b>(479.704)</b>        | <b>(479.704)</b>             |
|                                       | <b>Level 1</b> | <b>Level 2</b>   | <b>Level 3</b>   | <b>Total fair value</b> | <b>Total carrying amount</b> |
| <b>December 31, 2021</b>              |                |                  |                  |                         |                              |
| <b>Financial assets</b>               |                |                  |                  |                         |                              |
| Cash and cash equivalents             | -              | 95.181           | -                | 95.181                  | 95.181                       |
| Financial investments                 | 23.778         | -                | 10.902           | 34.680                  | 34.680                       |
| Trade receivables                     | -              | -                | 280.288          | 280.288                 | 280.288                      |
| Other receivables                     | -              | -                | 46.946           | 46.946                  | 46.946                       |
|                                       | <b>23.778</b>  | <b>95.181</b>    | <b>338.136</b>   | <b>457.095</b>          | <b>457.095</b>               |
| <b>Financial liabilities</b>          |                |                  |                  |                         |                              |
| Borrowings                            | -              | (117.187)        | -                | (117.187)               | (117.187)                    |
| Trade payables                        | -              | -                | (88.749)         | (88.749)                | (88.749)                     |
| Payables related to employee benefits | -              | -                | (2.306)          | (2.306)                 | (2.306)                      |
| Other payables                        | -              | -                | (49.648)         | (49.648)                | (49.648)                     |
|                                       | -              | <b>(117.187)</b> | <b>(140.703)</b> | <b>(257.890)</b>        | <b>(257.890)</b>             |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 29. Group enterprises

The consolidated financial statements aggregate financial information from the following entities:

#### *Subsidiaries*

The table below sets out all the subsidiaries and shows their shareholding structure as of December 31, 2022 and 2021:

| <b>Name</b>                     | <b>Direct controlling<br/>interest of Çalık Enerji<br/>and its Subsidiaries</b> |                              | <b>Effective ownership<br/>of Çalık Enerji<br/>and its Subsidiaries</b> |                              |
|---------------------------------|---------------------------------------------------------------------------------|------------------------------|-------------------------------------------------------------------------|------------------------------|
|                                 | <b>December 31,<br/>2022</b>                                                    | <b>December 31,<br/>2021</b> | <b>December 31,<br/>2022</b>                                            | <b>December 31,<br/>2021</b> |
| Adacami Enerji                  | 99,95                                                                           | 99,95                        | 99,95                                                                   | 99,95                        |
| Ant Enerji                      | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| Atayurt İnşaat                  | 99,50                                                                           | 99,50                        | 99,50                                                                   | 99,50                        |
| ÇEDAS                           | 99,90                                                                           | 99,90                        | 99,90                                                                   | 99,90                        |
| Çalık Energy Swiss AG           | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| Çalık Rüzgar                    | 95,00                                                                           | 95,00                        | 95,00                                                                   | 95,00                        |
| Demircili Rüzgar                | 85,00                                                                           | 85,00                        | 85,00                                                                   | 85,00                        |
| JSC Calik Georgia Wind          | 85,00                                                                           | 85,00                        | 85,00                                                                   | 85,00                        |
| Kızılırmak Enerji Elektrik A.Ş. | 99,30                                                                           | 99,30                        | 99,30                                                                   | 99,30                        |
| Momentum Enerji                 | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| Onyx Trading Innovation FZE     | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| Technological Energy N.V.       | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| Çalık Proje Mühendislik         | 66,00                                                                           | 100,00                       | 66,00                                                                   | 100,00                       |
| Türkmen Elektrik                | 99,50                                                                           | 95,50                        | 99,50                                                                   | 95,50                        |
| TCB İnşaat Yatırım A.Ş.         | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| Yeşilçay Enerji                 | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| YEDAŞ 1                         | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| YEPAS 1                         | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| Taşkent Merkez Park             | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| Uztur                           | 100,00                                                                          | 100,00                       | 100,00                                                                  | 100,00                       |
| CE Solaire 1 SAS                | 95,00                                                                           | 95,00                        | 95,00                                                                   | 95,00                        |
| CE Solaire 2 SAS                | 95,00                                                                           | 95,00                        | 95,00                                                                   | 95,00                        |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 29. Group enterprises (continued)

#### Joint ventures

The table below sets out the Joint ventures and their shareholding structure at December 31,:

| Name                      | Direct controlling interest of Çalık Enerji and its Subsidiaries |                   | Effective ownership interest of Çalık Enerji and its Subsidiaries |                   |
|---------------------------|------------------------------------------------------------------|-------------------|-------------------------------------------------------------------|-------------------|
|                           | December 31, 2022                                                | December 31, 2021 | December 31, 2022                                                 | December 31, 2021 |
| Çalık Limak Adi Ortaklığı | 50,00                                                            | 50,00             | 25,50                                                             | 25,50             |
| Doğu Aras                 | 40,00                                                            | 40,00             | 40,00                                                             | 40,00             |
| KÇLE                      | 50,00                                                            | 50,00             | 50,00                                                             | 50,00             |
| LC Electricity            | 50,00                                                            | 50,00             | 47,75                                                             | 47,75             |

### 30. Segment information

The Group management prepares segment reporting in accordance with policies explained in Note 2. Each segment's information is used for the evaluation and allocation of the resources separately by the management. By measuring and reporting a segment's revenue gained from transactions with other segments, intra transactions are realised at normal market price and conditions.

The operations in countries, where the Group has EPC projects, have the risk to be suspended temporarily or permanently due to economic and political instability in these countries. Segment information of the Group's subsidiaries operating in Türkiye and abroad, which are presented in Note 1, comprised the following:

|                                               | December 31, 2022                  |                   |                          |             |                |
|-----------------------------------------------|------------------------------------|-------------------|--------------------------|-------------|----------------|
|                                               | Construction and contract services | Electricity sales | Electricity distribution | Other       | Eliminations   |
| Revenue                                       | 504.978                            | 74.846            | 876.439                  | -           | (82.662)       |
| Gross profit                                  | 59.304                             | 28.143            | 221.814                  | (49)        | -              |
| Share of profit of equity accounted investees | 26.018                             | -                 | 317                      | -           | -              |
| Interest income                               | 23                                 | 23                | 4.514                    | -           | -              |
| Other income/ (expense), net                  | 10.512                             | 151               | (87.240)                 | (5)         | -              |
| <b>Operating profit/(loss)</b>                | <b>95.857</b>                      | <b>28.317</b>     | <b>139.405</b>           | <b>(54)</b> | <b>-</b>       |
| Gains/(losses) from investing activities      | 35.603                             | 19.686            | (130)                    | -           | (9.852)        |
| Interest expense                              | (55)                               | (3.512)           | (4.283)                  | -           | -              |
| Other finance income and expense, net         | (7.096)                            | (436)             | (1.480)                  | (39)        | -              |
| <b>Profit/(loss) before tax</b>               | <b>124.309</b>                     | <b>44.055</b>     | <b>133.511</b>           | <b>(93)</b> | <b>(9.852)</b> |
| Tax (expense)/benefit                         | (3.502)                            | 6.185             | 56.236                   | (6)         | -              |
| <b>Net profit/(loss)</b>                      | <b>120.807</b>                     | <b>50.240</b>     | <b>189.747</b>           | <b>(99)</b> | <b>(9.852)</b> |
| Segment assets                                | 1.613.138                          | 74.587            | 550.804                  | 160         | (638.353)      |
| Segment liabilities                           | (492.929)                          | (58.742)          | (254.512)                | (330)       | 11.319         |
| Capital expenditures                          | 104.695                            | 552               | 19.580                   | -           | -              |
| Depreciation and amortization                 | 6.946                              | 3.088             | 2.626                    | -           | -              |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 30. Segment information (continued)

|                                                  | December 31, 2021                        |                      |                             |              |                 |                |
|--------------------------------------------------|------------------------------------------|----------------------|-----------------------------|--------------|-----------------|----------------|
|                                                  | Construction<br>and contract<br>services | Electricity<br>sales | Electricity<br>distribution | Other        | Eliminations    | Total          |
| Revenue                                          | 501.390                                  | 31.403               | 636.442                     | -            | (81.671)        | 1.087.564      |
| Gross profit                                     | 129.354                                  | 18.975               | 161.085                     | (78)         | --              | 309.336        |
| Share of profit of equity<br>accounted investees | (1.895)                                  | -                    | 756                         | -            | -               | (1.139)        |
| Interest income                                  | 196                                      | 32                   | 4.713                       | -            | -               | 4.941          |
| Other income/<br>(expense), net                  | (19.117)                                 | (3.467)              | (66.315)                    | (16)         | -               | (88.915)       |
| <b>Operating profit/(loss)</b>                   | <b>108.538</b>                           | <b>15.540</b>        | <b>100.239</b>              | <b>(94)</b>  | <b>-</b>        | <b>224.223</b> |
| Gains/(losses) from<br>investing activities      | 109.477                                  | (4.678)              | 22                          | -            | (54.835)        | 49.986         |
| Interest expense                                 | (4.641)                                  | (1.126)              | (2.354)                     | -            | -               | (8.121)        |
| Other finance income and<br>expense, net         | 5.622                                    | (4.682)              | 2.771                       | (30)         | -               | 3.681          |
| <b>Profit/(loss) before tax</b>                  | <b>218.996</b>                           | <b>5.054</b>         | <b>100.678</b>              | <b>(124)</b> | <b>(54.835)</b> | <b>269.769</b> |
| Tax (expense)/benefit                            | (5.963)                                  | 4.912                | 8.736                       | 18           | -               | 7.702          |
| <b>Net profit/(loss)</b>                         | <b>213.033</b>                           | <b>9.966</b>         | <b>109.414</b>              | <b>(106)</b> | <b>(54.835)</b> | <b>277.471</b> |
| Segment assets                                   | 1.366.109                                | 55.440               | 365.395                     | 208          | (654.238)       | 1.132.913      |
| Segment liabilities                              | (265.315)                                | (75.592)             | (183.327)                   | (323)        | 27.206          | (497.351)      |
| Capital expenditures                             | 30.179                                   | 272                  | 3.807                       | 5            | -               | 34.263         |
| Depreciation<br>and amortization                 | 4.328                                    | 4.898                | 3.769                       | 1            | -               | 12.996         |

