

Welcome to your CDP Climate Change Questionnaire 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Reporting Scope

Zorlu Holding is one of the biggest conglomerates in Turkey. **Zorlu Enerji** operates under Zorlu Holding and **Gazdaş** is the **natural gas sales distribution company** of Zorlu Energy.

Zorlu Enerji companies operate in various fields of the sector with an integrated corporate combination including electricity and steam generation and their retail, electricity sales, electricity distribution, solar panel sales and installation, natural gas sales and distribution, construction, management, and maintenance of power plants, and EV charging stations network. In the fields of operation, Zorlu Energy combines well-established experience with corporate values and makes a difference among other players of the sector in engineering, supply, construction, management, maintenance, and repair. **The scope of this CDP report is natural gas sales and distribution activities of Zorlu Energy which operates as GAZDAS.** Electricity distribution activities of Zorlu Energy are reported under OEDAS and all other services of Zorlu Energy are reported under Zorlu Energy CDP Reporting.

Company Profile

The company takes an active role in planning and realizing our country's natural gas objectives and to accomplish them it contributes to the realization of international projects. **Natural gas is defined as a "transition fuel" in international reports for transmission to a low carbon economy.**

The company operates with a license from EPDK (Energy Market Regulatory Authority). The **strategy of Gazdas** is **"Taking a role in the determination and realization of the natural gas targets of our country and to be a leader in its development."** The **growth strategy of the company is in line with the climate change strategy** because it is a **transition fuel for the hydrogen economy.** Using coal or other mineral solid fuels in home heating or for production in the industry causes higher emissions and air pollution than natural gas. Gazdas provide services to 500 villages within its operating area (Gaziantep and Trakya Region) provides natural gas infrastructure according to city development plans.

Gazdaş strategy and point of view on energy and climate change are in line with Zorlu Energy and Zorlu Holding. Zorlu Energy defines sustainable energy as “generating and using energy in compliance with inter-generational justice approach without causing irreversible damages to the environment and destroying the ecological balance” and progressing rapidly with the **goal of becoming “the energy company of the future”** and Zorlu Holding focused on producing **"sustainable solutions"** based on the future prosperity of people, society and the planet. Zorlu Holding calls this transformation **"Smart Life - 2030"** and for this reason, all Zorlu Holding companies including GAZDAS began a journey to **inspire** their employees, **strengthen the environment**, and **create value for society**. With its services, GAZDAŞ supports low carbon transition as natural gas is the cleanest fossil-based fuel and its technology is eligible to transform. **In 2020 Gazdaş announced its 2030 Net Zero Target.**

The sustainability frame of the company focus on 3 pillars which are;

- Restorative Operations and Value Chain
- Impact Driven Growth
- Human & Culture

To manage, keep sustainability structure strong, and increase the interaction between different disciplines Gazdas has a Sustainability Committee(SC)(led by the Zorlu Energy CEO) that reports to the corporate management committee for strategical coordination and then the board of directors as a decision-maker. The committee has working groups based on 3 pillars as defined above for tracking the actions and provide internal input.

Total Scope 1 and 2 emissions of Gazdaş for 2020 are calculated and verified as 9,226 tCO₂.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2020	December 31, 2020	No

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Turkey

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

TRY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	<p>The utmost responsibility for the overall management of Gazdaş is on the Board Chair.</p> <p>The Board Chairman guide Gazdaş in terms of strategies and policies by coinciding with climate change and renewable energy-related issues. The board chair of Gazdaş is also the board chair of Zorlu Energy(ZE) and Zorlu Holding (ZH). In 2020, ZH's "Smart Life 2030" transformation for a low carbon economy has been adopted as to Gazdaş with the vision of the Board Chair.</p>
Other, please specify Independent Board Member - Sustainability	<p>Gazdaş independent board members are selected from the professional names of business life to provide an independent and impartial point of view in decisions.</p> <p>Gazdaş board member for sustainability is a business strategist and responsible to guide the company about future expectations through qualitative researches. In 2020, the results of "Perception of Climate Change and Environmental Problems in Turkey 2020" research has been shared and one of the outputs of the report is "half of the society in Turkey sees the climate crisis as a bigger threat than the virus". With the vision of ZH and the qualitative research results, Gazdaş set long-term sustainability targets in 2020 which includes Net Zero Target by 2030.</p>

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding annual budgets</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>Gazdas board of directors has utmost responsibility for management. The board chair is responsible for the strategy and policies. Board member (Independent Member (Sustainability)) has the responsibility to guide the company about future expectations through qualitative researches.</p> <p>With the leadership of the board of directors, Gazdas announced its sustainability strategy and long term targets. While they are in line with UN-SDG's, support Zorlu Holding Smart Life 2030 targets. for transition to a low carbon economy. This strategy and budget of transition have been approved by the executive board.</p>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	Quarterly
Sustainability committee	Both assessing and managing climate-related risks and opportunities	Quarterly
Other, please specify Corporate Governance Committee	Both assessing and managing climate-related risks and opportunities	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The utmost responsibility for the overall management of Gazdaş is on **The Chairman of The Board**. He is responsible for the strategy and policies of ZH companies including Gazdaş. In 2020, **Independent Board Member -Sustainability** has been appointed to the Gazdaş board to provide an independent and impartial point of view in decisions including future expectations of business and the communities which cover sustainability and transition to low carbon economy.

The Corporate Governance Committee reports to the Board of Directors and is responsible for strategical coordination.

Corporate Risk Management Department **consolidates all risks and reports sustainability-related ones shared with Sustainability Committee (SC) and CEO**. CEO is responsible for;

- Directing the long-term corporate strategy,
- Performance review about climate change-related targets
- Engaging with national and international institutions regarding climate change negotiations
- Planning of new investments including R&D.

CEO is the leader of the **SC** consisting of high-level executives and managers of various departments as listed below, in the company. This wide range and high level of **SC** reports to Corporate Governance Committee and;

- Provide a holistic and comprehensive perspective,
- Bring expansion of sustainability knowledge
- Behaviour change in the company.

With the vision of **Smart Life -2030**, sustainability and climate-related issues are reevaluated in terms of risks and opportunities (R&O). In 2020 long terms sustainability targets including 2030 Net Zero Emissions have been studied by the **SC** and approved by the board of directors. **SC** consist of 4 working groups in line with sustainability strategy and responsible for both assessment and management of the climate-related R&O.

- Restorative Operations and Value Chain
- Impact Driven Growth
- Human & Culture
- Strategic Foundations

Climate-related priorities of the workings groups are as follows,

- Innovation and New Business Models
- Sustainable Finance and Responsible Investments
- Climate Action
- Green and Reliable Energy Supply
- Biodiversity
- Integrated Risk Management
- Corporate Governance and Behavior

Under these committees and priorities, the responsibilities are as follows,

Q-HSE Manager (Mng.):

Reporting of sustainability R&O & climate change target performance

Emission reduction target setting and performance review

Following international developments about climate change, env. and sustainability.

Identification of;

- Sustainability policies and strategies by assessing corporate GHG mitigation performance

-Climate policies by conducting climate change mitigation activities

-Assessment and management of defined risks by the business units

Risk Manager

Guidance on risk management methodologies

Internal Control Mng.

