



R H G
ENERTÜRK
ENERJİ

Green Finance Framework

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enerturk.com

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1. COMPANY INTRODUCTION

Türkiye aims to contribute to the collective efforts to combat climate change in line with its national circumstances and capabilities. As a party to the United Nations Framework Convention on Climate Change (UNFCCC), and a signatory to the Paris Agreement, and having ratified the Paris Agreement as of October 2021, Türkiye started implementation of the sustainability agenda by linking SDGs with National Development Plans (NDPs) and sectoral strategies. Indeed, the concept of “sustainable development” has been embedded in the NDPs since 1996. This accumulated experience, along with strong infrastructure and institutional mechanisms provide a strong ground towards SDGs.

The focus on renewable energy, promotion of the green finance market, protecting and enhancing social welfare with sustainable policies have been a core part of Türkiye’s policies, therefore achievement of the Sustainable Development Goals is closely linked to Türkiye’s reform initiatives and sectoral strategies. SDGs embedded in National Development Plans with the concept of sustainable development shows Türkiye’s commitment to a sustainable planet.

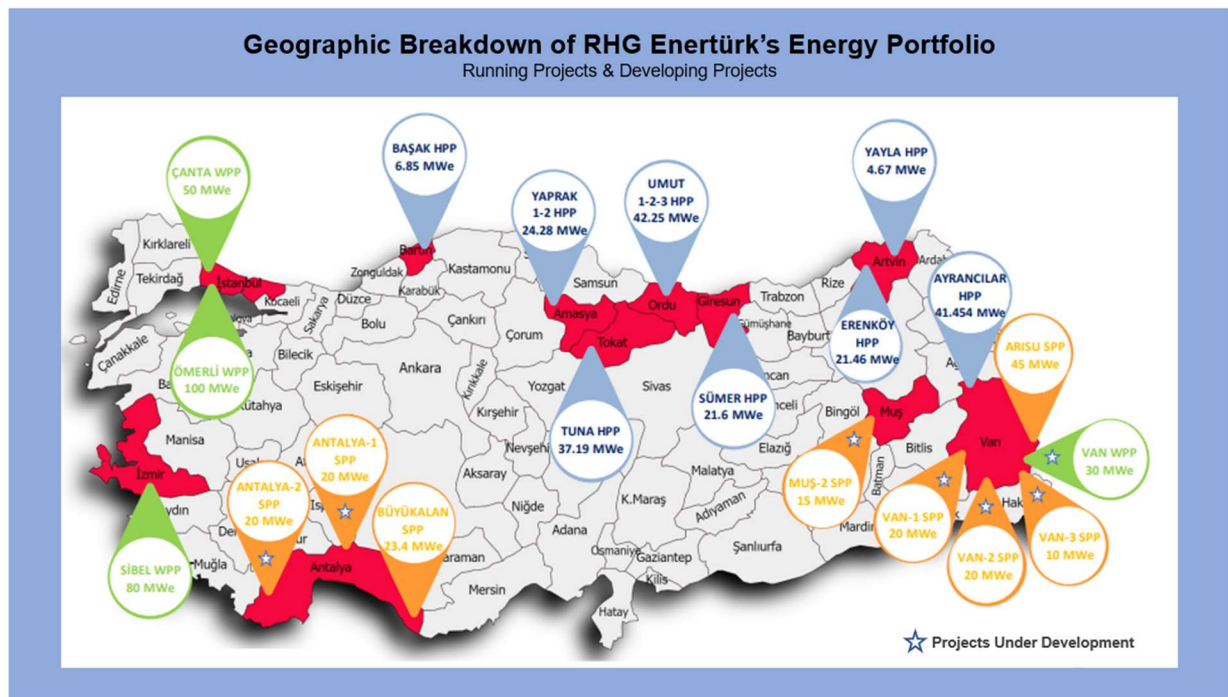
Türkiye is going through a strong and successful energy transition, giving a great importance to the development of renewable energy sources. In accordance with the National Energy and Mining Policy adopted in 2017, increasing the use of domestic and renewable energy resources is among the main priorities. The Renewable Energy Sources Support Mechanism (YEKDEM) and By-Law on Renewable Energy Resource Areas (YEKA) have significantly contributed to the acceleration of renewable energy investments especially for wind and solar power.