### 31. Independent Auditor's Fee

Fees related to the services received from the independent auditor/independent audit firm have been prepared in accordance with the Board Decision of the Group, Public Oversight Accounting and Auditing Standards Authority ("POA") published in the Official Gazette on 30 March 2021. The explanation of the fees for the services provided by the independent audit firms, the preparation principles of which are based on the POA letter dated 19 August 2021, is as follows:

|                           | December 31, 2022 | December 31, 2021 |
|---------------------------|-------------------|-------------------|
| Independent auditor's fee | 126               | 108               |
| Other services's fee      | -                 | 1                 |
| Tax services's fee        | 56                | 44                |
| <b>Total</b>              | <b>182</b>        | <b>153</b>        |

(\*) Foreign currency fees of foreign subsidiaries are translated into TL using the annual average rate of the relevant year.

(\*\*) Other assurance services as of December 31, 2021; Includes CBRT services fees. Contracts for assurance services for December 31, 2022 have not been signed yet. The fees above have been determined by including the statutory audit and other related service fees of all subsidiaries.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts expressed in thousands of United States Dollar ("US Dollar") unless otherwise stated.)

### 32. Subsequent events

With the amendment made by the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Some Laws" published in Official Gazette on 12 March 2023, a one-time additional tax will be collected from corporate taxpayers over the amounts of exemptions and deductions provided by Corporate Tax Law No. 5520 and by other laws as well as tax bases subject to reduced corporate tax according to Law No. 5520 by submitting the tax in corporate tax return for 2022. Some exceptions and deductions listed in the Law No. 7440 are excluded from the scope of the additional tax. In addition, corporate taxpayers in the provinces and districts affected by the Kahramanmaraş earthquake are exempt from the additional tax. Efforts to determine the additional tax amount to be accrued continue. The tax amount will be recognized as expense in the financial statements for 2023.

An earthquake occurred in the southeastern part of Türkiye that affected many of our cities. Considering the region in which the Group operates, no direct impact is expected on Group operations.

The regulation dismantling the retirement age requirement for employees who started their working life before 8 September 1999 was published in the Official Gazette on 3 March 2023. Accordingly, the employees who have completed the number of premium days and social insurance period are entitled to retirement. The regulation is expected to have an impact on the timing and probability of settlement of severance payments. The regulation is not expected to have a significant impact on the Group's financial position and financial performance.



## Appendices

|                        |     |
|------------------------|-----|
| CORPORATE MEMBERSHIP   | 254 |
| PERFORMANCE INDICATORS | 255 |
| REPORTING GUIDE        | 263 |
| GRI CONTENT INDEX      | 268 |
| REPORT COMMUNICATION   | 276 |

## CORPORATE MEMBERSHIP

|                                                                |                                                           |
|----------------------------------------------------------------|-----------------------------------------------------------|
| Foreign Economic Relations Board (DEİK)                        | Supply Chain Management Association (TEDAR)               |
| Green Hydrogen Producers Association (H <sub>2</sub> DER)      | TEGEP                                                     |
| GÜYAD Energy Investors Association                             | Tohum Education Culture and Nature Association            |
| İstanbul Chamber of Commerce                                   | Turkish and Cameroonian Businessmen Association (TURCABA) |
| İstanbul Exporters Association                                 | Turkish Contractors Association (TMB)                     |
| İzmir Chamber of Commerce                                      | Turkish Wind Energy Association (TWEA)                    |
| PERYÖN (People Management Association of Türkiye)              | UN Global Compact                                         |
| Portable Battery Manufacturers and Exporters Association (TAP) | World Energy Council Turkish National Committee           |
| Rize Chamber of Commerce and Industry                          |                                                           |
| Solarbaba BV                                                   |                                                           |

## PERFORMANCE INDICATORS

### Economic Performance Indicators

| Consolidated Financial Indicators (million TL) | 2020         | 2021         | 2022          |
|------------------------------------------------|--------------|--------------|---------------|
| <b>Revenues</b>                                | <b>5,573</b> | <b>9,631</b> | <b>22,755</b> |
| EPC                                            | 1,924        | 4,440        | 8,365         |
| Distribution and Retail                        | 3,809        | 5,636        | 14,519        |
| Electricity Production                         | 215          | 278          | 1,240         |
| Elimination                                    | 375          | 723          | 1,369         |
| <b>EBITDA</b>                                  | <b>1,960</b> | <b>2,101</b> | <b>4,575</b>  |
| EPC                                            | 1,144        | 1,000        | 1,702         |
| Distribution and Retail                        | 652          | 921          | 2,353         |
| Renewable Energy Investments                   | 164          | 180          | 520           |
| Net Profit                                     | 1,588        | 2,457        | 5,812         |
| <b>Consolidated Balance Sheet (million TL)</b> | <b>2020</b>  | <b>2021</b>  | <b>2022</b>   |
| Current Assets                                 | 3,125        | 8,064        | 15,247        |
| Current Liabilities                            | 2,454        | 5,485        | 13,366        |
| Total Assets                                   | 8,173        | 14,702       | 29,924        |
| Financial Debt                                 | 1,014        | 1,521        | 3,134         |
| Short Term Debt                                | 497          | 661          | 1,812         |
| Long Term Debt                                 | 517          | 860          | 1,322         |
| Cash and Cash Equivalents                      | 499          | 1,231        | 1,008         |
| Total Equity                                   | 4,751        | 8,248        | 15,055        |
| Equity of the Parent Company                   | 4,733        | 8,227        | 15,007        |
| Non-Controlling Shares                         | 17           | 21           | 48            |
| Net Financial Debt                             | 610          | 630          | 2,390         |
| <b>Financial Indicators (%)</b>                | <b>2020</b>  | <b>2021</b>  | <b>2022</b>   |
| EBITDA Margin (%)                              | 0.35         | 0.22         | 0.20          |
| Net Profit Margin (%)                          | 0.29         | 0.26         | 0.26          |
| Net Profit/ EBITDA                             | 0.81         | 1.17         | 1.27          |
| Total Liabilities/Total Assets (%)             | 0.42         | 0.48         | 0.55          |
| Current Liabilities/Total Equity               | 0.52         | 0.67         | 0.89          |

## PERFORMANCE INDICATORS

### Governance Performance Indicators

| <b>Board of Directors Distribution</b>                               | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|----------------------------------------------------------------------|-------------|-------------|-------------|
| Female                                                               | 0           | 0           | 0           |
| Male                                                                 | 6           | 6           | 6           |
| Total Members of the Board of Directors                              | 6           | 6           | 6           |
| Independent Members (%)                                              | 0%          | 0%          | 0%          |
| Members who belong to vulnerable or minority groups (%)              | 0%          | 0%          | 0%          |
| Average Senior Management Experience (years)                         | 20.50       | 21.50       | 22.50       |
| <b>Age Distribution of the Members of the Board of Directors (%)</b> |             |             |             |
| 30 and Under (%)                                                     | 0%          | 0%          | 0%          |
| 30-50 (%)                                                            | 33.3%       | 33.3%       | 33.3%       |
| 50 and Over (%)                                                      | 66.7%       | 66.7%       | 66.7%       |
| <b>Frequency of Meetings of the Board of Directors</b>               |             |             |             |
| Number of Meetings                                                   | 4           | 4           | 4           |
| Meeting Participation Rate                                           | 100%        | 100%        | 100%        |
| <b>Executive Board Distribution</b>                                  | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| Female                                                               | -           | -           | 3           |
| Male                                                                 | -           | -           | 19          |
| Number of Meetings                                                   | -           | -           | 40          |
| <b>Committee Structure</b>                                           | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| Number of Participants of the Sustainability Committee               | 10          | 10          | 10          |
| Number of Meetings                                                   | 12          | 12          | 6           |
| Number of Participants of the Audit Committee                        | 3           | 3           | 3           |
| Number of Meetings                                                   | 6           | 6           | 6           |
| Number of Participants of the Ethics Committee                       | -           | 3           | 3           |
| Number of Meetings                                                   | -           | 9           | 13          |
| <b>Ethical Business Conduct</b>                                      | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| Number of Notifications to Ethics Line                               | -           | 10          | 23          |
| Number of Notifications which were Resolved                          | -           | 10          | 22          |
| Proportion of Incoming Notifications which were resolved on time (%) | -           | 100%        | 95%         |