Performance revision and recommendations on climate change strategies in line with ZH Smart Life-2030.

As a part of risk management, guidance on supply chain management with the reference of Supply Chain Principles.

Monitor & identify current and emerging regulations in terms of climate change

HR Director

Improve communication channels and tools which allow employees to contribute to the sustainability & climate change mitigation activities

Manage the environmental and social contributions

Corporate Com. Group Mng.

Identify and manage green energy-related sustainability plans, programs, projects, and actions.

Review and manage corporate environmental policy, including the planning of climate-related initiatives

Evaluate climate change and environmental performances

Monitor& report climate change mitigation activities

Env. and Corporate Affaires Mng.

Evaluate corporate R&O in the scope of sustainability & climate change principles and policies

Coordinate GHG management with site applications regarding environmental issues

Monitoring of environmental targets including emission reduction

Accounting Mng.

Prepare financial statements for GHG related decision making

Procurement Director

Manage Green Supply issues.

Application of Supply Chain Principles of ZH which contains management of supplier emissions

Investments Mng.

Recommend alternative solutions for the road map based on climate change R&O

QHSE Asst. Manager

Improve & manage data collection and measurement system for calculating the direct and indirect emissions and their annual revision.

Prepare Gazdaş Materiality Matrix, which includes reduction of emissions and protection of the environment, energy efficiency, energy generation with local and renewable energy resources, Env. Management System targets (including Climate Change targets and ISO14064-1 system requirements), internal audit results, regulatory compliance matters, and CDP performance and action plans

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Zorlu Energy provides incentives to achieve the targets including climate-related performance indicators to accelerate the transition to low carbon economy and strength responsible production practices.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Board Chair	Non-monetary reward	Behavior change related indicator Other (please specify) Value Chain Engagement	<p>The Board Chairman guide Gazdaş in terms of strategies and policies by coinciding with climate change and renewable energy-related issues with a focus on adaptation & mitigation activities. In 2020 Net Zero Target has been set to low-carbon economy transition. This transformation needs behavior change not only in the company but also in all value chain. To support this 5,8 Mio TL has been invested for transformation collaborations as listed below;</p> <ul style="list-style-type: none"> *1,6 Mio TL Social entrepreneurship ecosystem for finding solutions to environmental problems including climate change, *Procedures for incidental findings of historical, cultural and natural heritage assets; *Undertaking various studies such as access to clean water in villages. *Scholarships for students per year for training to equip them with the skills and competencies required by the 21st century. *To observe and experience the effects of digitalization in lives, ZH has established the Digilogue platform that combines different channels, disciplines, people, technology, artists and ideas.

Chief Executive Officer (CEO)	Monetary reward	Company performance against a climate-related sustainability index	Gazdaş business strategy is inline with its climate strategy. The success criteria is increased service area with transition to natural gas from coal or other mineral based fuels. The company climate performance comes from the provided emission reduction through transition.
Other, please specify Q-HSE Manager	Monetary reward	Emissions reduction project	<p>Q-HSE Manager has a target to; Achieve emission reduction targets, Support to Smart Life-2030 in terms of data development of data collection systems, leading science-based target development for 2030 Net Zero Emission target.</p> <p>A certain amount of profit is shared as a bonus (monetary reward) by the achievement of the relevant indicators like emission reduction target. It is followed through scorecard systems. Some good project ideas are rewarded with rewards like monetary support in training, plane tickets to the city chosen etc.</p>

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	1	3	Based on created scenarios short term risks and opportunities are not expected to have wide variation. Short term horizon outputs about climate change are mostly related to expected extreme weather conditions like storms, droughts, and floods.
Medium-term	3	10	The medium-term horizon is mostly based on the trends that may occur between 3 to 10 years and it is in line with the SDG target year. The risks and opportunities defined for the medium-term are mostly

			board strategy level and contains strategical decisions to be in line with the lower carbon emissions in the value chain. Gazdaş aims to create emission reduction in the value chain since the emissions in the value chain are much bigger than its operations. It's concluded that foreseeable regulations about climate change are defined in the mid-term.
Long-term	10	20	Long term horizon projection is mostly strategic planning to give guidance to our company about technology and customer behaviour changes. It is also linked with our asset management, new investment plans in terms of geography and product development. Most of the climate change effects are expected to occur in this time horizon. Most of the risks and opportunities in this time horizon are related to chronic weather conditions and renewable gas technologies like hydrogen.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

At Gazdaş, we identify sustainability-related areas that will be managed as climate crisis, green and reliable energy supply, biodiversity, talent management and employees with high welfare, management of local socio-economic impacts, innovation and new business models, sustainable financing and responsible investing. We carry out our activities to meet expectations by continuously interacting with our stakeholders, to contribute to the improvement and development of our country's sustainable economy, to manage all risks in environmental and social areas, and to contribute to our society, focusing on human and nature through our production with renewable energy sources and clean energy investments. In line with our sustainability strategy, we aim to become the catalyst for Turkey's sustainable and innovative growth. We follow the current trends during the reporting period and review our actions plans and future strategies from a sustainability perspective. Despite global and national economic volatility, we continued performing consistently, increasing our EBITDA to 2,420 million in 2020. In 2019-2020, we have also invested approximately TL 1,875 million. **Great bonding between business and sustainability strategy** results with extensive application of risk management. All cases that may cause deviation to achieve our aims and objectives are defined as a risk in Gazdaş however different consequence types has different levels of risk appetite and tolerance levels.

The risk impact categories are defined as;

- Financial,
- Operational,
- Client
- Employee,
- Reputational
- Legal

Any risk results with interruption of electricity generation defined as substantive and **more than 6 million TL financial impact and opportunity creates financial income more than 3 million TL was rated as very high in the reporting year**. The impact rates are updating annually.

With the extensive application of ISO management systems, all departments are responsible to identify and report their risks to the Corporate Risk Management Department (CRM). CRM applies integrated risk management procedures and is responsible to merge the risks in terms of strategic and financial impacts to all businesses. Approval of strategic and financial plans is supported by the quantitative analysis of the risks and opportunities. Risks are categorized as per risk management procedure on a heat map. The criteria's to calculate the risks are impact, frequency, legal requirement, and recorded previous cases of the risk. To financialize risk & opportunities, cost/benefit ratios are identified with the TCFD approach and defined action plans for high financial and strategical impacts are sharing with the CEO and boards of directors.

The outcome of the risk and opportunity assessment done in 2020, Gazdaş set its quantitative targets and committed to being Net Zero in Scope 1 and 2 since 2030 and Scope 3 in 2040. The investments in digital solutions and electrical vehicle charging stations continued to strengthen its vision to be the energy company of the future despite the financial recession because of Covid-19.

Strategical high impacts to the business are defined as;

- Effect 50% of clients
- Effect 50% of employees
- The bad reputation of the company on TV and digital platforms
- The operation shut down by official authorities

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Zorlu Holding Corporate Risk Management enables early detection of internal and external risks that may endanger the business continuity and development of companies by taking necessary precautions with a centralized risk management structure that includes all Zorlu Energy businesses. Thanks to the Enterprise Risk Management we have implemented, we can identify, evaluate, and manage all risks of Zorlu Enerji as more consistent, efficient and economical. We have implemented our Corporate Risk Management by the COSO (Committee of Sponsoring Organizations) and ISO 31000 Risk Management Standards. We assist them in achieving our Company's goals and objectives by managing the risks we have identified, not individually, but through a portfolio approach at a certain risk tolerance (risk appetite).

