

Second-Party Opinion

RHG Enertürk Enerji Green Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the RHG Enertürk Enerji Green Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency and Clean Transportation – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.



PROJECT EVALUATION AND SELECTION RHG Enertürk Enerji has established a Sustainability Committee, led by the managing director and comprises participants from the Business Development, Finance and Treasury, Engineering, and Investments departments, and the Finance and Treasury department of Erciyes Anadolu Holding. Project development teams submit projects to the Sustainability Committee, which is responsible for identifying and selecting projects. Projects are reviewed by senior management and the board of directors provides final approval. RHG Enertürk Enerji's health, safety, environment and quality department is responsible for identifying, monitoring and tracking environmental and social risks associated with all projects. This meets market expectations.



MANAGEMENT OF PROCEEDS RHG Enertürk Enerji's Finance and Treasury department will manage the allocation of proceeds. The Finance and Treasury departments of RHG Enertürk Enerji and Erciyes Anadolu Holding will track the proceeds through internal mechanisms. RHG Enertürk Enerji intends to allocate all proceeds within 24 months of issuance. Pending full allocation, unallocated net proceeds will be held in cash, cash equivalents or other liquid marketable instruments and managed in accordance with RHG Enertürk Enerji's liquidity and cash management policy. This meets market expectations.



REPORTING RHG Enertürk Enerji intends to report on the allocation of proceeds and impact reporting on its website and annual report on an annual basis until full allocation. Allocation reporting will include the amount of net proceeds allocated to eligible projects, the allocated amounts to each project category, the share of financing versus refinancing and the amount of unallocated proceeds. The allocation of proceeds will be reviewed by an external financial auditor. In addition, RHG Enertürk Enerji is committed to reporting on relevant impact metrics. Sustainalytics views Enertürk's allocation and impact reporting as meeting market expectations.

Evaluation date	November 18, 2022
Issuer Location	Istanbul, Turkey

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Introduction

RHG Enertürk Enerji (“Enertürk” or the “Company”) was founded in 2010 and is a subsidiary of Erciyes Anadolu Holding (the “Parent Entity”), a diversified conglomerate. The Company is headquartered in Istanbul, Turkey, and operates across 10 provinces of the country, employing more than 400 employees. Enertürk is engaged in the operation, acquisition and development of renewable energy projects in Turkey. As of 2022, Enertürk operates eight hydroelectric power plants with an installed capacity of approximately 200 MW, three wind power plants with an installed capacity of 230 MW and two solar power plants with an installed capacity of approximately 69 MW. The Company is also involved in the installation of electric-vehicle (EV) charging stations in Turkey.

Enertürk has developed the RHG Enertürk Enerji Green Financing Framework (the “Framework”), under which it intends to issue green bonds, originate green loans, bilateral and syndicated loans, and structured finance debt instruments and use the proceeds to finance or refinance, in whole or in part, existing or future projects that are expected to facilitate the clean energy transition in Turkey. The Framework defines eligibility criteria in three areas:

1. Renewable Energy
2. Energy Efficiency
3. Clean Transportation

Enertürk engaged Sustainalytics to review the RHG Enertürk Enerji Green Financing Framework, dated November 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021¹ and the Green Loan Principles 2021.² The Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Enertürk’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Enertürk representatives have confirmed: (1) they understand it is the sole responsibility of Enertürk to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications and Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/>

³ The RHG Enertürk Enerji Green Bond Framework is available on RHG Enertürk Enerji’s website at: <https://www.enerturk.com/en/about-us/our-sustainability-strategy>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Enertürk.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Enertürk is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Enertürk has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the RHG Enertürk Enerji Green Financing Framework

Sustainalytics is of the opinion that the RHG Enertürk Enerji Green Financing Framework is credible and impactful and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Efficiency and Clean Transportation – are aligned with those recognized by the GBP and GLP.
 - Enertürk has established a look-back period of 36 months for capex and opex refinancing. Sustainalytics considers this to be in line with market expectations.
 - Under the Renewable Energy category, Enertürk may finance or refinance new or existing renewable energy generation facilities, including: i) onshore wind; ii) field and roof-type solar photovoltaic (PV) power; and iii) the development, construction, installation and procurement of renewable energy equipment, including wind turbines, solar panels, inverters, cables and solar tracking equipment. The Company also intends to finance or refinance micro-generation solar PV projects and related third-party engineering services, such as civil engineering technical advisory and renewable energy market regulation advisory.
 - Enertürk has confirmed to Sustainalytics that it will source FSC-certified balsa wood in the manufacture of wind turbines. In view of ongoing concerns regarding illegal logging in the Amazon Rainforest due to increasing demand for balsa wood for wind power generation, Sustainalytics positively views Enertürk's sourcing of FSC-certified balsa wood.
 - Sustainalytics considers investments under this category to be in line with market practice.
 - Under the Energy Efficiency category, Enertürk may finance or refinance new or existing projects, including: i) battery storage systems connected to renewables; and ii) the maintenance and rehabilitation of existing hydroelectric, onshore wind and solar PV plants.
 - The Company has communicated to Sustainalytics that hydropower projects that may be maintained or rehabilitated were operational before 2019 and have a power density above 5 W/m². Furthermore, Enertürk has confirmed that rehabilitation projects will not increase the size of existing dams or reservoirs.
 - Sustainalytics considers investments under this category to be in line with market practice.

- Under the Clean Transportation category, Enertürk may finance or refinance: i) the procurement of EV charging equipment; ii) advisory services related to engineering, procurement and construction (EPC); iii) the acquisition of EV charging digital service providers; and iv) EPC projects for third-party EV charging operators.
 - Enertürk intends to acquire pure play companies that derive 90% or more of their revenue from activities that comply with the eligibility criteria in the Framework. The Company has confirmed to Sustainalytics that the use of proceeds for acquisitions under this category will be linked to the fair value of the acquired companies.
 - Sustainalytics considers the above investments to meet market expectations.
- Project Evaluation and Selection:
 - Enertürk has established a multistep process for project evaluation and selection. Project development teams in the Company submit projects to the Sustainability Committee (the “Committee”), which is responsible for identifying and selecting projects. A shortlist of projects is submitted for review by senior management each quarter, and Enertürk’s board of directors provides final approval.
 - The Committee is led by the Company’s general manager. It comprises participants from multiple functional areas of Enertürk, including Business Development, Finance and Treasury, Engineering, and Investments, as well as the Finance and Treasury Department of its Parent Entity.
 - Enertürk has communicated to Sustainalytics that its health, safety, environment and quality (HSE-Q) department is responsible for identifying, monitoring and tracking environmental and social risks of all new and existing projects. The HSE-Q department recruits third parties to independently assess and evaluate environmental and social risks for each project as part of the Company’s risk management policy.
 - Based on the established process for project evaluation and selection and the presence of adequate environmental and social risk management systems, Sustainalytics considers this process to be in line with market expectations.
- Management of Proceeds:
 - Net proceeds from all issuances under the Framework will be managed by Enertürk’s Finance and Treasury Department and monitored by the Parent Entity’s Finance and Treasury Department. Enertürk has communicated to Sustainalytics that the Finance and Treasury departments of the Company and its Parent Entity will track the allocation of proceeds using internal tracking mechanisms.
 - The Company plans to allocate net proceeds within 24 months of issuance. Pending full allocation, unallocated net proceeds will be held in cash, cash equivalents or other liquid marketable instruments and managed in accordance with Enertürk’s liquidity and cash management policy.
 - Based on clear definitions of how proceeds will be tracked, held and disbursed, Sustainalytics considers this process to be in line with market expectations.
- Reporting:
 - Enertürk has communicated to Sustainalytics that it is committed to reporting on the allocation and impact of proceeds on its website and annual report on an annual basis until full allocation.
 - Allocation reporting will include information on the amount of net proceeds allocated to eligible projects, the allocated amounts to each project category, the share of financing versus refinancing and the amount of unallocated proceeds. The Company has communicated to Sustainalytics that the allocation of proceeds will be reviewed by an external financial auditor.
 - Where relevant and feasible, impact reporting will include the environmental and social benefits of eligible projects and impact metrics, such as the total renewable energy capacity developed and installed (measured in MW); efficiency gains from the rehabilitation, improvement and development of projects in existing energy generation plants and licence zones (measured in MWh); and the total installed capacity for EV charging infrastructure (measured in MW).
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market expectations.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the RHG Enertürk Enerji Green Financing Framework aligns with the four core components of the GBP and GLP. For detailed information, please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Enertürk

Contribution to RHG Enertürk Enerji's sustainability strategy

Sustainalytics is of the opinion that Enertürk demonstrates a commitment to sustainability through its sustainability strategy, which focuses on the following environmental initiatives: i) growing renewable energy capacity and expanding geographic coverage of green energy supply in Turkey; ii) increasing the share of renewables in Turkey's overall energy mix for all segments and scales with emphasis on microgeneration; and iii) exploring adjacent business areas to increase renewable energy penetration in the overall value chain with emphasis on the electrification of transport.⁵

To further the first pillar of its sustainability strategy, Enertürk aims to increase its wind and solar energy portfolio from 534 MW in 2022 to 850 MW by 2025, expanding installed renewable energy capacity by 60% in three years. To achieve these goals, the Company has been expanding its renewable energy portfolio through projects that add more renewable energy capacity by utilizing available land under existing wind turbines and hydropower plants. Between 2020 and 2022, Enertürk increased the capacity of its existing wind power plants by 65% through add-ons. In addition, Enertürk won government tenders to develop renewable energy projects for 30 MW of wind and 105 MW of solar in the eastern province of Muş in Turkey, where renewable energy penetration and reliance on clean energy is low.

Enertürk aims to: i) develop projects for industrial players to initiate their renewable energy transition; ii) develop a minimum of 100 MW of rooftop solar PV or other microgeneration projects in industrial areas; iii) initiate hybrid and extension investments for existing plants to increase renewable generation capacity by at least 40% by 2025 from a 2020 baseline; and iv) forge international partnerships for renewable equipment. To reach these targets, the Company has set up the needed organizational capacity to develop and deliver large-scale rooftop solar projects, and has developed a project of more than 175 MW capacity in the Kayseri industrial area. Additionally, Enertürk has created partnerships with the Parent Entity's subsidiaries to meet their energy consumption needs through renewable energy and to initiate their renewable energy transition. The Company has provided technical and advisory services on developing rooftop solar projects to more than 16 subsidiaries of Erciyes Anadolu Holding, which operate in industries related to furniture, electrical cables, textiles and transport.

The Company plans to execute its EV charging stations plan by 2022, establishing strategic alliances and partnerships for a nationwide EV charging network and focusing on investments to supply its EV business exclusively with renewable energy. Enertürk also plans to start investing in energy storage for EVs in 2023. To accomplish these goals, the Company acquired in 2022 the licence to set up a nationwide EV charging station network and has partnered with digital systems providers to develop a centralized EV charging platform. As of November 2022, Enertürk has installed more than 50 charging stations and has started planning the energy storage process needed for the EV charging network.

Sustainalytics is of the opinion that the RHG Enertürk Enerji Green Financing Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have a positive environmental impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key risks possibly associated with the eligible projects may include issues related to occupational health and safety (OH&S), land use and biodiversity, and adverse impact on local communities.

Sustainalytics is of the opinion that Enertürk is able to manage potential risks through the implementation of the following:

- To mitigate risks related to OH&S, Enertürk has implemented its Occupation Health and Safety Environmental Specification, which identifies the obligations of the Company, the suppliers and the contractors and the OH&S rules that comply with the legislation for specific construction activities. The policy outlines health and safety procedures for: i) work at heights; ii) electrical works; iii) subsoil

⁵ RHG Enertürk, "Sustainability Strategy", (2021). The Company has shared the document with Sustainalytics on a confidential basis.

works; iv) natural gas, water, compressed air and electrical installation; v) hazardous material usage; vi) safe transportation of compressed gas cylinders; vii) precautions against fire; viii) lifting and loading works; ix) demolition works; x) works performed in closed areas; and xi) management of environment and waste. Regarding negative impacts of environmental pollution, the Company forbids contractors to generate any air, water, soil or noise pollution.⁶ In addition, Enerjörk follows the guidelines of ISO 45001 to manage OH&S⁷ and has communicated to Sustainalytics that it is in the process of becoming certified under the standard.

- To ensure that risks associated with land use and biodiversity are managed and mitigated during project construction and operation, the Company adheres to its internal policy document on biodiversity, the Biodiversity Approach of RHG Enerjörk. In line with its policy, Enerjörk undertakes specific activities for each of the renewable energy technologies that it operates. For hydroelectric power plants, the Company minimizes the impacts of migration barriers for freshwater species and changes in water temperature, flow and volume by improving fish habitat and spawning areas and supporting the migration of fish and riverbeds that accommodate ecosystems. As wind energy power plants may have negative impacts on birds and migration patterns of land-based animals, Enerjörk conducts environmental impacts assessments (EIAs), and implements identified measures, such as establishing no-work zones during construction and operations and compiles information on red-listed bird species. Regarding solar energy power plants, the Company mitigates impacts by developing revegetation projects; preserving soil, air and water from pollution; managing waste; and continuously working on understanding the effects of solar parks on biodiversity.⁸
- Enerjörk complies with the Turkish government's standard to undertake EIAs for its projects to assess direct and indirect impacts. The EIAs for solar and wind power plant projects also cover the topic of public participation meetings. In this process, the Company identifies directly and indirectly affected communities, gathers people from the communities to hold public informational meetings and considers their opinions.⁹

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Enerjörk has implemented adequate measures and is well positioned to manage or mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All three use of proceeds categories are aligned with those recognized by GBP and GLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of financing renewable energy in Turkey

Turkey's total GHG emissions amounted to approximately 524 MtCO_{2e} in 2020.¹⁰ Electricity and heat production were responsible for the largest share of CO₂ emissions, accounting for 131 MtCO₂, which represents approximately 25% of total GHG emissions in 2020.^{11,12} The energy sector's GHG emissions increased by 163.3% between 1990 and 2020 and are expected to rise further.^{13,14} As part of its ratification of the Paris Agreement in 2021, Turkey has committed to achieving nationwide net zero GHG emissions by 2053.¹⁵ According to the Climate Action Tracker, an independent research group, Turkey would need to phase-out coal-fired power generation by 2030, increase renewable electricity generation to 80% by 2030 and fully decarbonize its electricity generation by 2050 to achieve its climate targets.¹⁶

⁶ RHG Enerjörk, "Occupational Health and Safety Environmental Specification", at: https://www.enerturk.com/application/files/6316/4743/9224/27_ISGC_Sartnamesi.pdf

⁷ ISO, "ISO 45001:2018 – Occupational health and safety management systems", at: <https://www.iso.org/standard/63787.html>

⁸ RHG Enerjörk, "Biodiversity Approach of RHG Enerjörk". The Company has shared the document with Sustainalytics on a confidential basis.

⁹ RHG Enerjörk, "Public Participation – EIA Report". The Company has shared the document with Sustainalytics on a confidential basis.

¹⁰ Turkish Statistical Institute, "Greenhouse gas emissions statistics, 1990-2020", (2022), at: <https://data.tuik.gov.tr/Bulten/Index?p=Greenhouse-Gas-Emissions-Statistics-1990-2020-45862>

¹¹ Ibid.

¹² UNFCCC, "Turkey. 2022 Common Reporting Format (CRF) Table", (2022), at: <https://unfccc.int/documents/461898>

¹³ Turkish Statistical Institute, "Greenhouse gas emissions statistics, 1990-2020", (2022), at: <https://data.tuik.gov.tr/Bulten/Index?p=Greenhouse-Gas-Emissions-Statistics-1990-2020-45862>

¹⁴ IEA, "Turkey 2021: Energy Policy Review," (2021), at: https://iea.blob.core.windows.net/assets/cc499a7b-b72a-466c-88de-d792a9daff44/Turkey_2021_Energy_Policy_Review.pdf

¹⁵ UNDP, "UNDP supports Turkey in charting a course to net zero by 2053", (2021), at: <https://www.undp.org/turkiye/press-releases/undp-supports-turkey-charting-course-net-zero-2053>

¹⁶ Climate Action Tracker, "Scaling up climate action: Turkey", (2019), at: https://climateactiontracker.org/documents/672/CAT_2019-11-29_ScalingUp_TURKEY_FullReport_ENG.pdf

Turkey has expanded its wind and solar energy installed capacity from 2,273 MW in 2012 to 18,424 MW in 2021.¹⁷ However, the country aims to continue the expansion of its renewable energy resources with a target to commission an additional 10 GW each of solar and wind capacity by 2027.¹⁸ The Government of Turkey estimates the country's wind energy potential to be 48,000 MW and solar potential to be 1,527 kWh/m² annually, signalling significant expansion potential.¹⁹ According to Shura, a Turkish energy resource centre, Turkey needs to invest an average of USD 5.3 billion to USD 7 billion annually until 2030 to finance its energy transition.²⁰

Based on the above, Sustainalytics is of the opinion that investment in renewable energy generation in Turkey will support the decarbonization of the country's energy sector and contribute to the achievement of its GHG emission reduction targets.

Importance of financing clean transport in Turkey

The global transport sector accounts for one-fifth of total CO₂ emissions, with emissions from road vehicles representing approximately 75% of total sector emissions as of 2018.^{21,22,23} Emissions from transport are expected to increase at a faster rate than for any other sectors, posing a challenge to efforts to reduce emissions in line with the Paris Agreement.²⁴ According to the International Energy Agency, the transport sector's emissions must be reduced by 20% by 2030 relative to 2021 to achieve net zero emissions by 2050.²⁵

Turkey's transport sector was responsible for 22% of total national GHG emissions in 2018, primarily due to its reliance on oil for 98% of its energy needs.²⁶ The sector consumed 28 million tonnes of oil equivalent (Mtoe), representing 27% of national total final energy consumption in 2018.²⁷ Furthermore, EVs represented only 0.03% of the country's vehicle fleet in 2019.²⁸ Turkey's National Climate Change Action Plan 2011-2023 aims to promote clean fuel vehicles through various initiatives, such as tax benefits and infrastructure development.²⁹ The plan aims to promote the construction of clean fuel vehicle infrastructure, such as charging stations in urban areas and offer free or low-cost parking areas for EVs in urban centres.³⁰ Several initiatives have been implemented to promote EV sales – 9.6% of cars registered in Turkey between January and September 2022 were electric or hybrid – but EV uptake has been slow due to factors such as limited supporting infrastructure, including EV charging stations.^{31,32}

Sustainalytics is of the opinion that investing in clean transport will support the development of technologies to decarbonize Turkey's transport system and contribute to the country's climate goals.

¹⁷ IRENA, "Renewable Energy Statistics", (2022), at: <https://www.irena.org/publications/2022/Jul/Renewable-Energy-Statistics-2022>

¹⁸ IEA, "Turkey 2021: Energy Policy Review," (2021), at: <https://www.iea.org/reports/turkey-2021>

¹⁹ Ibid.

²⁰ Shura, "Financing the Energy Transition in Turkey", (2019), at: https://www.shura.org.tr/wp-content/uploads/2019/10/Financing_the_Energy_Transition_in_Turkey_Executive_Summary.pdf?_ga=2.198476841.762103424.1667371630-1005410882.1667282016

²¹ IEA, "Transport: Improving the sustainability of passenger and freight transport", at: <https://www.iea.org/topics/transport>

²² IEA, "Global Energy Review: CO₂ Emissions in 2020", (2021), at: <https://www.iea.org/articles/global-energy-review-co2-emissions-in-2020>

²³ Ritchie, H. (2020), "Cars, planes, trains: where do CO₂ emissions from transport come from?", Our World in Data, at: <https://ourworldindata.org/co2-emissions-from-transport>

²⁴ Ge, M. et al. (2019), "Everything You Need to Know About the Fastest-Growing Source of Global Emissions: Transport", World Resources Institute, at: <https://www.wri.org/blog/2019/10/everything-you-need-know-about-fastest-growing-source-global-emissions-transport>

²⁵ IEA, "Transport", (2022), at: <https://www.iea.org/reports/transport>

²⁶ IEA, "Turkey 2021: Energy Policy Review," (2021), at: <https://www.iea.org/reports/turkey-2021>

²⁷ Ibid.

²⁸ Ibid.

²⁹ Government of Turkey, "Climate Change Action Plan 2011-2023", (2012), at: https://webdosya.csb.gov.tr/db/iklim/editordosya/iklim_degisikligi_eylem_plani_EN_2014.pdf

³⁰ Ibid.

³¹ Turkish Statistical Institute, "Motor Land Vehicles, September 2022", (2022), at: <https://data.tuik.gov.tr/Bulten/Index?p=Road-Motor-Vehicles-September-2022-45712>

³² IEA, "Turkey 2021: Energy Policy Review," (2021), at: <https://www.iea.org/reports/turkey-2021>

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the RHG Enertürk Enerji Green Financing Framework are expected to help advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Energy Efficiency	7. Affordable and Clean Energy 9. Industry, Innovation and Infrastructure	7.3 By 2030, double the global rate of improvement in energy efficiency 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Clean Transportation	11 Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Conclusion

RHG Enertürk Enerji has developed the RHG Enertürk Enerji Green Financing Framework, under which it may issue green bonds and originate green loans and use the proceeds to finance or refinance, in whole or in part, existing or future projects related to renewable energy, energy efficiency and clean transportation. Sustainalytics is of the opinion that projects funded by the bond and loan proceeds are expected to contribute to the transition to a low-carbon economy and generate positive environmental impact in Turkey.

The RHG Enertürk Enerji Green Financing Framework outlines a process by which proceeds will be tracked, allocated and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics is of the opinion that the Framework is aligned with the overall sustainability strategy of the Company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9 and 11. Additionally, Sustainalytics is of the opinion that Enertürk has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that RHG Enertürk Enerji is well positioned to issue green bonds and originate green loans and that the RHG Enertürk Enerji Green Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	RHG Enertürk Enerji
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	RHG Enertürk Enerji Green Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	November 18, 2022
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*): The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency and Clean Transportation – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impact and advance the UN Sustainable Development Goals, specifically SDGs 7, 9 and 11.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

RHG Enertürk Enerji has established a Sustainability Committee, led by the managing director and comprises participants from the Business Development, Finance and Treasury, Engineering, and Investments departments, and the Finance and Treasury department of Erciyes Anadolu Holding. Project development teams submit projects to the Sustainability Committee, which is responsible for identifying and selecting projects. Projects are reviewed by senior management and the board of directors provides final approval. RHG Enertürk Enerji's health, safety, environment and quality department is responsible for identifying, monitoring and tracking environmental and social risks associated with all projects. This meets market expectations.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*): RHG Enertürk Enerji's Finance and Treasury department will manage the allocation of proceeds. The Finance and Treasury departments of RHG Enertürk Enerji and Erciyes Anadolu Holding will track the proceeds through internal mechanisms. RHG Enertürk Enerji intends to allocate all proceeds within 24 months of issuance. Pending full allocation, unallocated net proceeds will be held in cash, cash equivalents or other liquid marketable instruments and managed in accordance with RHG Enertürk Enerji's liquidity and cash management policy. This meets market expectations.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other (*please specify*):

4. REPORTING

RHG Enertürk Enerji intends to report on the allocation of proceeds and impact reporting on its website and annual report on an annual basis until full allocation. Allocation reporting will include the amount of net proceeds allocated to eligible projects, the allocated amounts to each project category, the share of financing versus refinancing and the amount of unallocated proceeds. The allocation of proceeds will be reviewed by an external financial auditor. In addition, RHG Enertürk Enerji is committed to reporting on relevant impact metrics. Sustainalytics views Enertürk's allocation and impact reporting as meeting market expectations.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other (*please specify*):

Information reported:

- Allocated amounts Green Bond financed share of total investment

Other (please specify):
Allocated amounts on a category basis; ratio of financing versus refinancing; unallocated proceeds.

Frequency:

- Annual Semi-annual
 Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
 Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings Energy Savings
 Decrease in water use Other ESG indicators (please specify):

Use of proceeds category	ESG indicator
Renewable Energy	<ul style="list-style-type: none"> • Total renewable energy capacity developed and installed by RHG Enertürk (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 (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

	<ul style="list-style-type: none">• Total installed capacity for EV Charging infrastructure (MW)• Avoided CO₂ emissions (tCO₂/Year)• Number of electric vehicles acquired/replaced for RHG Enertürk's own fleet
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Frequency

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify):
Annual report
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
 Verification / Audit Rating
 Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. Second-Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of

funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.

- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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For more information, visit www.sustainalytics.com

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