## PERFORMANCE INDICATORS

### Environmental Performance Indicators

| Energy Consumption                                                           | Unit            | 2020        | 2021        | 2022        |
|------------------------------------------------------------------------------|-----------------|-------------|-------------|-------------|
| Natural Gas Consumption                                                      | m <sup>3</sup>  | 499,498     | 458,488     | 112,088     |
| Electricity                                                                  | kWh             | 3,506,667   | 3,917,698   | 4,968,364   |
| Fuel Oil                                                                     | Liter           | 56,932      | 61,051      | 92,796      |
| Diesel                                                                       | Liter           | 335,371     | 274,901     | 1,468,338   |
| Renewable Energy Operations                                                  | Unit            | 2020        | 2021        | 2022        |
| Total Energy Generation                                                      | MWh             | 377,125,023 | 372,225,803 | 372,675,902 |
| Total Energy Consumption                                                     | MWh             | 1,409,892   | 1,256,235   | 1,301,873   |
| Ratio of renewable operations' energy consumption in total energy production | %               | 0.4%        | 0.3%        | 0.3%        |
| Energy Intensity of Renewable Energy Investments                             | MWh/EBITDA      | 0.058       | 0.052       | 0.053       |
| Energy Production Facilities                                                 | Production Type | City        |             |             |
| Adacami                                                                      | Hydroelectric   | Rize        |             |             |
| Sarpıncık                                                                    | Wind            | İzmir       |             |             |
| Demircili                                                                    | Wind            | İzmir       |             |             |
| Polatlı                                                                      | Solar           | Ankara      |             |             |
| Yıldızlı                                                                     | Solar           | Ankara      |             |             |
| Erzurum                                                                      | Solar           | Erzurum     |             |             |
| Erzincan                                                                     | Solar           | Erzincan    |             |             |
| Amasya                                                                       | Solar           | Amasya      |             |             |
| Çorum                                                                        | Solar           | Çorum       |             |             |

## PERFORMANCE INDICATORS

| Emissions                                          | Unit                       | 2020       | 2021        | 2022        |
|----------------------------------------------------|----------------------------|------------|-------------|-------------|
| Scope 1 - Direct Greenhouse Gas Emissions          | tonnes CO <sub>2</sub>     | 408.4      | 502.8       | 3,399.5     |
| Natural Gas                                        | tonnes CO <sub>2</sub>     | 77.3       | 216.76      | 55.76       |
| Fixed Combustion - Diesel                          | tonnes CO <sub>2</sub>     | 24.0       | 43.1        | 3,066       |
| Fixed Combustion - Gasoline                        | tonnes CO <sub>2</sub>     | -          | 0.03        | 0.10        |
| Mobile Combustion - Diesel                         | tonnes CO <sub>2</sub>     | 121.8      | -           | 136         |
| Mobile Combustion - Gasoline                       | tonnes CO <sub>2</sub>     | -          | -           | 19.96       |
| Mobile Combustion - LPG                            | tonnes CO <sub>2</sub>     | -          | -           | 0.12        |
| Leak Emissions - Refrigerant Gas                   | tonnes CO <sub>2</sub>     | 180.5      | -           | 11.44       |
| Leak Emissions - Fire Extinguisher                 | tonnes CO <sub>2</sub>     | 4.8        | -           | 101         |
| Scope 2 - Energy Indirect Greenhouse Gas Emissions | tonnes CO <sub>2</sub>     | 358.3      | 470.8       | 1,051       |
| Total Emissions                                    | tonnes CO <sub>2</sub>     | 766.63     | 973.59      | 4,450.5     |
| Emission Intensity                                 | tonnes CO <sub>2</sub> /TL | 0.00013757 | 0.000100903 | 0.000195583 |

| Carbon Footprint by Facility*      | Unit                     | 2020   | 2021   | 2022    |
|------------------------------------|--------------------------|--------|--------|---------|
| İstanbul Office                    | tonnes CO <sub>2</sub> e | 558.62 | 439.11 | 355.8   |
| Ankara Office                      | tonnes CO <sub>2</sub> e | 25.63  | 191.25 | 134.0   |
| Demircili Wind Farm                | tonnes CO <sub>2</sub> e | 93.35  | 73.75  | 82.1    |
| Sarpıncık Wind Farm                | tonnes CO <sub>2</sub> e | -      | 57.96  | 63.2    |
| Adacami Hydro-electric Power Plant | tonnes CO <sub>2</sub> e | 79.09  | 69.62  | 74.1    |
| Amasya Solar Power Plant           | tonnes CO <sub>2</sub> e | -      | 2.09   | 37.9    |
| Yıldızlı Solar Power Plant         | tonnes CO <sub>2</sub> e | -      | 16.79  | 16.8    |
| Polatlı Solar Power Plant          | tonnes CO <sub>2</sub> e | 9.93   | 7.96   | 8.2     |
| Erzurum Solar Power Plant          | tonnes CO <sub>2</sub> e | -      | 27.5   | 27.5    |
| Çorum Solar Power Plant            | tonnes CO <sub>2</sub> e | -      | 61.21  | 58.8    |
| Erzincan Solar Power Plant         | tonnes CO <sub>2</sub> e | -      | 26.60  | 26.7    |
| West Qurna                         | tonnes CO <sub>2</sub> e | -      | -      | 3,005.1 |
| Romania                            | tonnes CO <sub>2</sub> e | -      | -      | 560.3   |

| Carbon Footprint by Category (ton CO <sub>2</sub> ) | Unit | 2020   | 2021   | 2022   |
|-----------------------------------------------------|------|--------|--------|--------|
| Scope 1 - Direct Greenhouse Gas Emissions           | %    | 53.27% | 51.64% | 76.39% |
| Scope 2 - Energy Indirect Greenhouse Gas Emissions  | %    | 46.73% | 48.36% | 23.61% |

\* There was no consumption in the locations marked with a “-” in the relevant periods.

## PERFORMANCE INDICATORS

| <b>Carbon Footprint by Emission Source (ton CO<sub>2</sub>e)*</b> | <b>Unit</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|-------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Natural Gas                                                       | %           | 10.09%      | 22.26%      | 1.25%       |
| Fixed Combustion – Diesel                                         | %           | 3.12%       | 4.43%       | 68.90%      |
| Fixed Combustion - Gasoline                                       | %           | -           | 0.00%       | 0.00%       |
| Mobile Combustion - Diesel                                        | %           | -           | -           | 3.05%       |
| Mobile Combustion - Gasoline                                      | %           | -           | -           | 0.45%       |
| Mobile Combustion - LPG                                           | %           | -           | -           | 0.003%      |
| Leak Emissions – Refrigerant Gas                                  | %           | 23.55%      | -           | 0.26%       |
| Leak Emissions - Fire Extinguisher                                | %           | 0.62%       | -           | 2.27%       |
| Purchased Electricity                                             | %           | 46.73%      | 48.36%      | 23.61%      |
| <b>Water Management</b>                                           | <b>Unit</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| Total Water Withdrawals                                           | tonnes      | 20,655      | 19,615      | 26,165      |
| Total Water Discharge                                             | tonnes      | 5,257       | 5,287       | 10,984      |
| Total Water Consumption                                           | tonnes      | 15,398      | 14,328      | 15,181      |
| Water Intensity                                                   | tonnes/TL   | 0.003706494 | 0.002032903 | 0.001149861 |
| <b>EPC</b>                                                        |             |             |             |             |
| Total Water Withdrawals                                           | tonnes      | 0           | 732         | 3,859       |
| Third party (Network etc.) Water Discharge                        | tonnes      | 0           | 732         | 3,859       |
| Total Water Consumption                                           | tonnes      | 0           | 0           | 0           |
| <b>Distribution</b>                                               |             |             |             |             |
| Total Water Withdrawals                                           | tonnes      | 14,638      | 13,568      | 14,421      |
| Third party (Network etc.) Water Discharge                        | tonnes      | 0           | 0           | 0           |
| Total Water Consumption                                           | tonnes      | 14,638      | 13,568      | 14,421      |
| <b>Renewable Energy Investments</b>                               |             |             |             |             |
| Total Water Withdrawals                                           | tonnes      | 940         | 940         | 940         |
| Third party (Network etc.) Water Discharge                        | tonnes      | 180         | 180         | 180         |
| Total Water Consumption                                           | tonnes      | 760         | 760         | 760         |
| <b>Head Office</b>                                                |             |             |             |             |
| Total Water Withdrawals                                           | tonnes      | 5,077       | 4,375       | 6,945       |
| Third party (Network etc.) Water Discharge                        | tonnes      | 5,077       | 4,375       | 6,945       |
| Total Water Consumption                                           | tonnes      | 0           | 0           | 0           |

\* There was no consumption in the locations marked with a “-” in the relevant periods.