Risk management is integrated into all departments of Zorlu Energy from Executive Board to the divisions. All our power generation facilities are applying ISO 9001 & 14001 Management Systems standards which are based on ISO 31000 Risk Management Standard. That creates a chance to review risks and opportunities daily within our operation.

Permanent change in the energy industry creates the need for close communication and consultation with internal and external stakeholders. In all facilities, we define stakeholders and their needs and expectations. This supports us while updating the content of risk management.

Identification of the risk by the power generation facilities covers, defining the alternative solutions and the cost.

While defining the climate change and sustainability risks and opportunities, power generation facilities use our "Sustainability Risk Categories" which are;

- *Energy efficiency
- *Use of natural sources
- *Emission reduction projects,
- *Legal requirements,
- *Protection of the environment,
- *Technology updates for efficiency
- *Low carbon transition.

All identified risks and opportunities are reporting to the "Corporate Risk Management Department" for consolidation. The autonomous and dynamic structure of Corporate Risk Management is crucial for identifying and measuring risks that may cause deviations of company targets. Sustainability related risks and opportunities are sharing with the "Sustainability Committee" by the "Corporate Risk Management".

Besides facilities, the Early Risk Detection Committee, which we established for early detection of risks that could jeopardize our company's existence, development and continuity, implementing risk mitigation measures, and managing the risks, met six times in 2020 under the Corporate Risk Management Department within the scope of its duties.

We measure risks by evaluating them within the context of the probability of occurrence

and effects when conducting a risk assessment.

A risk inventory was created during the risk management process, and the economic, environmental, and social impacts of our Company's operations were assessed, primarily using the corporate risk management approach. After that, a SWOT analysis was performed to ensure that the inventory study was consistent, to identify topics that can be seen as opportunities, and to make it more versatile. New strengths and opportunities emerge as a result of the SWOT analysis, while the identified weaknesses and threats allow our company to branch out into new territory. Strong corporate management, operating with the Holding's synergy, the Company's inclusive sustainability approach, the Renewable Energy Resources Support Mechanism (YEKDEM) portfolio, the completion of the vertical integration of the customer portfolio, the high EBITDA margin, and international operations are among the company's strengths according to the SWOT analysis. Considering the World Economic Forum's global risks report; it is observed that geopolitical risks, climate action failure, biodiversity losses, natural resource crises, and regulatory uncertainty will pose threats to long-term strategic planning, changing customer demands in the increasingly digitalized energy market, economic fluctuations, and problems in production are the factors that our Company should prepare itself for. We believe that the increased potential for renewable energy investments in Turkey, as well as the opportunities that smart vehicles will bring, will play a significant role in our strategic and financial positioning, along with studies on battery and energy storage, which will create many opportunities for our Company in the future and shape the sector.

Sustainability Committee Coordination meetings, held at quarterly intervals, brings an opportunity to review and discuss data submitted from all plants covering environmental compliance and GHG emissions reduction activities. Besides risk and opportunities from all plants, the Sustainability committee's other inputs are;

- *GHG and Energy data's submitted from plants,
- *Environmental compliance
- *Swot Analysis
- *Stakeholder Meeting Results
- *Performance reports

Categorization on a heat map done as per impact and the frequency of the risk. All benefit/cost ratios are identified for the risks and defined action plans for high risks are sharing with the CEO and executive board. The major action plan approvals are under the responsibility of the executive board. CEO is responsible to monitor the progress in climate-related risks to control the long term strategy of the company.

As a reflection of the Smart Life 2030 vision of the executive board and climate change strategy of Gazdas,

*infrastructure investments to new developing areas which are using other fuels like coal are defined as a prior action plan.

The risks we have identified over the short term are;

-Extreme weather conditions,

Mid Term;
 -Regulatory risks
 Long Term;
 -Chronic weather conditions and technological developments (eg. renewable gas solutions like hydrogen)

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Despite Kyoto Protocol and Paris Agreement are not ratified by the parliament, the regulations mentioned below are relevant for natural gas distribution system operators. The natural gas distribution sector is not subject to this regulation yet, however, GAZDAŞ incorporates this risk into its risk assessment procedures considering the future extension of the scope of this regulation to the natural gas distribution sector as well.</p> <p>PMR (Partnership of Market Readiness) project - funded by World Bank- which will propose market-based emission reduction policy instruments such as emission trading system (ETS) and the carbon tax is now under second development phase. Since 2019, GAZDAŞ volunteered in the verification of its operational emissions as an internal activity which was carried out with transparency purpose. As the product of the PMR project's first phase, the only regulation directly related to climate change is GHG Monitoring Reporting Verification (MRV) regulation which is in force since 2015. GAZDAŞ is always committed to being in line with the current regulations and already meets all the requirements regardless of the natural gas distribution sector's exemption.</p>
Emerging regulation	Relevant, always included	<p>The emission Trade System (ETS) is going to be framed under the PMR project's second phase alongside the draft climate law. A pilot study for trade or tax payment on GHG is expected to last for 3 years. Considering the fact that, the major emission source is the natural gas leakage - with high methane content which is one of the GHGs with the highest Global Warming Potential (GWP)- it will be very likely that GAZDAŞ will be subject to the cap and trade or carbon tax regulations. Another emerging regulation is Green Deal which will not directly affect GAZDAŞ's operations in the Turkish gas market. However, the clients of GAZDAŞ having economic activities with Europe may demand lower emission rate fuels in their production and activities in line with EU Sustainable Product Initiative.</p> <p>Turkish energy ecosystem is shifting towards more exploitation of distributed energy. In this context, incentives for the proliferation of off-</p>