Furthermore, Türkiye has ranked 5th in Europe and 12th in the world in terms of installed capacity in renewable energy. Currently, Türkiye is the seventh in Europe in wind and solar in terms of installed power and the fourth in the world in geothermal. It also ranks first in Europe in geothermal, owning one-tenth of global geothermal capacity. Globally, Türkiye ranks second after China in the use of solar energy for heating purposes. Country’s energy market strongly benefits from fast-pace renewables transition reaching renewables ratio to 53% by the beginning of 2022.

About RHG Enertürk

RHG Enertürk is the subsidiary of Erciyes Anadolu Holding; a diverse conglomerate which is active in 6 different industries. RHG Enertürk is currently one of the few companies in Türkiye that generates electricity entirely from renewable energy resources. Headquartered in Istanbul, the company hosts more than 400 employees in 13 licensed generation plants in 10 provinces with total installed capacity of 530 Megawatts. Generation portfolio consists of 201 Megawatts of Hydroelectric Power Plants, 230 Megawatts of Wind Power Plants and 69 Megawatts of Solar Power Plants. As a critical

step towards the main target of increasing generation capacity to 1.000 Megawatts, RHG Enertürk successfully acquired licensing rights of 105 Megawatts in 2021 YEKA SPP tenders, and is determined to participate to upcoming YEKA Wind and Solar tenders. As one of the few groups engaged in production using solely renewable energy sources in Türkiye, the company has succeeded in producing renewable energy to meet the electricity needs of 675.000 people in 2022. More importantly, RHG Enertürk's clean energy portfolio is fairly distributed across the country, also covering developing regions that are in need of such renewable investments.



The company is committed to undertaking environmentally friendly and highly efficient projects, and taking responsibility to help reduce Türkiye's total carbon emission. In addition to conventional energy generation with solar, hydro and wind power plants, RHG Enertürk also provides technical and operational support to industrial firms in their renewable energy transitions; especially through micro generation projects (e.g. roof-top and field-type solar investments). As a key principal, RHG Enertürk interacts only with environmentally, socially and ethically responsible clients and also rejects commercial requests from hard-to-abate industries.

In line with company's vision and strategic approach, RHG has also positioned itself among the first five license holders for Electric Vehicle Charging Station Operator (EVC Operator) in Türkiye and already started to develop its own charging network which will foster electrification of transportation, thus support clean transportation and energy efficiency in Türkiye.

2. SUSTAINABILITY STRATEGY AND APPROACH TO SDGs

As a primary stakeholder of the sustainability universe, corporates and especially energy companies are responsible for the effective execution and implementation of sustainability-oriented tasks. Countries are adjusting their development plans and thinking of what kind of targets they need to set domestically in order to get onto the right sustainability path.

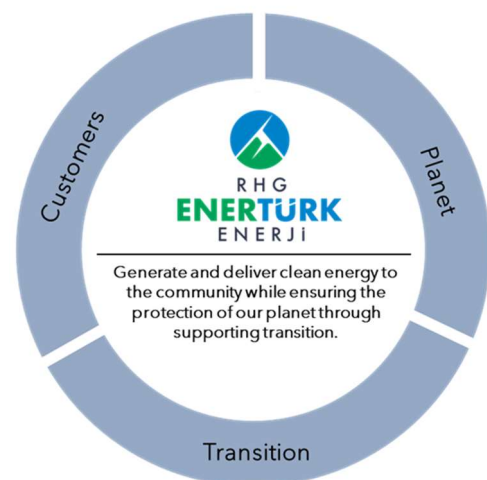
Türkiye - in this sense - has announced an action plan under 9 major headings, including 32 targets and 81 actions, in line with the United Nations' Sustainable Development Goals and the European Green Deal. Having been motivated by this plan, RHG Enertürk's efforts are in line with the bigger picture that serves the needs of the community and the planet. RHG Enertürk's primary aim is on supporting and fulfilling the sustainability masterplan of the policy-maker so that broader set of goals defined by the United Nations and the European Union can be met at the micro level.