## PERFORMANCE INDICATORS

| Waste Management                                     | Unit      | 2020     | 2021      | 2022     |
|------------------------------------------------------|-----------|----------|-----------|----------|
| Total Hazardous Waste                                | tonnes    | 10.7     | 5.2       | 8.1      |
| Total Non-hazardous Waste                            | tonnes    | 6.7      | 8,103     | 159.6    |
| Total Waste                                          | tonnes    | 17.4     | 8,109     | 167.7    |
| Waste Intensity                                      | tonnes/TL | 0.000003 | 0.000840  | 0.000007 |
| <b>EPC</b>                                           |           |          |           |          |
| Hazardous Waste                                      | tonnes    | 0        | 0         | 0        |
| Non-hazardous Waste                                  | tonnes    | 0        | 8,098     | 156      |
| Total Waste                                          | tonnes    | 0        | 8,098     | 156      |
| <b>Distribution</b>                                  |           |          |           |          |
| Hazardous Waste                                      | tonnes    | 1.40     | 5.62      | 614.87   |
| Non-hazardous Waste                                  | tonnes    | 4.61     | 3.37      | 1.79     |
| Total Waste                                          | tonnes    | 6.0      | 8.99      | 616.7    |
| <b>Renewable Energy Investments</b>                  |           |          |           |          |
| Hazardous Waste                                      | tonnes    | 3.025    | 4.045     | 7.42     |
| Non-hazardous Waste                                  | tonnes    | 0.05     | 0.04      | 0.00     |
| Total Waste                                          | tonnes    | 3.075    | 4.085     | 7.42     |
| <b>Head Office</b>                                   |           |          |           |          |
| Hazardous Waste                                      | tonnes    | 6.325    | 0.045     | 0.1      |
| Non-hazardous Waste                                  | tonnes    | 2.035    | 1.999     | 1.849    |
| Total Waste                                          | tonnes    | 8.360    | 2,044     | 1.949    |
| <b>Waste Management According to Disposal Method</b> |           |          |           |          |
| Recycle                                              | tonnes    | 11.435   | 8,104.129 | 165.369  |
| Landfill                                             | tonnes    | 0.11     | 0         | 0        |
| Energy Recovery                                      | tonnes    | 1,543    | 1.646     | 6,086    |
| Incineration                                         | tonnes    | 1,646    | 11.944    | 10,716   |
| Total Disposed Waste                                 | tonnes    | 14,734   | 8,117.719 | 182,171  |
| <b>Paper Consumption</b>                             |           |          |           |          |
| EPC                                                  | tonnes    | 0        | 2.9       | 1.5      |
| Renewable Energy Investments                         | tonnes    | 0.1      | 0.04      | 0        |
| Distribution                                         | tonnes    | 32.2     | 7.3       | 7.8      |
| Head Office                                          | tonnes    | 1.7      | 1.7       | 1.4      |
| Total Paper Consumption                              | tonnes    | 33.9     | 11.9      | 10.7     |

## PERFORMANCE INDICATORS

### Social Performance Indicators

| <b>Occupational Health and Safety Training (Employees)</b> | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   |
|------------------------------------------------------------|---------------|---------------|---------------|
| <b>Total Training Hours</b>                                | <b>12,667</b> | <b>27,246</b> | <b>92,476</b> |
| EPC                                                        | 5,323         | 20,790        | 85,880        |
| Distribution                                               | 7,168         | 6,280         | 6,280         |
| Renewable Energy                                           | 176           | 176           | 316           |
| <b>Training Hours per Employee</b>                         | <b>13.30</b>  | <b>13.64</b>  | <b>17.92</b>  |
| EPC                                                        | 11.70         | 13.40         | 13.52         |
| Distribution                                               | 12.19         | 11.52         | 11.52         |
| Renewable Energy                                           | 16.00         | 16.00         | 28.73         |
| <b>Occupational Health and Safety Metrics</b>              | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   |
| <b>Employees</b>                                           |               |               |               |
| Total Number of Recordable Accidents                       | 4             | 5             | 16            |
| Number of Fatal Cases                                      | 0             | 0             | 0             |
| Total Lost Time Accidents                                  | 0             | 0             | 1             |
| Number of Occupational Illness                             | 1             | 1             | 1             |
| <b>Subcontractors</b>                                      |               |               |               |
| Total Number of Recordable Accidents                       | 63            | 116           | 82            |
| Number of Fatal Cases                                      | 2             | 3             | 1             |
| Total Lost Time Accidents                                  | 0             | 0             | 3             |
| Number of Occupational Illness                             | 43            | 79            | 45            |
| <b>Employees Recruited by Business Line</b>                | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   |
| <b>Recruitment</b>                                         | <b>103</b>    | <b>274</b>    | <b>2,006</b>  |
| EPC                                                        | 17            | 122           | 1,858         |
| Distribution                                               | 68            | 92            | 83            |
| Renewable Energy                                           | 4             | 0             | 2             |
| Head Office                                                | 14            | 60            | 63            |
| <b>Employees Recruited by Age</b>                          | <b>2020</b>   | <b>2021</b>   | <b>2022</b>   |
| <b>Recruitment</b>                                         | <b>103</b>    | <b>274</b>    | <b>2,006</b>  |
| Under 30                                                   | 48            | 110           | 376           |
| Between 30-50 (including ages 30 and 50)                   | 52            | 152           | 1,371         |
| Above 50                                                   | 3             | 12            | 259           |

## PERFORMANCE INDICATORS

| <b>Employee Distribution by Age (EPC)</b>              | <b>2020</b> | <b>2021</b> | <b>2022</b>  |
|--------------------------------------------------------|-------------|-------------|--------------|
| <b>Total</b>                                           | <b>151</b>  | <b>521</b>  | <b>1,597</b> |
| Under 30                                               | 12          | 80          | 224          |
| Between 30-50 (including ages 30 and 50)               | 118         | 392         | 1,170        |
| Above 50                                               | 21          | 49          | 203          |
| <b>Employee Distribution by Age (Distribution)</b>     | <b>2020</b> | <b>2021</b> | <b>2022</b>  |
| <b>Total</b>                                           | <b>588</b>  | <b>495</b>  | <b>556</b>   |
| Under 30                                               | 103         | 113         | 145          |
| Between 30-50 (including ages 30 and 50)               | 465         | 371         | 398          |
| Above 50                                               | 20          | 11          | 13           |
| <b>Employee Distribution by Age (Renewable Energy)</b> | <b>2020</b> | <b>2021</b> | <b>2022</b>  |
| <b>Total</b>                                           | <b>50</b>   | <b>46</b>   | <b>39</b>    |
| Under 30                                               | 9           | 7           | 0            |
| Between 30-50 (including ages 30 and 50)               | 38          | 36          | 36           |
| Above 50                                               | 3           | 3           | 3            |
| <b>Employee Distribution by Age (Head Office)</b>      | <b>2020</b> | <b>2021</b> | <b>2022</b>  |
| <b>Total</b>                                           | <b>134</b>  | <b>306</b>  | <b>173</b>   |
| Under 30                                               | 23          | 65          | 50           |
| Between 30-50 (including ages 30 and 50)               | 102         | 224         | 115          |
| Above 50                                               | 9           | 17          | 8            |

\* There was no consumption in the emission sources marked with an XXX in the relevant periods.

## REPORTING GUIDE

We are pleased to share the reporting guide prepared to provide information on the scope of the performance indicators included in our 2022 integrated report in line with transparency and accountability principles. The information in our reporting guide covers the financial year 2022 and includes details about our EPC, Renewable Energy Investments, Distribution, and Retail (YEDAŞ) business segments within our reporting scope. Unless otherwise stated, our performance indicators cover all our locations.

| Indicator type                       | Indicators                                                             | Included locations and projects                                                                                                                                             | Scopes                                                                                                                                                                                                                                                          |
|--------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental Performance Indicators | <b>Energy Consumption</b>                                              |                                                                                                                                                                             |                                                                                                                                                                                                                                                                 |
|                                      | Energy consumption                                                     | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Adacami HES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, West Qurna, Romania | We are indicating the total amount of energy directly and indirectly consumed during our operations.                                                                                                                                                            |
|                                      | Electric consumption (kWh)                                             | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Adacami HES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, West Qurna, Romania | We are indicating the total amount of electrical energy consumption in heating, lighting, use of electrical devices, and other electricity-dependent operations.                                                                                                |
|                                      | Natural gas consumption (m <sup>3</sup> )                              | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Adacami HES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, West Qurna, Romania | We are indicating the total amount of natural gas consumed in heating, kitchen, and other operations requiring natural gas.                                                                                                                                     |
|                                      | LPG consumption (liter)                                                | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Adacami HES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, West Qurna, Romania | We are indicating the total amount of LPG consumed during our operations.                                                                                                                                                                                       |
|                                      | Diesel fuel consumption (liter)                                        | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Adacami HES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, West Qurna, Romania | We are indicating total amount of diesel fuel consumed in generator fuel and in the company-owned rental vehicles.                                                                                                                                              |
|                                      | Gasoline consumption (liter)                                           | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Adacami HES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, West Qurna, Romania | We are indicating the total amount of gasoline fuel consumed in company-owned rental vehicles.                                                                                                                                                                  |
|                                      | <b>Scope 1 and 2 emissions (ton CO<sub>2</sub>e)</b>                   |                                                                                                                                                                             |                                                                                                                                                                                                                                                                 |
|                                      | Direct (Scope 1) greenhouse gas emissions (tonnes CO <sub>2</sub> e)   | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Adacami HES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, West Qurna, Romania | We are indicating the total amount of greenhouse gas emissions resulting from the consumption of natural gas, LPG, diesel, gasoline, as well as the use of refrigerants and fire extinguishers.                                                                 |
|                                      | Indirect (Scope 2) greenhouse gas emissions (tonnes CO <sub>2</sub> e) | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Adacami HES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, West Qurna, Romania | We are indicating our greenhouse gas emissions resulting from the consumption of purchased electrical energy.                                                                                                                                                   |
|                                      | Emission intensity (ton CO <sub>2</sub> e/TL)                          | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Adacami HES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, West Qurna, Romania | We are indicating the emission intensity of our total greenhouse gas emissions as a ratio to our published revenue in the 2022 Financial Report. [Emission Intensity (ton CO <sub>2</sub> e/TL) = Total Emissions (ton CO <sub>2</sub> e) / Total Revenue (TL)] |