		grid energy use are expected to increase which may lower the demand for our services. This may arise as a risk, on the other hand, it may bring the opportunity of avoiding costly grid expansion and renewals in remote regions.
Technology	Relevant, always included	<p>Based on IEA reports about energy sector transmission to low carbon economy, natural gas is expected to be the most demanded fuel due to the lower content of GHG in comparison to oil and coal before the use of renewable gases (hydrogen, hydrogenized biogas). In the short run, with lasting high demand for natural gas, current infrastructure and technology will be sufficient. Most of the grid infrastructure dates back earliest on 2006-2007 but technological investments might be needed for GAZDAŞ to transform all the pipelines to be compatible with renewable gases like hydrogen and advanced biomethane.</p> <p>In this regard, the new investments are planned accordingly that GAZDAŞ pipeline laying investments can be compatible and have a long lifetime for renewable gas alternatives. GAZDAŞ prioritized technological investment mostly on safety-related matters and focuses on further enhancements considering the fact that hydrogen and other alternative gases might bring even higher safety risks.</p> <p>GAZDAŞ mainly sees these developments as opportunity rooms that GAZDAŞ can sustain its business by meeting modern demands in future. GAZDAŞ also sees proliferation of biogas power plants as an opportunity for potential business cooperation even though the proliferation off-grid renewables pose a market risk that may lower the demand for GAZDAŞ's services.</p>
Legal	Relevant, always included	<p>Climate change is not defined in any law in Turkey and Kyoto Protocol and Paris Agreement are not ratified by the Turkish parliament. The only direct regulation impacting our industry is GHG Monitoring, Reporting and Verification which has no enforcement. In 2019, GAZDAŞ also started GHG Inventory Reporting, which particularly stems from transmission line losses. In this context, climate change-related legal risks are not at a high level that may affect the company activities of GAZDAŞ. Even though there is no legally binding potential financial burden and expected legal risk, any climate-related litigation is closely monitored and evaluated by GAZDAŞ in order to be aware of potential risks. An example of such a case can be a lawsuit sued against a carbon emitter by a certain group of people adversely affected by climate change due to the carbon emitter's activities.</p>
Market	Relevant, always included	<p>GAZDAŞ is the only authorized distributor that supplies the natural gas from the natural grid to the end-users in the regions it operates. In the geographical regions of operation, GAZDAŞ does not face any market risk from the competition of other service providers. However, GAZDAŞ is aware that risk arised from the market is of great importance to its business continuity and economic growth. Hence, market risk is always integrated to GAZDAŞ's risk assessment procedures, particularly by</p>

		<p>considering the demand levels determined by customer behaviour, technological and social trends. The proliferation of off-grid technologies (like large scale biogas plants, PV, and battery solutions) and electrification in domestic use replacing the use of natural gas in cooking and heating purposes are some of the market risks considering the recent developments in the market. However, in reference to the market trends and scenarios in international reports (IEA Net-Zero by 2050 - A Roadmap for the Global Energy Sector), it is observed that natural gas demand will grow with increasing living standards in Turkey and as a low carbon substitute for high content fossil fuels, it will be used in intensive new technologies in near future. Under these circumstances, we expect a growing market in spite of adverse dynamics like proliferating off-grid technologies and electrification in different industries in close future. In long run, after the wider use of hydrogen and hydrogenized biofuels, GAZDAŞ's infrastructure which is constructed and expanded in recent years might be compatible with distribution services.</p>
Reputation	Relevant, always included	<p>Reputation is considered in our risk assessment as Gazdaş is the only authorized company providing natural gas distribution service to its regions of operation. GAZDAŞ is responsible of providing good service quality and reliability uninterruptedly. Also, performance related to the environmental and climate change related issues increases the good reputation of GAZDAŞ and distinguishes GAZDAŞ from other natural gas distribution companies in the eyes of stakeholders, especially investors and customers.</p> <p>Zorlu Holding - the conglomerate owning GAZDAŞ- is one of the conglomerates that set ambitious goals for achieving Net Zero in 2030. GAZDAŞ's business strategy is aligned with Zorlu Holding's business strategy which was already based on sustainability and climate change mitigatory activities is now in a further phase in the company scale. As a listed company, Zorlu Holding also takes reputation risk into account and stakeholder consultations are carried out during the planning and implementation phases of investments. In case of receiving negative feedbacks from external stakeholders, it is evaluated by the responsible departments and tried to be neutralized with respective measures.</p>
Acute physical	Relevant, always included	<p>As per IPCC 5. assessment report, extreme changes are expected in the next decades. Acute events with increasing frequency like cyclones hail and floods can pose risks to direct operations. The transmission pipelines and stations are open to physical hazards. Particularly, GAZDAŞ experiences landslides due to the rainstorms particularly near the cliffs and seaside areas. Due to the landslides, plastic pipes can shift or get broken which leads to a significant amount of leakages bringing other risks like explosions along. River basins are other risky areas where transmission lines are open to the risks of floods and landslides caused by rainstorms. In river basins, GAZDAŞ collaborates</p>

		<p>with General Directorate for State Hydraulic Works in order to increase the security of pipelines- particularly at the planning of rearranging the basin and building protective structures near the pipelines.</p> <p>Based on scenario analysis of the latest IEA report, 1.5 Degree foresees drastic changes in Mediterranean Region like increasing droughts and wildfires in the summer season which is also posing a big risk on pipelines in wooded areas. In this regard, acute physical risks are included in our risk assessment procedures and necessary measures and actions are evaluated by GAZDAŞ.</p>
Chronic physical	Relevant, always included	<p>According to the IPCC 5. Assessment Report and IPCC 1.5 degree report, extreme precipitation patterns and droughts are expected to realize with medium confidence in our geography. It is also stated that, in IPCC Special Report on Climate Change in 2018, water scarcity is a high risk. Considering the fact that, stable conditions can be managed in natural gas distribution infrastructure, chronicle physical risks do not pose serious risks. However, increasing temperatures in winter may lower the demand for natural gas for heating purposes.</p>

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Emerging regulation

Carbon pricing mechanisms

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

Gazdaş distributes and sells natural gas to its clients. The combustion of natural gas occurs in our customers' boilers and that makes them responsible for the emissions that occurred because of combustion. When ETS or carbon tax mechanisms starts in

Turkey due to the higher cost of using natural gas our clients may prefer to use other alternative energy sources and this may create a decrease in demand to use our service.

Even local coal can be an alternative because of its lower product prices than natural gas. They may both be subject to the price of carbon but since coal is much cheaper than natural gas it may affect the demand for our service.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

15,224

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In 2020 94,855,174 sm³ natural gas has been sold to industry. The average sales price announced by EPDK was 1.604 TL/sm³ for 2020. The carbon tax will be applied to the industry so the sales decrease in the industry by 0.0001 has been defined as the impact figure. $(94,855,174 \times 1.604 \times 0.0001 = 15,224 \text{ TL})$

Cost of response to risk

144,000

Description of response and explanation of cost calculation

As Gazdaş, we promote energy efficiency because the regions we operate does not have high incomes. To ensure our service is preferred by low-income levels of people we invest in trainings about energy efficiency. The budget of training has been used for the management of the risk.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Decreased revenues due to reduced production capacity

Company-specific description

Acute events with increasing frequency like cyclones hail and floods can pose risks to direct operations. The transmission pipelines and stations are open to physical hazards. Particularly, GAZDAŞ experiences landslides due to the rainstorms particularly near the cliffs and seaside areas. Due to the landslides, plastic pipes can shift or get broken which leads to a significant amount of leakages bringing other risks like explosions along. River basins are other risky areas where transmission lines are open to the risks of floods and landslides caused by rainstorms. In river basins, GAZDAŞ collaborates with General Directorate for State Hydraulic Works in order to increase the security of pipelines- particularly at the planning of rearranging the basin and building protective structures near the pipelines.

Based on scenario analysis of the latest IEA report, 1.5 Degree foresees drastic changes in Mediterranean Region like increasing droughts and wildfires in the summer season which is also posing a big risk on pipelines in wooded areas. The interruption of service that will cause income loss is defined as a risk.

Time horizon

Short-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3,626,802

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The damage in one station has been used to define the financial impact. The financial impact is estimated as 0.2% of revenue loss due to interrupt of service. The 2020 revenue of Gazdaş was 1,813,401,000 TL.