In the last decade, renewable energy industry has become more competitive because of the tumbling price of energy equipments, high-yield business models, and the interest of the financial sector to be part of this fast-growing industry. From an investor point of view, risk-adjusted returns in investing in renewable energy has been quite high as compared to traditional sectors. Therefore, the industry is quite attractive for various types of investor groups. However, in most cases these investments have been lacking the required impact.

RHG Enertürk is aware that the climate crisis cannot be tackled single-handedly. Therefore, company's sustainability culture facilitates working with key business partners and focus on engineering, building and delivering clean energy to ensure that collective contribution makes the most significant impact.

RHG Enertürk believes that, to avert the climate crisis, it is crucial to decarbonize all parts of the economy, from power and heat to transportation and heavy industries. This is why – in addition to conventional generation business – RHG Enertürk is also focusing on other fields of the renewable energy value chain; especially on micro generation and electrical vehicle charging. Company has embarked on this sustainability journey by considering demographical and socio-economic factors in Türkiye such as the size of energy consuming population, number of high volume energy dependent firms and the number of vehicles in private transportation eco system.

In light of these factors, RHG Enertürk developed it's core sustainability strategy by considering 3 key variables; namely **Customers, Planet and Transition**.



Customers:

RHG Enertürk plays an important role for energy customers, providing clean, reliable and affordable energy to more than 1.2 Million people across Türkiye via direct and indirect channels. The company generates 100% of its revenues from green energy and is a pure player in renewable energy segment. RHG Enertürk aims to expand its coverage by developing field-type renewable projects in underpenetrated regions and roof-top projects in "high-energy consuming" industrial facilities. Therefore, the company covers a vast majority of B2B and B2C energy clients in the market and has the ability to transform these client groups to renewable energy clients. Moreover, RHG Enertürk is also committed to providing customers with a range of products and solutions to power their electric vehicles, delivering great customer experience and providing affordable, sustainable, and smarter e-mobility energy solutions in Türkiye.

Planet:

The company cares about the impact on the environment. With an aim to achieve net-zero emissions by 2050, RHG Enertürk is committed to helping lead the transition to a low-carbon future by progressively decarbonising the environment with a rigidly-defined zero-carbon business policy.

Transition:

Besides conventional energy generation activities, RHG Enertürk supports and helps communities during their transition towards renewable resources; an approach that further strengthens RHG Enertürk's Scope 2 efforts. The company has been focusing on the engineering of roof-top and field-type renewable energy solutions for various industrial companies in Türkiye to help them generate their electricity for self-consumption. Currently, RHG Enertürk is also one of the leading EV Charging developer and an operator in Türkiye, fully supporting electric vehicle transition in the market.

Considering these variables as key components of the overall sustainability strategy, RHG Enertürk is executing its strategy via 3 major actions:

Action 1

Strategically grow renewable energy capacity and expand geographic coverage of green energy supply in Türkiye