## REPORTING GUIDE

| Indicator type                       | Indicators                                        | Included locations and projects                                                                                                                    | Scopes                                                                                                                                                                                 |
|--------------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environmental Performance Indicators | <b>Other Environmental Performance Indicators</b> |                                                                                                                                                    |                                                                                                                                                                                        |
|                                      | Water withdrawal (tonnes)                         | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, Romania | We are indicating the total water withdrawal in our relevant locations.                                                                                                                |
|                                      | Water discharge (tonnes)                          | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES Romania                                                                               | We are indicating the total water discharged in our relevant locations.                                                                                                                |
|                                      | Water consumption (tonnes)                        | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES Romania                                                                               | We are indicating the total water consumption in our relevant locations.                                                                                                               |
|                                      | Water intensity (tonnes/TL)                       | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, Romania | We are indicating the total water withdrawal as a ratio to our published revenue in the 2022 Financial Report. [Water intensity= Total water withdrawal (tones) / Total Revenue (TL)]. |
|                                      | Waste amount (tonnes)                             | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES Romania                                                                               | We are indicating the total waste amount in our relevant locations based on its type and disposal method.                                                                              |
|                                      | Waste intensity (tonnes/TL)                       | Istanbul Office, Ankara Office, Demircili RES, Sarpıncık RES, Amasya GES, Yıldızlı GES, Polatlı GES, Erzurum GES, Çorum GES, Erzincan GES, Romania | We are indicating the total waste amount as a ratio to our published revenue in the 2022 Financial Report. [Waste intensity= Total waste consumption(tones) / Total Revenue (TL)].     |

## REPORTING GUIDE

| Indicator type                | Indicators                                                 | Included locations and projects | Scopes                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------|------------------------------------------------------------|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Social Performance Indicators | <b>Employees</b>                                           |                                 |                                                                                                                                                                                                                                                                                                                                                                              |
|                               | Total Number of Employees (#)                              | Çalık Enerji A.Ş.               | We are indicating the total number of employees (excluding our intern employees) who are followed by our Human Resources teams and whose Employment Declaration has been submitted to the Social Security Institution.                                                                                                                                                       |
|                               | Employees by Age Groups (#)                                | Çalık Enerji A.Ş.               | We are indicating the breakdown of our employees, who are followed by our Human Resources teams and whose Employment Declaration has been submitted to the Social Security Institution, according to age groups under 30 years of age, between 30-50 years of age, and over 50 years of age.                                                                                 |
|                               | Employees by Gender (#)                                    | Çalık Enerji A.Ş.               | We are indicating our total number of employees and their distribution by gender.                                                                                                                                                                                                                                                                                            |
|                               | <b>Employees Recruited by Business Line</b>                |                                 |                                                                                                                                                                                                                                                                                                                                                                              |
|                               | Number of Employees Recruited (#)                          | Çalık Enerji A.Ş.               | We are indicating the number of people we have newly recruited and declared to the Social Security Institution with the Employment Declaration during the reporting year.                                                                                                                                                                                                    |
|                               | Employees Recruited by Age (#)                             | Çalık Enerji A.Ş.               | We are indicating our newly recruited employee and their distribution by age.                                                                                                                                                                                                                                                                                                |
|                               | Employees Recruited by Business Line (#)                   | Çalık Enerji A.Ş.               | We are indicating our newly hired staff and their distribution according to business line.                                                                                                                                                                                                                                                                                   |
|                               | Average Years of Seniority Employed by the Company (#)     | Çalık Enerji A.Ş.               | We are indicating the seniority of our employees by calculating their seniority years based on their employment date.                                                                                                                                                                                                                                                        |
|                               | Number of Executives (#)                                   | Çalık Enerji A.Ş.               | We are indicating our total employee staff who hold primary, middle, and senior management positions.                                                                                                                                                                                                                                                                        |
|                               | <b>Occupational Health and Safety Trainings</b>            |                                 |                                                                                                                                                                                                                                                                                                                                                                              |
|                               | Total OHS Training (hours)                                 | Çalık Enerji A.Ş.               | We are indicating the total number of Occupational Health and Safety training hours, compulsory or non-compulsory, according to the hazard class within the scope of Occupational Health and Safety laws and regulations, which our Human Resources department follows from the training documents and our employees participate in.                                         |
|                               | Total OHS Training per Employee (average hours per person) | Çalık Enerji A.Ş.               | We are indicating the ratio of the total training hours attended by our employees, which our Human Resources department follows from the training documents to the total number of employees.<br>[Total OHS Training Per Employee = Total OHS Training Hours / Total Number of Employees]                                                                                    |
|                               | <b>Occupational Health and Safety Metrics</b>              |                                 |                                                                                                                                                                                                                                                                                                                                                                              |
|                               | Total Number of Recordable Accidents (#)                   | Çalık Enerji A.Ş.               | We are indicating the total of accidents classified as Number of Accidents with Lost Time, Number of Accidents with Medical Intervention, Number of Accidents Requiring Restricted Work.<br>[Total Number of Recordable Accidents = Number of Accidents with Lost Time + Number of Accidents Requiring Medical Intervention + Number of Accidents Requiring Restricted Work] |
|                               | Lost Time Accident                                         | Çalık Enerji A.Ş.               | We are indicating the situations where it is not possible to return to work following the day of the accident that resulted in injury.                                                                                                                                                                                                                                       |
|                               | Medical Accident                                           | Çalık Enerji A.Ş.               | We are indicating the events that require medical intervention and can be returned to work following injury.                                                                                                                                                                                                                                                                 |
|                               | Accident Requiring Limited Work                            | Çalık Enerji A.Ş.               | We are indicating the events where our employees are planned to temporarily work in another position after they are unable to fully perform their current duties following an injury.                                                                                                                                                                                        |
|                               | Number of Fatal Cases (#)                                  | Çalık Enerji A.Ş.               | We are indicating the number of people who fall within the definition of “fatal work accident” within the scope of Occupational Health and Safety laws and regulations in all our operations.                                                                                                                                                                                |
|                               | Total Lost Time Accidents                                  | Çalık Enerji A.Ş.               | We are indicating the situations where employees cannot return to work following the day of the accident following work accidents that result in injury.                                                                                                                                                                                                                     |
|                               | Number of Occupational Diseases (#)                        | Çalık Enerji A.Ş.               | We are indicating the disease that occurs because of exposure to occupational risks.                                                                                                                                                                                                                                                                                         |

## REPORTING GUIDE

| Indicator type                          | Indicators                                          | Included locations and projects | Scopes                                                                                                                     |
|-----------------------------------------|-----------------------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Governance<br>Performance<br>Indicators | <b>Board of Directors Distribution</b>              |                                 |                                                                                                                            |
|                                         | Board of Directors Female Member (#)                | Çalık Enerji A.Ş.               | We are indicating the distribution of female members in the total Board of Directors.                                      |
|                                         | Board of Directors Male Member (#)                  | Çalık Enerji A.Ş.               | We are indicating the distribution of male members serving in the total Board of Directors.                                |
|                                         | Total Board Members (#)                             | Çalık Enerji A.Ş.               | We are indicating our total members serving on the Board of Directors.                                                     |
|                                         | Independent Member on the Board of Directors (#)    | Çalık Enerji A.Ş.               | We are indicating our total independent members serving on the Board of Directors.                                         |
|                                         | Board Members by Age Distribution (%)               | Çalık Enerji A.Ş.               | We are indicating our total members serving on the Board of Directors and their distribution according to age.             |
|                                         | Board Meeting Frequency                             | Çalık Enerji A.Ş.               | We are indicating the meetings held by our Board of Directors during the reporting period and the meeting attendance rate. |
|                                         | <b>Board of Directors Distribution</b>              |                                 |                                                                                                                            |
|                                         | Board of Directors Female Member (#)                | Çalık Enerji A.Ş.               | We are indicating the number of female members in our Board of Directors.                                                  |
|                                         | Board of Directors Male Member (#)                  | Çalık Enerji A.Ş.               | We are indicating the number of male members in our Board of Directors.                                                    |
|                                         | Board of Directors Meeting Frequency                | Çalık Enerji A.Ş.               | We are indicating the meetings held by our Board of Directors during the reporting period.                                 |
|                                         | <b>Committee Structure</b>                          |                                 |                                                                                                                            |
|                                         | Number of Sustainability Committee Participants (#) | Çalık Enerji A.Ş.               | We are indicating the total number of Sustainability Committee participants.                                               |
|                                         | Number of Sustainability Committee Meetings (#)     | Çalık Enerji A.Ş.               | We are indicating the total number of Sustainability Committee meetings held.                                              |
|                                         | Number of Audit Committee Participants (#)          | Çalık Enerji A.Ş.               | We are indicating the total number of Audit Committee participants.                                                        |
|                                         | Number of Audit Committee Meetings (#)              | Çalık Enerji A.Ş.               | We are indicating the total number of audit committee meetings held.                                                       |
|                                         | Number of Ethics Committee Participants (#)         | Çalık Enerji A.Ş.               | We are indicating the total number of ethics committee participants.                                                       |
|                                         | Number of Ethics Committee Meetings (#)             | Çalık Enerji A.Ş.               | We are indicating the total number of ethics committee meetings held.                                                      |
|                                         | <b>Ethical Business Conduct</b>                     |                                 |                                                                                                                            |
|                                         | Number of Notifications Received to Ethics Line (#) | Çalık Enerji A.Ş.               | We are indicating the total number of notifications received on the ethics line.                                           |
|                                         | Number of Reports Resolved on Ethics Line (#)       | Çalık Enerji A.Ş.               | We are indicating the total number of notifications that reached a resolution on the ethical line.                         |
|                                         | Timely Closing Rate of Incoming Notifications (%)   | Çalık Enerji A.Ş.               | We are indicating the closing rate of notifications coming to the ethics line.                                             |