Cost of response to risk

530,000

Description of response and explanation of cost calculation

To manage the risks on assets we have insurances. As an average the cost of insurance is estimated as 0.1% of our revenue.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical
Rising mean temperatures

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

According to the IPCC 5. Assessment Report, with the climate change effect rising, mean temperatures are expected to rise. Gazdaş is selling natural gas and most of its clients are using natural gas to heat their houses. If the temperatures will be higher, then demand for our service for heating purposes will be decreased. In 2020, 70% of total sold natural gas was for residential use.

Time horizon

Long-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

417,498

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In 2020, 333,558,031 sm³ were sold for residential use and the average price was 1.251 TL/sm³. 0,1% increase in natural gas selling calculated to define the impact to the business.

Cost of response to risk

114,013

Description of response and explanation of cost calculation

We invest to have more industries in our customer portfolio that use natural gas for production instead of heating. The cost of our industrial sales teams was added as the cost to response risk.

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Reputation

Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact

Increased capital expenditures

Company-specific description

The highest scope 3 emissions come from transportation for meter reading operations for invoicing. Under Zorlu Holding's Smart Life 2030 vision, Gazdaş set a target to be carbon neutral in 2030 for Scope 1 and 2 and in 2040 for Scope 3 emissions. Digitalization of meter readings and connection agreements will decrease the scope 3 emissions. Based on IEA scenarios increase in digital transformation in the energy industry was expected with the Covid-19 pandemic it is accelerated. The expectation on digitalization defined as a risk on the business.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5,440,203

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Reputational risk based on stakeholder expectations is defined as 0,3 % of total 2020 revenue.

Cost of response to risk

1,813,401

Description of response and explanation of cost calculation

R&D activities are conducted upon the approval and directives from EMRA (Energy Markets Regulatory Authority) and mainly focuses on increasing the standards of distribution system to the level of international equivalents. In this regard, development of operational technology, renewal of the existing infrastructure, increasing local content and efficiency measures as decreasing operational cost and leakages are targeted by GAZDAŞ - as per the relevant regulatory updates. Cooperation with suppliers for developing the local technology as well as localizing supply sources particularly is focused by GAZDAŞ for stimulating R&D in industry and capacity building in technology development. GAZDAŞ also prioritizes decreasing leakages and losses in transmission pipelines, and develop better monitoring systems for increased efficiency. 0.1 % of revenue has been defined as R&D investments.

Comment

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Reputation

Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

Zorlu Holding announced Smart Life 2030 and all Zorlu Energy companies including Gazdaş set a 2030 Net Zero Target for scope 1 and 2 emissions. The main emission source of Gazdaş was pipeline leakages and heating the station centers. Based on the increased stakeholder expectations Gazdaş defined increased investment in R&D as a risk.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5,440,203

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Reputational risk based on stakeholder expectations is defined as 0,3 % of total 2020 revenue.

Cost of response to risk

1,813,401

Description of response and explanation of cost calculation

R&D activities are conducted upon the approval and directives from EMRA (Energy Markets Regulatory Authority) and mainly focuses on increasing the standards of distribution system to the level of international equivalents. In this regard, development of operational technology, renewal of the existing infrastructure, increasing local content and efficiency measures as decreasing operational cost and leakages are targeted by GAZDAŞ - as per the relevant regulatory updates. Cooperation with suppliers for developing the local technology as well as localizing supply sources particularly is focused by GAZDAŞ for stimulating R&D in industry and capacity building in technology development. GAZDAŞ also prioritizes decreasing leakages and losses in transmission

pipelines, and develop better monitoring systems for increased efficiency. 0.1 % of revenue has been defined as R&D investments.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Gazdas supplies natural gas to its customers. Based on the IEA Energy Sector Report for low carbon economy natural gas becomes the largest single fuel in the global mix with 22%. The demand for natural gas will continue until mid-century because it is the cleanest fossil fuel with lower emission factors and fewer air pollutants. It is also stated that 80% of projected growth coming from developing nations. The expectation of sales of natural gas in the Gazdaş regions will be doubled by 2035.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,813,401,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

It's expected that by 2035 the sales of natural gas in the Gazdaş regions will be doubled. The additional revenue amount by 2035 has been defined as the impact figure.

Cost to realize opportunity

18,134,010

Strategy to realize opportunity and explanation of cost calculation

The investments for increasing the service areas will be needed to respond to the demand. 1% of the revenue has been defined as the cost of the investments.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Reduced direct costs

Company-specific description

Zorlu Enerji ensures compliance of the stakeholders to the environmental and social standards along its value chain. Furthermore, for lowering the Scope 3 emissions, GAZDAŞ prioritizes localizations of products and service procurement considering the fact that transportation from closer distances play a key role in decreasing environmental footprint. In cooperation with Energy Market Regulatory Authority (EMRA), developing R&D projects is going hand in hand with localization of supply and

technology development. Also in line with 2030 Net Zero targets, GAZDAŞ takes supply chain-related factors into risk procedure and considers them as a key element at managing its social and environmental impact and as an enabler for fostering human capital development on a local scale. The results of localization will decrease the operational costs.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4,232,300

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

A 10% decrease in operational expenditures due to localization has been defined as a positive impact on the business.

Cost to realize opportunity

1,813,401

Strategy to realize opportunity and explanation of cost calculation

Zorlu Enerji ensures compliance of the stakeholders to the environmental and social standards along its value chain. Furthermore, for lowering the Scope 3 emissions, GAZDAŞ prioritizes localizations of products and service procurement considering the fact that transportation from closer distances plays a key role in decreasing environmental footprint. In cooperation with Energy Market Regulatory Authority (EMRA), developing R&D projects is going hand in hand with localization of supply and technology development. Also in line with 2030 Net Zero targets, GAZDAŞ takes supply chain-related factors into risk procedure and considers them as a key element at managing its social and environmental impact and as an enabler for fostering human capital development on a local scale for increased efficiency. 0.1 % of revenue has been defined as R&D investments.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	Yes, in the next two years	No, we do not hold AGMs	Gazdaş is not a stock market company however through Zorlu Energy Net Zero Target has been set in 2020 and the transition plan will be approved within 2 years.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
2DS IEA 450	Based on IEA's 450 scenarios, the energy sector will be highly penetrated with renewable sources and the coal will be replaced by natural gas in power generation by 2030. While demand for oil decreased by 11% between 2014 to 2030, the demand for natural gas is expected to grow by 8%. Increasing the use of natural gas is defined as a "bridge scenario" to a low carbon economy. Within the global energy mix, the natural gas share is expected to be 22% and this will be higher than coal and oil by 2035. 80% of this projected growth would arise from the demand of developing countries. Based on the abovementioned projection, two critical uncertainties integrated into