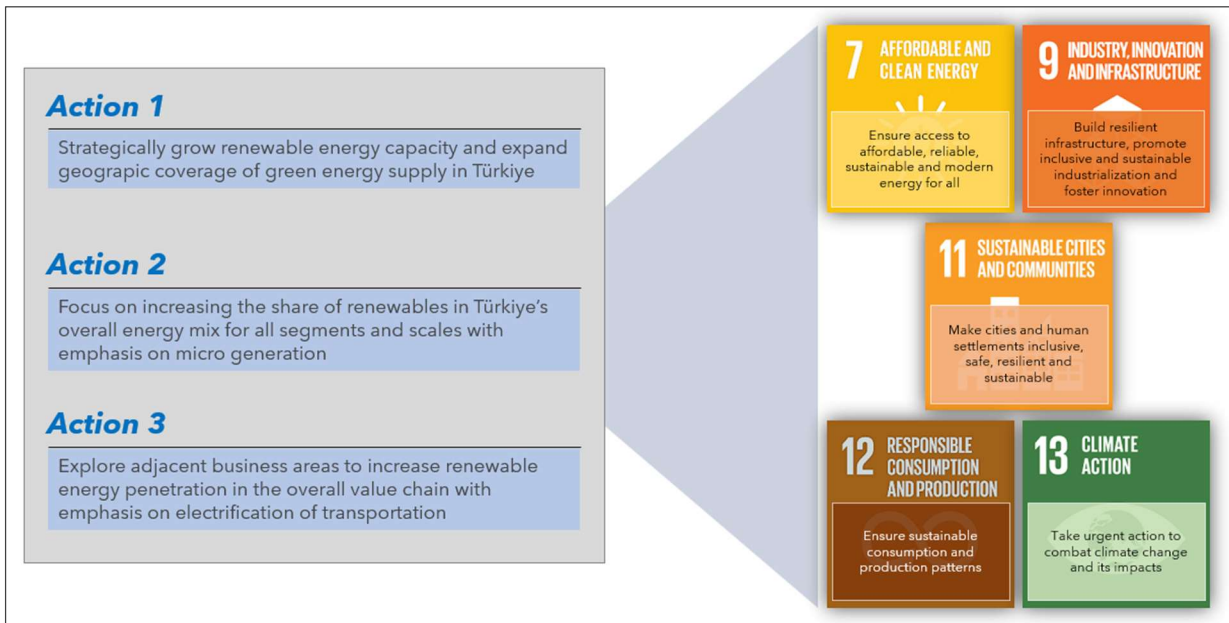
Action 2

Focus on increasing the share of renewables in Türkiye's overall energy mix for all segments and scales with emphasis on micro generation

Action 3

Explore adjacent business areas to increase renewable energy penetration in the overall value chain with emphasis on electrification of transportation




These actions also create the base for RHG Enertürk’s sustainability commitment since the company is dedicated to operate its business in a way that creates progress toward the UN Sustainable Development Goals (SDGs). **The association between strategic actions of RHG Enertürk and the SDGs is illustrated in the below diagram:**



Operational details of these actions are as follows:





1. Strategically grow renewable energy capacity and expand geographic coverage of green energy supply in Türkiye (SDG7, SDG12, SDG13)

- In response to the global climate challenge, RHG Enertürk’s portfolio is rapidly accelerating towards lower emissions technologies and sources of energy.
- RHG Enertürk, as one of Türkiye’s leading energy company, has an important role to play in helping Türkiye meet its international commitments to reduce emissions.
- The company is currently progressing work on updating its existing emissions reduction targets, consistent with a 1.5-degree pathway.

Goal Specific Actions & Their SDG Relevance		
<p>Which Specific Actions Have Been Taken By RHG Enertürk?</p>	<ul style="list-style-type: none"> - Tenders for critical regions where renewable penetration and reliance on clean energy is quite low have been won. - Various hybrid and extension projects to grow our portfolio through adding more renewable capacity at existing plants have been initiated. - Country's most efficient solar power plant located in eastern region has been built and put into operation. - Capacity add-ons for existing WPPs - growing renewable capacity by 65% - have been completed. 	<p>7.1.1 Percentage of population with access to electricity 7.1.2 Proportion of population with primary reliance on clean fuels and technology 7.2.1 Renewable energy share in the total final energy consumption</p> <p>12.a.1 Installed renewable energy-generating capacity in developing countries (in watts per capita)</p> <p>13.2.2 Total greenhouse gas emissions per year</p>
		  





2. Focus on increasing the share of renewables in Türkiye's overall energy mix for all segments and scales with emphasis on micro generation (SDG7, SDG9, SDG12, SDG13)

- RHG Enertürk focuses on clean energy generation not only through large-scale conventional projects but also through micro applications to create a wider impact with sum of parts method. The company is encouraging and training industrial companies, municipalities and public institutions to meet their self-consumption energy needs; either in the form of roof-top or field-type renewable applications.
- For FY2022, RHG Enertürk foresees an installation potential of +50 Megawatts of roof-top and +120 Megawatts of field-type solar systems that are mainly located in industrial zones.

Goal Specific Actions & Their SDG Relevance		
<p>Which Specific Actions Have Been Taken By RHG Enertürk?</p>	<ul style="list-style-type: none"> - Setup a dedicated team for roof-top project development and EPC Management. - Secured large-scale solar panel and auxillary equipment to ensure seamless project delivery - Developed a micro generation project in Kayseri industrial zone, reaching +175 MW in capacity. - Partnered with group's subsidiaries to initiate their renewable transitions - Entered into strategic partnerships with leading EPC companies to jointly develop roof-top projects in developing regions of Türkiye 	<p>7.1.1 Percentage of population with access to electricity 7.1.2 Proportion of population with primary reliance on clean fuels and technology 7.2.1 Renewable energy share in the total final energy consumption</p> <p>9.4.1 CO2 emission per unit of value added</p> <p>12.a.1 Installed renewable energy-generating capacity in developing countries (in watts per capita)</p> <p>13.2.2 Total greenhouse gas emissions per year</p>
		   

3. Explore adjacent business areas to increase renewable energy penetration in the overall value chain with emphasis on electrification of transportation (SDG7, SDG9, SDG11, SDG13)

- After electricity generation and industrial manufacturing, transportation is Türkiye’s third highest source of emission.
- RHG Enertürk considers electrification of transportation as a major opportunity for Türkiye to succeed in achieving net-zero emissions by 2050.
- Vehicle intensity driven by high population is a major driver behind aggregate environmental impact, therefore rapid transition to electric vehicles will have significant impact on environmental mitigation.
- As a key strategy, RHG Enertürk is vertically integrating its renewable generation platform to its nationwide EV charging infrastructure to support electrification of transportation in Türkiye.

Goal Specific Actions & Their SDG Relevance		
<p>Which Specific Actions Have Been Taken By RHG Enertürk?</p> <ul style="list-style-type: none"> - Acquired EV charging license for a nation-wide network setup - Entered into strategic partnership with leading digital system providers in the market to develop a centralized EV charging platform - Installed +50 charging unit in less than 4 months, also paving the way for +1000 units across Türkiye. - Started energy storage planning process to prepare for smart charging needs of the fast growing EV charging industry 	<p>7.1.2 Proportion of population with primary reliance on clean fuels and technology</p> <p>9.4.1 CO2 emission per unit of value added</p> <p>11.6.2 Annual mean levels of fine particulate matter (e.g. PM2.5 and PM10) in cities (population weighted)</p> <p>13.2.2 Total greenhouse gas emissions per year</p>	   

In 2021, reflecting company’s commitment to flawless implementation and monitoring of its Sustainability Strategy, a dedicated Sustainability Committee has been established. This Sustainability function is responsible of designing sustainability strategies and roadmap, guidance to reach targets, determination and follow-up key performance indicators, incorporation of strategy to corporate culture, alignment of the determined actions.

3. GREEN FINANCING FRAMEWORK

Company's sustainability strategy defines a roadmap to achieve decarbonization and to strengthen itself in clean energy and related technologies. RHG Enertürk targets to increase the share of renewable energy in the country's overall energy system and contribute to the transformation of the Turkish energy eco-system.

In line with RHG Enertürk's objective of providing a sustainable and clean energy to community while ensuring protection of the planet through supporting transition, the company has developed this Green Finance Framework under which the Company intends to issue Green Finance Instruments, which may include bonds and loans and any other green finance instrument, to finance and/or refinance selected projects within the company with a very strong positive environmental benefits.

By issuing Green Finance Instruments, the company intends to align its funding strategy with its sustainability strategy and objectives. Therefore, the framework is intended to govern borrowings for green and thus environmentally sustainable projects of RHG Enertürk and its subsidiaries.