## REPORTING GUIDE

| Indicator type                  | Indicators                                                     | Included locations and projects | Scopes                                                                                                                                                                                |
|---------------------------------|----------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Economic Performance Indicators | <b>Consolidated Financial Indicators (USD' 000)</b>            |                                 |                                                                                                                                                                                       |
|                                 | Revenues                                                       | Çalık Enerji A.Ş.               | We are indicating the total revenue of EPC, Distribution and Retail and Electricity generation. Total revenue for each business line is also given.                                   |
|                                 | EBITDA                                                         | Çalık Enerji A.Ş.               | We are indicating to the total profit of EPC, Distribution and Retail and Electricity generation. Total revenue for each business line is also given.                                 |
|                                 | Net profit                                                     | Çalık Enerji A.Ş.               | We are indicating the total income obtained from EPC, Distribution and Retail and Electricity generation activities minus the total expenses spent while performing these activities. |
|                                 | <b>Consolidated Statement of Financial Position (USD' 000)</b> |                                 |                                                                                                                                                                                       |
|                                 | Current Assets                                                 | Çalık Enerji A.Ş.               | We are indicating the assets that can be transformed within a certain period as part of business activities.                                                                          |
|                                 | Current Liabilities                                            | Çalık Enerji A.Ş.               | We are indicating the debts that the business must pay during its daily operation.                                                                                                    |
|                                 | Total Assets                                                   | Çalık Enerji A.Ş.               | We are indicating the sum of all material and financial values the company has.                                                                                                       |
|                                 | Financial Debts                                                | Çalık Enerji A.Ş.               | We are indicating the company's debt to external financing sources.                                                                                                                   |
|                                 | Cash and Cash Equivalents                                      | Çalık Enerji A.Ş.               | We are indicating the cash the company has on hand.                                                                                                                                   |
|                                 | Total Equity                                                   | Çalık Enerji A.Ş.               | We are indicating the net value of the company's assets.                                                                                                                              |
|                                 | Equity of the Parent Company                                   | Çalık Enerji A.Ş.               | We are indicating the equity of the company owned by the parent company.                                                                                                              |
|                                 | Non-Controlling Shares                                         | Çalık Enerji A.Ş.               | We are indicating the equity belonging to minority shareholders in other subsidiaries of the company.                                                                                 |
|                                 | Net Financial Debt                                             | Çalık Enerji A.Ş.               | We are indicating the subtraction of cash and cash equivalents from the company's financial liabilities.                                                                              |
|                                 | <b>Financial Indicators (%)</b>                                |                                 |                                                                                                                                                                                       |
|                                 | EBITDA Margin (%)                                              | Çalık Enerji A.Ş.               | We are indicating the ratio of the profit obtained from the activities of the business to its income.                                                                                 |
|                                 | Net Profit Margin (%)                                          | Çalık Enerji A.Ş.               | We are indicating the ratio of the company's net profit to its income.                                                                                                                |
|                                 | Total Liabilities/Total Assets (%)                             | Çalık Enerji A.Ş.               | We are indicating the ratio of the total liabilities of the business to its total assets.                                                                                             |
|                                 | Current Liabilities/Total Equity                               | Çalık Enerji A.Ş.               | We are indicating the ratio of the company's current liabilities to its total equity.                                                                                                 |

## GRI CONTENT INDEX

| <b>Statement of use</b>         | Çalık Enerji Sanayi ve Ticaret A.Ş. has reported in accordance with the GRI Standards for the period 01/01/2022 to 31/12/2022. |                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>GRI 1 used</b>               | GRI 1: Foundation 2021                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                              |
| <b>GRI Standard</b>             | <b>Disclosure</b>                                                                                                              | <b>Location of Disclosure</b>                                                                                                                                                                                                                                                                                                                                                |
| GRI 2: General Disclosures 2021 | <b>General disclosures</b>                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                              |
|                                 | 2-1 Organizational details                                                                                                     | About Çalık Enerji  page 12<br>Corporate Governance  page 80                                                                                                                                           |
|                                 | 2-2 Entities included in the organization's sustainability reporting                                                           | About the Report  page 6                                                                                                                                                                                                                                                                  |
|                                 | 2-3 Reporting period, frequency and contact point                                                                              | About the Report  page 6                                                                                                                                                                                                                                                                  |
|                                 | 2-4 Restatements of information                                                                                                | There are no restated information.                                                                                                                                                                                                                                                                                                                                           |
|                                 | 2-5 External assurance                                                                                                         | No external assurance was received during the reporting period.                                                                                                                                                                                                                                                                                                              |
|                                 | 2-6 Activities, value chain and other business relationships                                                                   | Our Integrated Thinking Approach  page 70                                                                                                                                                                                                                                                 |
|                                 | 2-7 Employees                                                                                                                  | Our Social Approach with All Our Energy  page 113                                                                                                                                                                                                                                         |
|                                 | 2-8 Workers who are not employees                                                                                              | Interaction with Stakeholders  page 77<br>Responsible Supply Chain Management  page 131                                                                                                                |
|                                 | 2-9 Governance structure and composition                                                                                       | Corporate Governance  page 80<br>Board of Directors and Senior Management  page 96                                                                                                                     |
|                                 | 2-10 Nomination and selection of the highest governance body                                                                   | Board of Directors and Senior Management  page 96                                                                                                                                                                                                                                         |
|                                 | 2-11 Chair of the highest governance body                                                                                      | Board of Directors and Senior Management  page 96                                                                                                                                                                                                                                         |
|                                 | 2-12 Role of the highest governance body in overseeing the management of impacts                                               | Board of Directors and Senior Management  page 96                                                                                                                                                                                                                                         |
|                                 | 2-13 Delegation of responsibility for managing impacts                                                                         | Board of Directors and Senior Management  page 96                                                                                                                                                                                                                                         |
|                                 | 2-14 Role of the highest governance body in sustainability reporting                                                           | Corporate Governance  page 80<br>Board of Directors and Senior Management  page 96<br>ESG Governance  page 82 |
|                                 | 2-15 Conflicts of interest                                                                                                     | Ethical Business Conduct  page 104                                                                                                                                                                                                                                                      |
|                                 | 2-16 Communication of critical concerns                                                                                        | Interaction with Stakeholders  page 77                                                                                                                                                                                                                                                  |
|                                 | 2-17 Collective knowledge of the highest governance body                                                                       | Board of Directors and Senior Management  page 96                                                                                                                                                                                                                                       |
|                                 | 2-18 Evaluation of the performance of the highest governance body                                                              | Board of Directors and Senior Management  page 96                                                                                                                                                                                                                                       |
|                                 | 2-19 Remuneration policies                                                                                                     | Employee Well-being  page 119                                                                                                                                                                                                                                                           |
|                                 | 2-20 Process to determine remuneration                                                                                         | Employee Well-being  page 119                                                                                                                                                                                                                                                           |
|                                 | 2-21 Annual total compensation ratio                                                                                           | Employee Well-being  page 119                                                                                                                                                                                                                                                           |
|                                 | 2-22 Statement on sustainable development strategy                                                                             | Contribution to the Local Economy  page 129                                                                                                                                                                                                                                             |

## GRI CONTENT INDEX

| GRI Standard                       | Disclosure                                                                           | Location of Disclosure                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GRI 2: General Disclosures 2021    | 2-23 Policy commitments                                                              | Corporate Governance  page 80<br>Committees and Policies  page 101<br>Compliance with Laws and Regulations  page 109 |
|                                    | 2-24 Embedding policy commitments                                                    | Corporate Governance  page 80<br>Committees and Policies  page 101<br>Compliance with Laws and Regulations  page 109 |
|                                    | 2-25 Processes to remediate negative impacts                                         | Interaction with Stakeholders  page 77                                                                                                                                                                                                                                                     |
|                                    | 2-26 Mechanisms for seeking advice and raising concerns                              | Interaction with Stakeholders  page 77<br>Ethical Business Conduct  page 104                                                                                                                            |
|                                    | 2-27 Compliance with laws and regulations                                            | Compliance with Laws and Regulations  page 109                                                                                                                                                                                                                                             |
|                                    | 2-28 Membership associations                                                         | Corporate Membership  page 254                                                                                                                                                                                                                                                             |
|                                    | 2-29 Approach to stakeholder engagement                                              | Interaction with Stakeholders  page 77                                                                                                                                                                                                                                                     |
|                                    | 2-30 Collective bargaining agreements                                                | Employee Rights  page 119                                                                                                                                                                                                                                                                  |
| <b>Material topics</b>             |                                                                                      |                                                                                                                                                                                                                                                                                                                                                                               |
| GRI 3: Material Topics 2021        | 3-1 Process to determine material topics                                             | Our Material Issues with “All Our Energy”  page 66                                                                                                                                                                                                                                         |
|                                    | 3-2 List of material topics                                                          | Our Material Issues with “All Our Energy”  page 66<br>Çalık Enerji Value Creation Model  page 66                                                                                                        |
|                                    | 3-3 Management of material topics                                                    | Our Material Issues with “All Our Energy”  page 66                                                                                                                                                                                                                                         |
| <b>Economic Performance</b>        |                                                                                      |                                                                                                                                                                                                                                                                                                                                                                               |
| GRI 3: Material Topics 2021        | 3-1 Process to determine material topics                                             | Our Material Issues with “All Our Energy”  page 66                                                                                                                                                                                                                                       |
|                                    | 3-2 List of material topics                                                          | Our Material Issues with “All Our Energy”  page 66<br>Çalık Enerji Value Creation Model  page 66                                                                                                    |
|                                    | 3-3 Management of material topics                                                    | Our Material Issues with “All Our Energy”  page 66<br>Economic Performance  page 112                                                                                                                |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed                                | Economic Performance  page 112<br>Economic Performance Indicators  page 255                                                                                                                         |
|                                    | 201-2 Financial implications and other risks and opportunities due to climate change | Corporate Risk Management  page 83                                                                                                                                                                                                                                                       |