	<p>the scenarios are regulatory changes and technological developments. 4 scenarios are studied and the highest impact is expected from the combination of high emission prices due to regulatory changes and increased demand for our services.</p> <p>Since natural gas is classified as a substitute low-carbon fuel for higher content fossil fuels (coal, oil), it is expected to create an opportunity by increased demand as per IEA 450 scenario. The risk of our sector depends mainly on 2 factors, first in the region of operation where mainly low-income clients are comprising the majority, the second risk factor is the continuing incentives on local coals.</p> <p>Considering the fact that economic concerns overwhelm environmental concerns particularly for domestic use of natural gas, the transition may also slow down. This project studied by the Sustainability Working Group. Company-specific data where available and publicly available data for the assumptions have been used. The results are reported to the Sustainability Committee. The investment plans were discussed by the Sustainability Committee and presented to the board.</p>
--	--

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>GAZDAŞ credits the new dynamics formed under Green Deal, the expected Climate Law in Turkey and the change in customer behaviour and financial conditions accordingly. This regulatory and legal context as well as market dynamics increases the shift to low-carbon fuels and electrification in technically suitable industries. However, considering the fact that natural gas is recently proliferated in Turkey on a large scale, we expect that the demand for our products will increase - also as a substitute low carbon fuel for high content fossil fuels- and later contract as depicted in IEA's Net-Zero by 2050 - A Roadmap for the Global Energy Sector. This contraction might be balanced with the use of advanced biomethane or hydrogen in long run by using the currently existing infrastructure meaning that the demand for our product and services is also expected to continue in long term. In short term, GAZDAŞ expects growing demand for its products and services in parallel to the increased efforts for decreasing leakages and environmental footprint.</p>

Supply chain and/or value chain	Yes	<p>In line with Zorlu Enerji, GAZDAŞ takes into account the impact of its operations taking place in its value chain. GAZDAŞ continually evaluates its suppliers with respect to IFC's Performance Standards and ISO 26000 Social Responsibility Standards. Zorlu Enerji works with the higher-performing suppliers in long term after the evaluation process. The suppliers who cannot meet the standards are also supported and action plans are set for these suppliers in order to accelerate capacity building. Thus, Zorlu Enerji ensures compliance of the stakeholders to the environmental and social standards along its value chain. Furthermore, for lowering the Scope 3 emissions, GAZDAŞ prioritizes localizations of products and service procurement considering the fact that transportation from closer distances play a key role in decreasing environmental footprint. In cooperation with Energy Market Regulatory Authority (EMRA), developing R&D projects is going hand in hand with localization of supply and technology development. Also in line with 2030 Net Zero targets, GAZDAŞ takes supply chain-related factors into risk procedure and considers them as a key element at managing its social and environmental impact and as an enabler for fostering human capital development on a local scale.</p>
Investment in R&D	Yes	<p>R&D activities are conducted upon the approval and directives from EMRA (Energy Markets Regulatory Authority) and mainly focuses on increasing the standards of distribution system to the level of international equivalents. In this regard, development of operational technology, renewal of the existing infrastructure, increasing local content and efficiency measures as decreasing operational cost and leakages are targeted by GAZDAŞ - as per the relevant regulatory updates. Cooperation with suppliers for developing the local technology as well as localizing supply sources particularly is focused by GAZDAŞ for stimulating R&D in industry and capacity building in technology development. GAZDAŞ also prioritizes decreasing leakages and losses in transmission pipelines, and develop better monitoring systems for increased efficiency.</p>
Operations	Yes	<p>GAZDAŞ's direct operations and physical assets are under the risk of climate change-induced acute physical risks. GAZDAŞ integrated this risk in its risk assessment procedures and scenario analysis. GAZDAŞ evaluates possible actions for increasing resilience in order to</p>

		maintain business continuity. GAZDAŞ plans increasing the use of energy-efficient appliances and renewable energy in administrative buildings. Also, automatization and utilizing information technologies in operations for avoiding human activity-induced GHG emissions are under consideration. For instance, meter reading operations are considered to be automatized to the extend that it is technically possible.
--	--	--

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Assets	Based on our scenario analysis, we expect at least 8% increased levels of demand for our services. Natural gas defined as a transitional fuel for a low carbon economy. While expectation on-demand increase this will increase the level of investment to infrastructure and assets. Financially those two have been considered in our financial plannings for the mid-term horizon.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

Based on scenario analysis we defined variables to perform risks and opportunity assessment as a natural gas distribution company to manage the risks that occur due to climate change, Gazdaş strategically decided to invest in expanding its service area to decrease the using rate of coal in the region.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2019

Covered emissions in base year (metric tons CO₂e)

6,281

**Covered emissions in base year as % of total base year emissions in selected
Scope(s) (or Scope 3 category)**

100

Target year

2030

Targeted reduction from base year (%)

100

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

0

Covered emissions in reporting year (metric tons CO₂e)

9,226

% of target achieved [auto-calculated]

-46.887438306

Target status in reporting year

New

Is this a science-based target?

No, but we anticipate setting one in the next 2 years

Target ambition

Please explain (including target coverage)

Gazdaş set long-term sustainability targets in 2020 which includes Net Zero Target by 2030. It is aimed to be Net Zero in Scope 1 and Scope 2 emissions by 2030 and across

the entire value chain (Scope 1, 2, and 3) by 2040.

This target covers all of our Scope 1 and Scope 2 emissions. It is aimed to be Net Zero in Scope 1 and 2 emissions by 2030. The baseline emissions are 6,281 tCO₂.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO₂e savings.

	Number of initiatives	Total estimated annual CO ₂ e savings in metric tonnes CO ₂ e (only for rows marked *)
Under investigation	2	1,350
To be implemented*	1	3,060
Implementation commenced*	0	0
Implemented*	0	0
Not to be implemented	3	2,790

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for	Zorlu Enerji - Natural Gas distribution R&D activities are conducted subject to EMRA approval. The latest amendment made in the Regulation on the Procedures and Principles Regarding Supporting Research, Development, and Innovation

energy efficiency	Activities of Electricity and Natural Gas Distribution Companies on March 26, 2020, aims to establish rules for supporting and encouraging research, development, and innovation activities of legal entities that hold electricity and natural gas distribution licenses in order to make sure electricity and natural gas distribution systems in our country meet international quality standards, develop technology for system operation, produce information, make innovations, improve the rate of domestic contribution, efficiency, and service quality while lowering service costs and losses.
-------------------	---

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

5,521

Comment

Base year emissions cover the emission of natural gas distribution service in Trakya and Gaziantep regions and administrative operations in Istanbul headquarter.

Scope 2 (location-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

804

Comment

Base year emissions cover the emission of natural gas distribution service in Trakya and Gaziantep regions and administrative operations in Istanbul headquarter.

Scope 2 (market-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

0

Comment

GAZDAS consumes electricity from the interconnected grid.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

8,644

Comment

The given gross global Scope 1 emissions represent our natural gas distribution service in Trakya and Gaziantep regions and administrative operations in Istanbul headquarter.

We have been calculated our emissions based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories methodology according to the Tier 1 approach.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

We consume electricity from the interconnected grid.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

582

Comment

The given gross global Scope 2 emissions represent our natural gas distribution service in Trakya and Gaziantep regions and administrative operations in İstanbul headquarter. We have been calculated our emissions based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories methodology according to the Tier 1 approach.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Please explain

GAZDAS has given priority to establish a data collection system for Scope 3 emissions starting with the most relevant categories. This category is planned to be included in the data collection boundary in the near future.