This Green Finance Framework is based on the International Capital Markets Association ("ICMA") Green Bond Principles ("GBP") 2021 version and Loan Market Association ("LMA") Green Loan Principles ("GLP") 2021 version .

The Framework of RHG Enertürk has four core components:

- a) Use of Proceeds
- b) Process for Project Evaluation and Selection
- c) Management of Proceeds
- d) Reporting

a) Use of Proceeds

An amount equal to the aggregate net proceeds of the raised funds and/or borrowings will be used to finance or refinance existing and new "Eligible Projects" which meet the criteria outlined below:

Eligible Project Category	Eligibility Criteria	Related SDGs
Renewable Energy	<ul style="list-style-type: none"> Hybrid and extension energy projects to increase RHG Enertürk's current renewable generation capacity in wind and solar energy segments. Financing of development, construction, installation and procurement of renewable energy equipment within the company's EPC business arm. Funding micro-generation projects for industrial firms' energy transitions¹ through rooftop and field-type renewable energy equipment and related engineering investments. 	  
Energy Efficiency	<ul style="list-style-type: none"> Energy storage project which complements RHG Enertürk's current generation business from an efficiency and smart-grid point of view. Maintenance and rehabilitation of existing renewable energy plants to improve generation efficiency 	  
Clean Transportation	<ul style="list-style-type: none"> Projects for the establishment of RHG Enertürk's nation-wide electric vehicle charging network. Procurement of EV charging equipment. Acquisition of EVC digital service providers to accelerate digital implementation. Financing for EPC projects for third-party EV charging operators. 	   

¹ Excluding industrial firms that operate in "hard-to-abate" industries such as oil & gas, heavy-fossil fuel dependent steel, tobacco and weapons & ammunitions.

RHG Enertürk will use the net proceeds of instruments issued or loan obtained under this Framework to finance capital expenditures such as wind turbines, solar panels, inverters, electric vehicle charging equipment as well as financing operating expenditures which are directly related to the installation, construction, development, improvement, maintenance and operation of the eligible assets in relation to any eligible projects. Financial resources will also be used for acquisitions of companies specialized in any of the above "Eligible Project" categories. Based on company's strategy, acquisitions are mainly planned for Electric Vehicle Charging business arm to speed up RHG Enertürk's charging station deployment plans across the country.

Operational Expenditures (OPEX) and 100% Green Energy CAPEX investments within a period of maximum 36 months will be eligible for refinancing for bond or loan proceeds. Refinancing will be discussed with the lender(s) of the loan facility, and will be subject to approval by the lender(s), but in any case will not exceed 36 months.

RHG Enertürk will endeavor to prioritize new projects in relation to the allocation of proceeds from new green financing instruments. Since the company has robust expansion plans in both renewable electricity generation and deployment of Electric Vehicle Charging stations, proceeds will primarily be allocated to these projects. Through this financing, RHG Enertürk will increase its installed capacity by 316 Megawatts and reach to a total renewable generation capacity of 815 Megawatts within the next 3-year period. Summary breakdown of projects are as follows:

- Investments to increase current Wind Power Plant Capacity: **30 Megawatts**
- Investments for Rooftop Solar Power Generation Projects: **100 Megawatts**
- Investments for Hybrid Projects: **50 Megawatts**
- Already Acquired Solar Feed-in Tariff Project (YEKA SPP 3): **105 Megawatts**
- Already Acquired Wind Feed-in Tariff Project (YEKA WPP 3): **30 Megawatts**
- EV Charging Equipment (500 units of DC chargers and 2500 units of AC Chargers)

Since RHG Enertürk - as a parent company - is composed of multiple subsidiaries that are structured as independent SPVs, net proceeds may also be used for eligible projects of relevant subsidiaries.

RHG Enertürk commits not to invest unallocated proceeds to any activities or any projects that are in conflict with the eligibility criteria under the Framework.

b) Process for Project Evaluation and Selection

In 2021, RHG Enertürk established its "Sustainability Committee" that involves participants from various functional areas including Business Development, Finance & Treasury, Engineering and Investments. Moreover, the parent company's (Erciyes Anadolu Holding) finance and treasury department is also a default stakeholder of the Sustainability Committee.