## GRI CONTENT INDEX

| GRI Standard                            | Disclosure                                                                     | Location of Disclosure                                                                                                                           |
|-----------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported                        | About Çalık Enerji 📄 page 12<br>Our Areas of Operation 📄 page 18<br>Economic Performance 📄 page 112                                              |
|                                         | 203-2 Significant indirect economic impacts                                    | About Çalık Enerji 📄 page 12<br>Our Areas of Operation 📄 page 18<br>Economic Performance 📄 page 112                                              |
|                                         |                                                                                |                                                                                                                                                  |
|                                         |                                                                                |                                                                                                                                                  |
| <b>Ethical Business Conduct</b>         |                                                                                |                                                                                                                                                  |
| GRI 3: Material Topics 2021             | 3-1 Process to determine material topics                                       | Our Material Issues with “All Our Energy” 📄 page 66                                                                                              |
|                                         | 3-2 List of material topics                                                    | Our Material Issues with “All Our Energy” 📄 page 66<br>Çalık Enerji Value Creation Model 📄 page 66                                               |
|                                         | 3-3 Management of material topics                                              | Our Material Issues with “All Our Energy” 📄 page 66<br>Ethical Business Conduct 📄 page 104                                                       |
| GRI 205: Anti-corruption 2016           | 205-1 Operations assessed for risks related to corruption                      | Ethical Business Conduct 📄 page 104<br>Employee Rights 📄 page 119<br>Human Rights 📄 page 130                                                     |
|                                         | 205-2 Communication and training about anti-corruption policies and procedures | Ethical Business Conduct 📄 page 104<br>Employee Rights 📄 page 119<br>Human Rights 📄 page 130                                                     |
|                                         | 205-3 Confirmed incidents of corruption and actions taken                      | Ethical Business Conduct 📄 page 104<br>Employee Rights 📄 page 119<br>Human Rights 📄 page 130                                                     |
|                                         |                                                                                |                                                                                                                                                  |
| <b>Energy Management</b>                |                                                                                |                                                                                                                                                  |
| GRI 3: Material Topics 2021             | 3-1 Process to determine material topics                                       | Our Material Issues with “All Our Energy” 📄 page 66                                                                                              |
|                                         | 3-2 List of material topics                                                    | Our Material Issues with “All Our Energy” 📄 page 66<br>Çalık Enerji Value Creation Model 📄 page 66                                               |
|                                         | 3-3 Management of material topics                                              | Our Material Issues with “All Our Energy” 📄 page 66<br>Energy Management 📄 page 140<br>Managing the Environmental Impacts of Projects 📄 page 142 |
| GRI 302: Energy 2016                    | 302-1 Energy consumption within the organization                               | Energy Management 📄 page 140<br>Managing the Environmental Impacts of Projects 📄 page 142<br>Environmental Performance Indicators 📄 page 257     |

## GRI CONTENT INDEX

| GRI Standard                            | Disclosure                                          | Location of Disclosure                                                                                                                                                                                                                                                     |
|-----------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Climate Change</b>                   |                                                     |                                                                                                                                                                                                                                                                            |
| GRI 3: Material Topics 2021             | 3-1 Process to determine material topics            | Our Material Issues with “All Our Energy”  page 66                                                                                                                                      |
|                                         | 3-2 List of material topics                         | Our Material Issues with “All Our Energy”  page 66<br>Çalık Enerji Value Creation Model  page 66     |
|                                         | 3-3 Management of material topics                   | Our Material Issues with “All Our Energy”  page 66<br>Climate Change  page 136                       |
| GRI 305: Emissions 2016                 | 305-1 Direct (Scope 1) GHG emissions                | Climate Change  page 136<br>Environmental Performance Indicators  page 257                           |
|                                         | 305-2 Energy indirect (Scope 2) GHG emissions       | Climate Change  page 136<br>Environmental Performance Indicators  page 257                           |
|                                         | 305-4 GHG emissions intensity                       | Climate Change  page 136<br>Environmental Performance Indicators  page 257                           |
|                                         | 305-5 Reduction of GHG emissions                    | Climate Change  page 136<br>Environmental Performance Indicators  page 257                           |
|                                         |                                                     |                                                                                                                                                                                                                                                                            |
| <b>Water and Waste Water Management</b> |                                                     |                                                                                                                                                                                                                                                                            |
| GRI 3: Material Topics 2021             | 3-1 Process to determine material topics            | Our Material Issues with “All Our Energy”  page 66                                                                                                                                      |
|                                         | 3-2 List of material topics                         | Our Material Issues with “All Our Energy”  page 66                                                                                                                                      |
|                                         | 3-3 Management of material topics                   | Our Material Issues with “All Our Energy”  page 66<br>Water and Waste Management  page 146           |
| GRI 303: Water and Effluents 2018       | 303-1 Interactions with water as a shared resource  | Water and Waste Management  page 146<br>Environmental Performance Indicators  page 257            |
|                                         | 303-2 Management of water discharge-related impacts | Managing the Environmental Impacts of Projects  page 142<br>Water and Waste Management  page 146 |
|                                         | 303-3 Water withdrawal                              | Water and Waste Management  page 146<br>Environmental Performance Indicators  page 257           |
|                                         | 303-4 Water discharge                               | Water and Waste Management  page 146<br>Environmental Performance Indicators  page 257           |
|                                         | 303-5 Water consumption                             | Water and Waste Management  page 146<br>Environmental Performance Indicators  page 257           |
|                                         |                                                     |                                                                                                                                                                                                                                                                            |

## GRI CONTENT INDEX

| GRI Standard                                                   | Disclosure                                                                                                           | Location of Disclosure                                                                                |
|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| GRI 306: Waste 2020                                            | 306-1 Waste generation and significant waste-related impacts                                                         | Managing the Environmental Impacts of Projects 📄 page 142<br>Water and Waste Management 📄 page 146    |
|                                                                | 306-2 Management of significant waste-related impacts                                                                | Managing the Environmental Impacts of Projects 📄 page 142<br>Water and Waste Management 📄 page 146    |
|                                                                | 306-3 Waste generated                                                                                                | Water and Waste Management 📄 page 146                                                                 |
|                                                                | 306-4 Waste diverted from disposal                                                                                   | Water and Waste Management 📄 page 146<br>Environmental Performance Indicators 📄 page 257              |
|                                                                | 306-5 Waste directed to disposal                                                                                     | Water and Waste Management 📄 page 146<br>Environmental Performance Indicators 📄 page 257              |
| <b>Responsible Supply Chain Management</b>                     |                                                                                                                      |                                                                                                       |
| GRI 3: Material Topics 2021                                    | 3-1 Process to determine material topics                                                                             | Our Material Issues with “All Our Energy” 📄 page 66                                                   |
|                                                                | 3-2 List of material topics                                                                                          | Our Material Issues with “All Our Energy” 📄 page 66<br>Çalık Enerji Value Creation Model 📄 page 66    |
|                                                                | 3-3 Management of material topics                                                                                    | Our Material Issues with “All Our Energy” 📄 page 66<br>Responsible Supply Chain Management 📄 page 131 |
| GRI 204: Procurement Practices 2016                            | 204-1 Proportion of spending on local suppliers                                                                      | Responsible Supply Chain Management 📄 page 131<br>Supply Chain Management 📄 page 131                  |
| GRI 308: Supplier Environmental Assessment 2016                | 308-1 New suppliers that were screened using environmental criteria                                                  | Responsible Supply Chain Management 📄 page 131<br>Supply Chain Management 📄 page 131                  |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | Employee Rights 📄 page 119<br>Supply Chain Management 📄 page 131                                      |
| GRI 408: Child Labor 2016                                      | 408-1 Operations and suppliers at significant risk for incidents of child labor                                      | Supply Chain Management 📄 page 131<br>Employee Rights 📄 page 119                                      |
| GRI 409: Forced or Compulsory Labor 2016                       | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor                       | Supply Chain Management 📄 page 131<br>Employee Rights 📄 page 119                                      |
| GRI 414: Supplier Social Assessment 2016                       | 414-1 New suppliers that were screened using social criteria                                                         | Supply Chain Management 📄 page 131                                                                    |