Capital goods

Evaluation status

Not relevant, explanation provided

Please explain

We consider that emissions associated with capital goods are not material (less than 1% of total GHG emissions). Given the complexity of the process of gathering information, the company will formalize an accurate data gathering process to identify Scope 3 emissions sources from buildings, equipment, and machinery.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

654

Emissions calculation methodology

The average-data method, which involves estimating emissions by using secondary (e.g., industry average) emission factors for upstream emissions per unit of consumption (e.g., kg CO₂e/kWh) is applied. The "DEFRA Greenhouse Gas Reporting: Conversion Factors" is used.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Fuel-and-energy-related activities include Well to tank (WTT) process emissions of consumed fuels and electricity. The data is based on energy consumption that is monitored by us and cross-checked with the supplier invoice.

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Please explain

GAZDAS has given priority to establish a data collection system for Scope 3 emissions starting with the most relevant categories. This category is planned to be included in the data collection boundary in the near future.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1.47

Emissions calculation methodology

The waste-type-specific method is applied which involves using emission factors for specific waste types and waste treatment methods. The emissions are calculated based on the "DEFRA Greenhouse Gas Reporting: Conversion Factors" tool.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emissions from waste depend on the type of waste being disposed of, and the waste diversion method. Therefore, waste data based on its type (e.g., cardboard, food-waste, wastewater) and the waste treatment method (e.g., incinerated, landfilled, recycled) are necessary for calculation. We record all kinds of waste generated in our activities every year and upload the amount of waste according to their waste code to the online system in line with the local regulation. By this declaration, we calculate emissions inventory according to DEFRA GHG Conversion Factors.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

22

Emissions calculation methodology

The distance-based method, which involves determining the distance and mode of business trips, then applying the appropriate emission factor for the mode used is applied as per the Greenhouse Gas Protocol -Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The distance-based method involves multiplying activity data (i.e., vehicle-kilometers or person-kilometers traveled by vehicle type) by emission factors (typically default national emission factors by vehicle type). Vehicle types include all categories of aircraft, rail, subway, bus, automobile, etc. The GHG Protocol has a calculation tool for transportation that uses a combination of fuel-based and distance-based methods. This combination is used because CO₂ is better estimated from fuel use, and CH₄ and N₂O are better estimated from distance traveled. The tool uses fuel-efficiency ratios to convert either type of activity data (fuel or distance) supplied by the user into either fuel or distance depending on the GHG being calculated. Therefore, "GHG emissions from transport or mobile sources" are used.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

98

Please explain

Emissions arising from air travel have been accounted for under business travel-related Scope 3 emissions. We gathered travel information from our travel management company which includes both domestic and international flights. The emissions arising from air travel have been calculated.

Employee commuting

Evaluation status

Not relevant, explanation provided

Please explain

There is not any employee commuting service.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

We have not used upstream leased assets in the reporting year.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

Our product does not have any downstream transportation and distribution emission.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Our product is directly consumed without any processing. Therefore, we do not have scope 3 emissions to account for under this category

Use of sold products

Evaluation status

Relevant, not yet calculated

Please explain

GAZDAS has given priority to establish a data collection system for Scope 3 emissions starting with the most relevant categories. This category is planned to be included in the data collection boundary in the near future.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Our sold product does not have an end of the life treatment process. Therefore, there are no Scope 3 emissions under this category.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

We have not used downstream leased assets in the reporting year.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

We do not have any franchises.

Investments

Evaluation status

Not relevant, explanation provided

Please explain

We do not have any investment related emissions.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

There are no additional upstream emission sources.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

There are no additional downstream emission sources.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0000051

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

9,226

Metric denominator

unit total revenue

Metric denominator: Unit total

1,813,401,000

Scope 2 figure used

Location-based

% change from previous year

57

Direction of change

Decreased

Reason for change

The total emissions have increased by 47% compared to the previous year. However, the revenue has increased by 241%. Therefore the intensity which was 0.000012 was decreased to 0.0000051 in the reporting year.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CO ₂	3,584	IPCC Fifth Assessment Report (AR5 – 100 year)
CH ₄	3	IPCC Fifth Assessment Report (AR5 – 100 year)
N ₂ O	13	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	5,044	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO ₂ e)
Turkey	8,644

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By facility

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO ₂ e)
Natural Gas Distribution Operations	8,572
Administrative Operation	72

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO ₂ e)	Latitude	Longitude
Trakya Region	4,618	41.401006	27.355003
Gaziantep Region	3,954	37.065342	37.373453

Istanbul Headquarters	72	40.993661	28.699289
-----------------------	----	-----------	-----------

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Stationary Combustion	2,705
Mobile Combustion	823
Fugitive Emissions	5,044
Office Activities	72

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Turkey	582	0	1,172	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

- By business division
- By facility

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Natural Gas Distribution Operations	408	0
Administrative Operation	175	0

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
----------	--	--

Trakya Region	237	0
Gaziantep Region	171	0
İstanbul Headquarters	175	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				
Other emissions reduction activities				
Divestment				
Acquisitions				
Mergers				
Change in output	2,945	Increased	47	Compared to the previous year, natural gas sales to subscribers and eligible consumers increased by 6.8%, sales to eligible consumers receiving transportation services increased by 1%, and total natural gas distribution volume increased by 4.5%. As a result, our emissions were increased by 2,945 tons CO2e, and our total emissions (Scope 1 and Scope 2) in the previous year were 6,281 tons CO2e. Therefore there is a

				47% increase in emissions. (2,945 / 6,281) * 100 = 47%
Change in methodology				
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 15% but less than or equal to 20%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No

Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	16,921	16,921
Consumption of purchased or acquired electricity		0	1,172	1,172
Total energy consumption		0	18,093	18,093

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

13,843

Emission factor

56.155

Unit

metric tons CO2e per GJ

Emissions factor source

2006 IPCC Guidelines for National Greenhouse Gas Inventories -Volume 2-Chapter 2
Stationary Combustion - Table 2.2 Default Emission Factors For Stationary Combustion
in the Energy Industries

Comment

We consume natural gas for heat. The CO2 equivalent emission factor is calculated based on CO2, CH4, and N2O emission factors, and the GWP of each greenhouse gasses

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

3,076

Emission factor

75.243

Unit

metric tons CO2e per GJ

Emissions factor source

006 IPCC Guidelines for National Greenhouse Gas Inventories -Volume 2-Chapter 2
Stationary Combustion - Table 2.2 Default Emission Factors For Stationary Combustion
in the Energy Industries 2006 IPCC Guidelines for National Greenhouse Gas
Inventories -Volume 2-Chapter 3 Mobile Combustion - Table 3.2.1. Road Transport
Default CO2 Emissions Factors and Uncertainty Ranges

Comment

The diesel is consumed at generators, on-road transportation, and off-road transportation (forklift, grass mower, etc). %99 of the diesel is used for on-road transportation. Therefore, the on-road mobile combustion emission factor is given. In the calculation, the emission factor is applied depending on each category. The CO2 equivalent emission factor is calculated based on CO2, CH4, and N2O emission factors, and the GWP of each greenhouse gasses.