Multi-disciplinarity of the Committee ensures sustainability compliance of RHG Enertürk's investments. Eligible Projects are identified and selected by this working group, ensuring positive environmental impacts, alignment with company's sustainability strategy and regulatory procedures. The Committee is also responsible for reviewing company's project portfolio,

periodically monitoring development and implementation phases. The Committee is also endowed with full veto rights to exclude any project that no longer meets the eligibility criteria.

Project development teams submit projects to the attention of the Sustainability Committee which is led by the General Manager. A short list of projects are reviewed for final approval by the senior management every quarter until all proceeds are accounted for and thereafter in the event of material developments. Finally, The Board of Directors reviews and approves proposed projects in accordance with the Framework.

c) Management of Proceeds

The net proceeds from any instrument or loan executed under this Framework will be managed by the Finance Department of RHG Enertürk which will also be monitored by the Finance and Treasury department of the parent Holding company. Repayments will be ensured by the Finance department of RHG Enertürk and Finance and Treasury department of Erciyes Anadolu Holding.

The balance of net proceeds that remain unallocated will be managed following RHG Enertürk's liquidity and cash management policies. The company will invest the balance of the net proceeds, at its own discretion, in cash and / or cash equivalents (money market instruments, bank accounts) and / or other liquid marketable instruments, as per the company's policies.

d) Reporting

On an annual basis until full allocation of proceeds to "Eligible Projects" and in the event of any material changes on a timely basis, RHG Enertürk will provide a report with below aspects:

Allocation Reporting:

The company will provide information on the allocation of the amount of net proceeds of its financing instruments or loans with following details:

- The total amount net proceeds allocated to eligible projects
- The breakdown of projects detailing amounts allocated and project categories
- The ratio of financing / refinancing
- Remaining amount of unallocated proceeds

Impact Reporting:

Where relevant and possible, RHG Enertürk will provide reporting on environmental and social benefits of eligible projects with the following impact metrics or other applicable indicators within each allocation report. Impact reporting will be done per project or in aggregate for all projects financed by the proceeds. The impact metrics as per each eligibility criteria are defined in the table below:

Eligible Project Category	Impact Indicators
Renewable Energy	<ul style="list-style-type: none"> ▪ Total renewable energy capacity developed and installed by RHG Enertürk (In MW) ▪ Ratio of renewable generation to the total power consumption in the distributed regions ▪ Percentage of population with access to renewable electricity ▪ Renewable energy generation per capita from RHG Enertürk's existing and new projects ▪ Total emissions avoided by current and new projects per year (tCO₂ / Year) ▪ Total installed power for micro-generation projects, transforming industrial energy consumers to clean energy
Energy Efficiency	<ul style="list-style-type: none"> ▪ Efficiency gains from rehabilitation, improvement and development projects within existing energy generation plants and license zones (In MWh) ▪ Total number of energy efficiency projects developed for external clients
Clean Transportation	<ul style="list-style-type: none"> ▪ Number of cities covered as an EVC operator ▪ Number of DC charging stations installed ▪ Number of AC charging stations installed ▪ Total installed capacity for EV Charging infrastructure (In MW) ▪ Avoided CO₂ emissions (tCO₂ / Year) ▪ Number of electric vehicles acquired / replaced for RHG Enertürk's own fleet

4. EXTERNAL REVIEW

a) Second Party Opinion

RHG Enertürk has assigned Sustainalytics to assess and examine this "Green Finance Framework", provide a "Second Party Opinion" and confirm alignment with relevant ICMA and LMA principles and guidelines accordingly. The Second Party opinion will be made publicly available on the Company's website which can be accessed through:

<https://www.enerturk.com/en/about-us/our-sustainability-strategy>

b) Annual Review

RHG Enertürk will be seeking external assurance for its annual allocation reports for any green instrument that will be issued under the Green Finance Framework in order to verify that green proceeds have been allocated in line with eligibility criteria of the Green Finance Framework.

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