## GRI CONTENT INDEX

| GRI Standard                                 | Disclosure                                                                                                          | Location of Disclosure                                                                                                                                                                                                                   |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Occupational Health and Safety</b>        |                                                                                                                     |                                                                                                                                                                                                                                          |
| GRI 3: Material Topics 2021                  | 3-1 Process to determine material topics                                                                            | Our Material Issues with “All Our Energy” 📄 page 66                                                                                                                                                                                      |
|                                              | 3-2 List of material topics                                                                                         | Our Material Issues with “All Our Energy” 📄 page 66                                                                                                                                                                                      |
|                                              | 3-3 Management of material topics                                                                                   | Our Material Issues with “All Our Energy” 📄 page 66<br>Occupational Health and Safety 📄 page 115                                                                                                                                         |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system                                                              | Occupational Health and Safety 📄 page 115                                                                                                                                                                                                |
|                                              | 403-2 Hazard identification, risk assessment, and incident investigation                                            | Occupational Health and Safety 📄 page 115                                                                                                                                                                                                |
|                                              | 403-3 Occupational health services                                                                                  | Occupational Health and Safety 📄 page 115                                                                                                                                                                                                |
|                                              | 403-4 Worker participation, consultation, and communication on occupational health and safety                       | Occupational Health and Safety 📄 page 115<br>Social Performance Indicators 📄 page 261                                                                                                                                                    |
|                                              | 403-5 Worker training on occupational health and safety                                                             | Occupational Health and Safety 📄 page 115                                                                                                                                                                                                |
|                                              | 403-6 Promotion of worker health                                                                                    | Occupational Health and Safety 📄 page 115                                                                                                                                                                                                |
|                                              | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Occupational Health and Safety 📄 page 115<br>Social Performance Indicators 📄 page 261                                                                                                                                                    |
|                                              | 403-8 Workers covered by an occupational health and safety management system                                        | Occupational Health and Safety 📄 page 115<br>Social Performance Indicators 📄 page 261                                                                                                                                                    |
|                                              | 403-9 Work-related injuries                                                                                         | Occupational Health and Safety 📄 page 115<br>Social Performance Indicators 📄 page 261                                                                                                                                                    |
|                                              | 403-10 Work-related ill health                                                                                      | Occupational Health and Safety 📄 page 115<br>Social Performance Indicators 📄 page 261                                                                                                                                                    |
| <b>Employee Satisfaction and Health</b>      |                                                                                                                     |                                                                                                                                                                                                                                          |
| GRI 3: Material Topics 2021                  | 3-1 Process to determine material topics                                                                            | Our Material Issues with “All Our Energy” 📄 page 66                                                                                                                                                                                      |
|                                              | 3-2 List of material topics                                                                                         | Our Material Issues with “All Our Energy” 📄 page 66                                                                                                                                                                                      |
|                                              | 3-3 Management of material topics                                                                                   | Our Material Issues with “All Our Energy” 📄 page 66<br>Employee Satisfaction and Loyalty 📄 page 118<br>Employee Well-being 📄 page 119<br>Employee Rights 📄 page 119<br>Talent Management 📄 page 120<br>Equality and Diversity 📄 page 126 |

## GRI CONTENT INDEX

| GRI Standard                                  | Disclosure                                                                                               | Location of Disclosure                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GRI 401: Employment 2016                      | 401-1 New employee hires and employee turnover                                                           | Talent Management  page 120<br>Social Performance Indicators  page 261                                                                                                       |
|                                               | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Employee Well-being  page 119<br>Employee Rights  page 119                                                                                                                   |
|                                               | 401-3 Parental leave                                                                                     | Employee Well-being  page 119<br>Employee Rights  page 119                                                                                                                   |
| GRI 404: Training and Education 2016          | 404-1 Average hours of training per year per employee                                                    | Training and Development  page 121<br>Social Performance Indicators  page 261                                                                                                |
|                                               | 404-2 Programs for upgrading employee skills and transition assistance programs                          | Talent Management  page 120<br>Performance Evaluation  page 122                                                                                                              |
|                                               | 404-3 Percentage of employees receiving regular performance and career development reviews               | Talent Management  page 120<br>Performance Evaluation  page 122                                                                                                              |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees                                                       | Equality and Diversity  page 126                                                                                                                                                                                                                                |
|                                               | 405-2 Ratio of basic salary and remuneration of women to men                                             | Equality and Diversity  page 126                                                                                                                                                                                                                                |
| GRI 406: Non-discrimination 2016              | 406-1 Incidents of discrimination and corrective actions taken                                           | Ethical Business Conduct  page 104<br>Employee Rights  page 119<br>Human Rights  page 130 |
| <b>Social Impact</b>                          |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                    |
| GRI 3: Material Topics 2021                   | 3-1 Process to determine material topics                                                                 | Our Material Issues with “All Our Energy”  page 66                                                                                                                                                                                                              |
|                                               | 3-2 List of material topics                                                                              | Our Material Issues with “All Our Energy”  page 66                                                                                                                                                                                                             |
|                                               | 3-3 Management of material topics                                                                        | Our Material Issues with “All Our Energy”  page 66<br>Social Impact  page 128                                                                                            |
| GRI 413: Local Communities 2016               | 413-1 Operations with local community engagement, impact assessments, and development programs           | Social Impact  page 128<br>Contribution to the Local Economy  page 129                                                                                                   |
| <b>Customer Satisfaction</b>                  |                                                                                                          |                                                                                                                                                                                                                                                                                                                                                    |
| GRI 3: Material Topics 2021                   | 3-1 Process to determine material topics                                                                 | Our Material Issues with “All Our Energy”  page 66                                                                                                                                                                                                            |
|                                               | 3-2 List of material topics                                                                              | Our Material Issues with “All Our Energy”  page 66                                                                                                                                                                                                            |
|                                               | 3-3 Management of material topics                                                                        | Our Material Issues with “All Our Energy”  page 66<br>Customer Focus  page 127                                                                                           |

## GRI CONTENT INDEX

| GRI Standard                                | Disclosure                                                                                         | Location of Disclosure                                                                                                     |
|---------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| <b>Digital Security and Innovation</b>      |                                                                                                    |                                                                                                                            |
| GRI 3: Material Topics 2021                 | 3-1 Process to determine material topics                                                           | Our Material Issues with “All Our Energy” 📄 page 66                                                                        |
|                                             | 3-2 List of material topics                                                                        | Our Material Issues with “All Our Energy” 📄 page 66                                                                        |
|                                             | 3-3 Management of material topics                                                                  | Our Material Issues with “All Our Energy” 📄 page 66<br>Digital Security and Innovation 📄 page 110                          |
| GRI 418: Customer Privacy 2016              | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Digital Security and Innovation 📄 page 110<br>Compliance with Laws and Regulations 📄 page 109<br>Customer Focus 📄 page 127 |
| <b>Compliance with Laws and Regulations</b> |                                                                                                    |                                                                                                                            |
| GRI 3: Material Topics 2021                 | 3-1 Process to determine material topics                                                           | Our Material Issues with “All Our Energy” 📄 page 66                                                                        |
|                                             | 3-2 List of material topics                                                                        | Our Material Issues with “All Our Energy” 📄 page 66                                                                        |
|                                             | 3-3 Management of material topics                                                                  | Our Material Issues with “All Our Energy” 📄 page 66<br>Compliance with Laws and Regulations 📄 page 109                     |
| <b>Corporate Governance</b>                 |                                                                                                    |                                                                                                                            |
| GRI 3: Material Topics 2021                 | 3-1 Process to determine material topics                                                           | Our Material Issues with “All Our Energy” 📄 page 66                                                                        |
|                                             | 3-2 List of material topics                                                                        | Our Material Issues with “All Our Energy” 📄 page 66                                                                        |
|                                             | 3-3 Management of material topics                                                                  | Our Material Issues with “All Our Energy” 📄 page 66<br>Corporate Governance 📄 page 80                                      |
| <b>Interaction with Stakeholders</b>        |                                                                                                    |                                                                                                                            |
| GRI 3: Material Topics 2021                 | 3-1 Process to determine material topics                                                           | Our Material Issues with “All Our Energy” 📄 page 66                                                                        |
|                                             | 3-2 List of material topics                                                                        | Our Material Issues with “All Our Energy” 📄 page 66                                                                        |
|                                             | 3-3 Management of material topics                                                                  | Our Material Issues with “All Our Energy” 📄 page 66<br>Interaction with Stakeholders 📄 page 77                             |

## REPORT COMMUNICATION

### Çalık Enerji Head Office

Çalık Enerji Sanayi ve Ticaret A.Ş.

**Address:** Büyükdere Caddesi, No: 163, Zincirlikuyu, Şişli 34394 İstanbul

**Email:** info@calikenerji.com

**Web:** <https://www.calikenerji.com/>

**Web:** <https://www.calikenerji.com/> - <https://www.calikenerji.com/surdurulilirlilik>

### Sustainability and Corporate Communications Directorate

#### Koray Balkaya

Sustainability and Corporate Communications Manager

koray.balkaya@calikenerji.com

#### Dilara Egüz

Chief of Sustainability and Corporate Communications

dilara.eguz@calikenerji.com

### Report Consultancy

Pricewaterhouse Coopers Türkiye

**Phone:** +90 212 326 6060 <https://www.pwc.com.tr/tr/hakkimizda/bilgi-talep-formu.html>

### Design development, typesetting and English translation

Tayburn

**Phone:** +90 212 227 0436

[www.tayburnkurumsal.com](http://www.tayburnkurumsal.com)

### Disclaimer:

This Çalık Enerji Sanayi ve Ticaret AŞ Sustainability Report ("Report") prepared by PwC Yönetim Danışmanlığı AŞ (PwC Türkiye) is the sole property of Çalık Enerji Sanayi ve Ticaret AŞ ("Client"). PwC Türkiye provided nothing but support and consultancy services in connection with the preparation of the Report. This Report is published only to provide general guidance to interested parties and is not in the nature of professional advice. The information and analyses in this report are based on sources and data considered accurate and reliable at the time of writing and are presented merely for informational purposes. PwC Türkiye is responsible neither for verifying the reliability of the sources from which this information was gathered nor for investigating or confirming the accuracy or completeness of the information. Neither PwC Türkiye nor the Client express any representations or guarantees, whether explicitly or implied, to anyone as to the accuracy or completeness of this Report. Independent professional advice from qualified specialists should be sought before taking any action based on the information contained in this Report. No individual or organization involved in the preparation of this Report (including but not limited to PwC Türkiye, the Client, or the directors, employees, or representatives of either) is in any way liable or responsible or has a duty of care towards anyone who acts, refrains from acting, or makes decisions based on the information in this Report; neither shall they be responsible for any losses that such individuals or organizations may sustain on account of having made use of the information in this Report.

[www.calikenerji.com](http://www.calikenerji.com)