Fuels (excluding feedstocks)

Motor Gasoline

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

2

Emission factor

72.12

Unit

metric tons CO2e per GJ

Emissions factor source

2006 IPCC Guidelines for National Greenhouse Gas Inventories -Volume 2-Chapter 3 Mobile Combustion - Table 3.2.1. Road Transport Default CO2 Emissions Factors and Uncertainty Ranges 2006 IPCC Guidelines for National Greenhouse Gas Inventories - Volume 2-Chapter 3 Mobile Combustion - Table 3.3.1 Default Emission Factors for Off-Road Mobile Sources and Machinery

Comment

Motor gasoline is consumed by vehicles. The CO2 equivalent emission factor is calculated based on CO2, CH4, and N2O emission factors, and the GWP of each greenhouse gasses

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process


Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Zorlu Enerji Limited Assurance Report - 31 December 2020.pdf

Page/ section reference

page 1

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process


Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Zorlu Enerji Limited Assurance Report - 31 December 2020.pdf

Page/ section reference

page 1

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process


Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Zorlu Enerji Limited Assurance Report - 31 December 2020.pdf

Page/section reference

page 1

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

3


C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

 Zorlu Enerji Limited Assurance Report - 31 December 2020.pdf

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Energy consumption	ISAE 3000	The following parameters were verified by a third party. <ul style="list-style-type: none">• Electricity consumption (kWh)• Natural gas consumption (m3)• Total energy consumed (GJ)• Fuel consumption of company vehicles (lt)

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

In Turkey, readiness to emission trading schemes is studied by the World Bank, and the project started in 2015. Gazdaş is not in the scope of regulation. The second phase of the project will be finalized and the expected outcomes are draft climate law and ETS Regulation. To start on the 3rd phase will be the parliament decision and if it is approved then we expect to have a carbon tax or an ETS mechanism. This will affect our clients who use natural gas in their production in the industry.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations
Change internal behavior

GHG Scope

Scope 1

Application

Zorlu Energy applies carbon pricing to its companies including Gazdaş. It creates awareness of the sources of emissions.

Stationary combustion emissions are reporting to the ministry so carbon price is defined for scope 1 emissions. To be ready for the carbon tax the price is 7 TL(about 1 USD) for tonnes of carbon. Its internally followed by Environment Executive and reported to the Sustainability Committee.

Actual price(s) used (Currency /metric ton)

7

Variance of price(s) used

Uniform pricing is used since all production plants were in Turkey in 2020 and carbon pricing is applied only for scope 1 emissions. 1 USD is 3% of the price expected based on the ETS simulation projected by the World Bank in Turkey.

Type of internal carbon price

Internal fee

Impact & implication

The carbon pricing for scope 1 emissions created awareness about the low carbon industry and how it may impact the financials. Gazdas has Net Zero Target by 2030 .

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

26

% total procurement spend (direct and indirect)

% of supplier-related Scope 3 emissions as reported in C6.5

3

Rationale for the coverage of your engagement

In 2020 Gazdaş started to calculate its scope 3 emissions and set Net Zero Emission on Scope 3 by 2040. The calculation of scope 3 emissions has much more activity data than Scope 1 and 2 calculations. The supply chain team request activity data from suppliers. In the next years, the reduction in scope 3 emissions will be expected from suppliers.

Impact of engagement, including measures of success

Procurement Director has a scope 3 emission reduction target and Gazdaş set Net Zero Target for scope 3 emissions by 2040.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number

50

% of customer - related Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

Our customers who use natural gas in their production may face extra costs due to the combustion of natural gas in their plants. We give training about energy efficiency to keep natural gas financially attractive as an energy source. Renewable sources or either coal (because there are incentives to use local coal in Turkey) may be preferred.

Impact of engagement, including measures of success

The volume of energy efficiency provided to the client is the measurement of success.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Energy efficiency	Support	The purpose of the energy efficiency law (5627) is to increase efficiency in using energy sources and energy in order to use energy effectively, avoid waste, ease the burden of energy costs on the economy and protect the environment. Gazdas fully support energy efficiency because its growth strategy is based on increasing the service area not the amount of sold gas based on the agreement with EPDK. Gazdaş fully supports this law.	Gazdaş support energy efficiency and related laws.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

GAZBIR - Natural Gas Distribution Companies Associated of Turkey

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Natural Gas Distribution Companies Association of Turkey (GAZBIR) is a non-governmental organisation functioning as an umbrella organisation for natural gas distribution companies operating across Turkey. Granted permission to use the word "Turkey" in its title, GAZBIR has been operating as a public benefit association since 2004. All members of GAZBIR hold legal personality status.

While GAZBIR aspires to contribute to the advancement and development of our country by facilitating the improvement of the natural gas market, its fundamental functions include surveying the developments in the intra-city natural gas distribution sector; facilitating coordination between distribution companies; and acting with public and private sectors to enhance service quality for natural gas users.

The commercial enterprise and Technical Centre of GAZBIR, the Natural Gas and Energy Training Certification Inspection and Technological Service Co, Ltd. (GAZMER), accredited by Vocational Qualifications Authority (VQA) and Turkish Accreditation Agency, operates to meet the demands in training, research and development, laboratory requirements, and common technological needs.

Additionally, GAZBIR is a member of the EURO GAS and International Gas Union, active in the natural gas sector not only in Europe but all around the world. On a national level, GAZBIR is a part of the Union of Chambers and Commodity Exchanges of Turkey (TOBB).

How have you influenced, or are you attempting to influence their position?

Gazdas is the first and only natural gas distribution company in the association that reports its GHG emissions, set emission reduction target and apply sustainability

management. Information sharing is the way of influence to the members and the sector.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The business and growth strategy of Gazdaş is based on increasing the service areas. The selling price of gas set by the ministry and Gazdaş profit comes from the investments done for the natural gas distribution systems. Natural gas defined as the transition gas and increasing the distribution area support climate change and sustainability strategy.

The overall alignment of GAZDAŞ's position with the corporate climate strategy has strong support to:

- Clean energy transformation for a more sustainable living
- Businesses responsible for supporting the achievement of the Sustainable Development Goals (SDGs) and global climate change action agenda.

Our company aims for a new market design that allows for the integration of lower-carbon technologies.

We believe that stability and regulatory stability and regulatory compliance control are essential to creating the conditions for the needed investments in the energy sector.

All managerial decisions related to our direct and indirect activities are taken with a sustainability approach through economic, social, and environmental impacts. Our sustainability strategy that is compatible with climate change is annually improved and becoming even more comprehensive each year. The strategy is developed with the support of top management and all departments. This approach has allowed our company to address Climate Change from both mitigation and adaptation perspectives. Key Executives including the CEO are actively taking part in various environmental and climate change platforms/ organizations thus these issues have top priority on our agenda.

We consider that all climate and energy proposals should be accompanied by a transparent, inclusive, and independently verified impact assessment.

Innovation is the key driver to achieve a low-carbon economy. Technological change and development will significantly enhance the portfolio and, over time, will bring down the cost of reaching global climate change goals.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Complete

Attach the document

 Zorlu Energy sustainability-report-2020.pdf

Page/Section reference

Emission Data: Page 103

Content elements

Emissions figures

Emission targets

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms