



# Enerjisa Enerji A.Ş. Green Finance Framework

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## 1- About Enerjisa

Enerjisa Enerji A.Ş. (“Enerjisa”) is Turkey’s leading company in electricity distribution, retail sales and customer solutions. Incorporated in 1996, Enerjisa is one of the leading players in Turkey’s emerging electricity market thanks to its grid investments, innovative and differentiated applications, efficiency and technology focused business models for its customers.

Enerjisa continues its operations and investments with the strength it derives from its strong shareholders; E.ON (40%), which operates in the global energy market and Sabancı Holding (40%), Turkey’s leading business conglomerate. 20% of Enerjisa Enerji shares was offered to the public in the largest private sector IPO in Turkey and Enerjisa was listed on Borsa İstanbul on February 8, 2018.

As of 31 December 2021, Enerjisa had more than 11 thousand employees, 309,907 kilometers of distribution network length, 11.7 million distribution network connections accounting for approximately 26% of all the distribution network connections in Turkey and 10.3 million customers in 14 provinces across three different distribution regions, representing approximately 22% market share in terms of number of customers.

Enerjisa’s three main business units are distribution, retail and customer solutions.

Electricity distribution operations are carried out by Başkent EDAŞ, AYEDAŞ and Toroslar EDAŞ<sup>1</sup> subsidiaries. Electricity distribution is the delivery of electricity to end users via low voltage (under 36 kV) power lines. Each of the regional distribution network operators are responsible for carrying out operation of the distribution network in their own regions; making required maintenance, repair, environment, security, renewal and expansion investments; maintaining and reading electricity meters; preparing demand projections and investment plans; monitoring theft/loss rates; supplying electricity to cover technical and commercial losses; and taking the necessary technical and operational measures to reduce the theft/loss rates and ensure the lighting of public areas.

Retail electricity sales is carried out by Başkent EPS, AEPSAŞ and Toroslar EPSAŞ<sup>2</sup> subsidiaries. Retail companies sell electricity exclusively to non-eligible customers within the company’s distribution regions as the incumbent retail companies and to eligible customers in their respective regions and in other parts of Turkey without regional limitations.

Enerjisa Müşteri Çözümleri A.Ş. (EMC) focuses on providing customers sustainable and innovative energy solutions. In this regard, end-to-end solutions aimed at increasing the energy efficiency of corporate customers and reducing their carbon emissions including through renewable energy solutions were restructured under the roof of Energy of My Business in October 2020. This portfolio includes many environmentally friendly and sustainable energy solutions, ranging from solar power plant (SPP) installation services, energy efficiency applications, cogeneration/trigeneration applications and electric vehicle-charging station management to green energy certification.

EMC acquired 80% of Elektrikli Araçlar Şarj Sistemleri A.Ş. (Eşarj) shares in 2018, becoming its controlling shareholder. In 2021, stake in Eşarj increase to 94%. As of the end of 2021, Eşarj has 494 electric vehicle

<sup>1</sup> Başkent Elektrik Dağıtım A.Ş. (“Başkent EDAŞ”), İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (“AYEDAŞ”) and Toroslar Elektrik Dağıtım A.Ş. (“Toroslar EDAŞ”)

<sup>2</sup> Enerjisa Başkent Elektrik Perakende Satış A.Ş. (“Başkent EPS”), Enerjisa İstanbul Anadolu Yakası Elektrik Perakende Satış A.Ş. (“AEPSAŞ”) and Enerjisa Toroslar Elektrik Perakende Satış A.Ş. (“Toroslar EPSAŞ”)

charging plugs at 263 public locations, 170 of which are fast-charging. Eşarj has started to use 100% renewable energy at Eşarj stations with the International Renewable Energy Certificate (IREC).

Operating in a dynamic industry that is being transformed by global mega trends (digitalization, decarbonization, deregulation, decentralization and urbanization), Enerjisa prepares for future developments with a clear vision and prioritize value-adding opportunities with its employees and innovation culture. Enerjisa prepares for these fundamental changes by helping to shape regulations and exploring new business opportunities.

Enerjisa is aware of the rapid electrification need that comes along with economic growth and urbanization and as the Turkey's largest electricity distribution and retail sales company, aims to answer this need with an approach that focuses on people and technology. Energy transition and Turkey's ratification of the Paris Agreement calls for a wide scale electrification across various economic sectors, which in turn calls for increasing renewable energy generation and distribution. With the goal of creating sustainable value for all stakeholders, Enerjisa also plays an active role in the transition towards clean energy.

## 2- Enerjisa's Sustainability Approach

Operating in Turkey's electricity energy sector for around 25 years, sustainability is at the core of our business and integrated into the entire organization. Enerjisa respects all beings' right to life; therefore focuses on the impact of the services and products for a low-carbon, cleaner and greener energy sector and on empowering equality. With the ultimate aim of transforming into an impact-focused business, Enerjisa has prioritized its environmental, social and governance impacts and established a systematic sustainability governance structure in order to create long-term value. In line with that vision, The Board of Directors (BoD) has the ultimate responsibility for developing sustainability strategy and for sustainability performance. BoD is also responsible for identifying material ESG issues, risks and opportunities and establishing appropriate ESG policies.

In 2021, reflecting company's commitment to manage sustainability at the highest level, a dedicated sustainability function was created. The Sustainability and Corporate Capabilities function is responsible of sustainability strategies and roadmap, guidance to reach targets, determination and follow-up key performance indicators, alignment of the determined actions, and management and coordination of the SEC. The Head of Sustainability and Corporate Capabilities (CSO) reports to the CEO and CFO. The Executive Management (CEO/CFO) oversees ESG-related actions in all processes and reports to the BoD about critical initiatives, developments, key performance indicators and commitments.

Enerjisa's mandatory Board Committees work actively to monitor ESG issues and report to the BoD. Sustainability is a regular agenda item for the mandatory Corporate Governance Committee.

As sustainability is managed as a strategic issue at the company, The Sustainability Executive Committee (SEC) steers the corporate sustainability strategy, advises Executive Management accordingly and monitors, measures and reports performance and progress in a comprehensive and in-depth manner. With the establishment of the Sustainability and Corporate Capabilities function, the Committee is restricted to include all unit heads. The Committee reports to the Executive Management, and it is chaired by the Head of Sustainability and Corporate Capabilities.

Enerjisa has policy documents on environment, water, health and safety, anti-bribery and anti-corruption, diversity and inclusion, human rights, third party relations and supplier compliance.

As a leading electricity distribution, retail sales and customer solutions company in Turkey, Enerjisa provides a valuable public service to millions of people and continue to operate as a role model. Therefore, in order to manage future challenges successfully, the company's sustainability strategy needs to be fully integrated into the business strategy. At the end of 2021, Enerjisa revised its sustainability strategy to increase the contribution of all business units to the sustainability performance.

Since decarbonization, urbanization and customer centricity, deregulation, decentralization, and digitalization are the five sectoral trends that have the potential to disrupt our way of doing business, Enerjisa is developing innovative, impactful, and sustainable products and services not only to better face the challenges, but also to lead the transformation while working for accessible and uninterrupted energy.

As a result, Enerjisa defined its Sustainability Impact Areas as following:

**Business For Impact:** Enerjisa contributes to our business growth through sustainable products and services with a responsible value chain and innovation; in line with sub-impact areas *Data Security, Supply Chain, Customer Centricity, Sustainable Product and Services* and *Innovation*. Under this impact area, Enerjisa seeks to understand the expectations and needs of customers and customize the best services for them; is committed to developing sustainable products and services that move towards a resilient and growing energy ecosystem; invests in innovation to lead the New Energy World; and carries out investments to accelerate the transition to a low-carbon, resilient and resource-efficient economy.

**Impact For Society:** Enerjisa prioritizes empowering people for an inclusive society and prosperity, encourages a talented and diverse workforce in a safe working environment, and acts responsibly for creating a wider positive impact on the community; in line with sub-impact areas *Health, Safety and Well-Being, Corporate Responsibility, Community Investments, Talent Mngement* and *Diversity, Equity and Inclusion*. Accordingly, Enerjisa operates as a role model in occupational health and safety. The compant is committed to the Zero Accident Journey and aim to prevent fatalities and critical and high potential near-miss accidents. Enerjisa provides voluntary contributions as well as direct financial support to the prosperity of society with our community investments and focuses on corporate responsibility projects that have a strong community impact.

**Impact For Planet:** Enerjisa reduces its ecological impact through enabling a transition to a carbon-neutral business and zero-waste operations; in line with sub-impact areas *Emissions, Energy Efficiency, Biodiversity* and *Waste Management*. Accordingly, Enerjisa respects natural resources and contribute to the fight against climate change. The company is committed to a low-carbon future and aims to reduce its environmental impact and energy intensity by increasing energy efficiency.

To enable our purpose and achieve our targets, Enerjisa puts people and culture and digital transformation at the center of the business. The company is dedicated to continuously investing in them as they are essential resources and tools to create value in all of sustainability impact areas. Moreover, strong corporate governance, compliance, integrated risk management and internal control mechanisms, and effective stakeholder engagement are the backbones for sustaining the company' performance. Therefore, Enerjisa focuses on engaging with all stakeholders on its impact and performance.

In line with these three main areas, Energisa identified its materiality topics regarding sustainability and ESG measures. According to this assessment; *Climate Change and Carbon Management*, *Occupational Health and Safety*, and *Sustainable Product and Services* are classified as very high priority issues while *Ethics and Anti-Corruption*, *Customer Satisfaction and Orientation*, *Supply Chain*, *Risk Management*, *Energy Efficiency*, *Diversity and Inclusion* and *Corporate Responsibility* are regarded as high priority issues. Energisa team also set Key Performance Indicators (KPIs) for monitoring the ESG performance by further discussing the strategy with the participation from all related business unit..

Turkey is undergoing a successful energy transition. While the share of power plants using renewable resources in installed capacity was around 33% in 2005, this share increased to 53%<sup>3</sup> in 2020. Renewable Energy Resources Support Mechanism (YEKDEM) played a significant role in that increase. Turkey currently ranks 12<sup>th</sup> in the world and 5<sup>th</sup> in Europe in terms of its capacity of renewable capacity. As a percentage of total capacity, renewables in Turkey at the end of 2020 were far above the world average of 36.6% and slightly exceeded the average of European Union member states (49.3%)<sup>4</sup>.

Energisa holds a critical role in enabling higher and wider renewable energy integration and penetration in Turkey, thus underpinning the much needed drive for and sustainability of electrification across all sectors as part of the energy transition. Energisa already supports distribution of renewable energy in the three distribution regions where it manages the distribution operations. The total installed power of distribution transformers is 43,835 MVA in the three distribution regions operated by Energisa, while a certain percentage is from renewable sources in line with Turkey's overall renewable energy capacity ratio. In addition, 1,891 MW of renewable generation assets are directly connected to the distribution grid (as of October 2021). Out of 1,891 MW, 1,106 MW is Solar, 392 MW is Hydro (run-of-river), 303 MW is Biomass and 90 MW is Wind. The renewable capacity in the distribution grid is expected to increase in the coming years.

### 3- Energisa's Rationale for Green Finance

Green finance is an important tool to foster environmentally-friendly products and practices which typically involve renewable energy and energy efficiency, pollution prevention and control, biodiversity conservation, circular economy initiatives, sustainable use of land and natural resources. Green finance plays an important role for United Nations (UN) and all stakeholders that make effort to align with the Sustainable Development Goals (SDGs) and sustainability trends since it bears a promising financial potential for realizing the green projects. In addition, after ratification of the Paris Agreement and adoption of Turkey Green Deal Action Plan, the need to channel financial flows towards green projects and assets are projected to increase. Green finance can be used to publicly signal to capital and wider markets companies' commitment to contributing to achieving local and global objectives such as combatting climate change and delivering on SDGs.

Green finance is a significant opportunity for Energisa considering its sustainability vision and efforts, already ongoing environmentally-friendly practices and targeted projects. Energisa's sustainability strategy serves SDG 3: Good Health and Well-Being, SDG 4: Quality Education, SDG 5: Gender Equality, SDG 6: Clean Water and Sanitation, SDG 7: Affordable and Clean Energy, SDG 8: Decent Work and Economic Growth, SDG 9: Industry, Innovation and Infrastructure, SDG 10: Reduced Inequalities, SDG 11:

<sup>3</sup> EMRA Electricity Market Sector Report, December 2020

<sup>4</sup> IRENA: Renewable capacity statistics 2021

Sustainable Cities and Communities, SDG 12: Responsible Consumption and Production, SDG 13: Climate Action, SDG 14: Life Below Water, SDG 15: Life on Land, SDG 16: Peace, Justice and Strong Institutions and SDG 17: Partnership for the Goals which are closely linked to green financing opportunities. Thus, green finance provides a support potential for Enerjisa while working within this strategic approach.

In addition, Enerjisa's ongoing efforts on shaping the new energy world match with the following green financing project eligibility areas: targeting the share of renewable electricity in electricity distributed, number of charged electrical vehicles, renewable PPA (Power Purchase Agreement) volume for electricity sold in liberalized market, solar power capacity installed for customers, zero waste compliance, number of electric vehicles charging stations and indirect emissions from e-mobility.

## 4- Green Finance Framework

The Green Finance Framework outlines the methodology and associated environmental principles to be applied while structuring Enerjisa's green instruments which will finance activities contributing to green economy objectives.

The Framework is also prepared in accordance with:

- International Capital Markets Association (ICMA) Green Bond Principles (GBP)<sup>5</sup> June 2021 version
- ICMA Sustainability Bond Guidelines (SBG)<sup>6</sup> June 2021 version
- Loan Markets Association (LMA) Green Loan Principles (GLP)<sup>7</sup> 2023 version
- Capital Markets Board of Türkiye Green Debt Instruments and Green Lease Certificate Guidelines February 2022 version

Enerjisa undertakes that the issuances made within the scope of the Framework will be carried out in accordance with the principles set forth in the Capital Markets Board Green Debt Instruments and Green Lease Certificate Guidelines.

Enerjisa's Green Finance Framework is structured to reflect GBP/ SBG/GLP's four core Principles listed below on green bond/loan instruments as well as GBP's recommendations on green bond frameworks and external reviews:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

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<sup>5</sup> Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuance of a green bond. For detailed and most up to date information about the Principles, please visit GBP website: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

<sup>6</sup> Sustainability Bond Guidelines (SBG) are voluntary process guidelines that recommend transparency and disclosure and provide guidance for the development of sustainability bond market. For detailed and most up to date information about the Principles, please visit SBG website: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

<sup>7</sup> Green Loan Principles (GLP) are voluntary guidelines to help development of the green loan market with a view to promoting the development and integrity of the green loan product. For detailed and most up to date information about the Principles, please visit GLP website: <https://www.lsta.org/content/green-loan-principles/>

Enerjisa can issue multiple green instruments under this Green Finance Framework. These green instruments may include debt instruments financing Eligible Green Projects as described in the Use of Proceeds section of this Framework, including but not limited to:

- Green Bonds issued where (i) an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Projects as set out in the Green Financing Framework in the context of Corporate Bonds or (ii) 100% of the net proceeds are dedicated to (re)financing Eligible Green Projects as set-out in the Use of Proceeds section of the Green Finance Framework in the context of Project Bonds.
- Green Loans where 100% of the net proceeds are dedicated to (re)financing Eligible Green Projects as set-out in the Use of Proceeds section of the Green Financing Framework.





Enerjisa holds the right to update the Green Finance Framework in case of any change and/or updates to the criteria and scope mentioned above.

#### 4.a Use of Proceeds

Enerjisa will be allocating the proceeds of the green instruments to the projects/investments/activities undertaken by Enerjisa, its subsidiaries and joint ventures (whereby proceeds from green financing instruments may be channeled/on-lent to relevant subsidiaries / JVs), that fall under the below defined eligibility categories. An amount equal to the net proceeds of the green instruments will be used to finance/refinance the eligible green projects. Projects or investments that will be refinanced with a green instrument will be in from eligible green project categories defined in this Framework.




#### Eligible Green Projects:

Eligible green project areas outlined in this Framework support Enerjisa’s sustainability strategy which is to provide sustainable energy solutions. In addition, the eligibility areas are directly linked with Enerjisa’s three priorities under its sustainability strategy, therefore strengthening company’s commitment to providing green and clean energy and sustainable infrastructure.

Project Eligibility Area	Explanation and Scope	Relationship with Enerjisa’s Sustainability Impact Areas	Related SDG
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Projects for integration of energy generation from renewable sources in the distribution grid<sup>8</sup></li> <li>• Projects for the generation of energy from renewable sources</li> </ul>	Business for Impact & Impact for Planet (Emissions, Sustainable Product & Services)	 
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Investments in the grid to reduce the grid losses and increase energy efficiency via the upgrade of distribution lines, transformers with lower technical losses, replacing equipment for voltage standardization and smart grid components</li> </ul>	Business for Impact & Impact for Planet (Energy Efficiency, Sustainable Product & Services)	 

<sup>8</sup> Renewable Sources: Hydro (run-of-river), Solar, (excluding CSP), Wind, Biomass



Project Eligibility Area	Explanation and Scope	Relationship with Enerjisa's Sustainability Impact Areas	Related SDG
	<ul style="list-style-type: none"> <li>Energy efficiency projects such as LED lighting, HVAC<sup>9</sup> applications</li> </ul>		
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>Installation of electric vehicle charging stations and related infrastructure</li> <li>Distribution grid investments for integration of e-charging stations into the grid</li> <li>Renewal of Enerjisa's fleet with zero direct emission electric vehicles</li> </ul>	Business for Impact & Impact for Planet (Emissions, Sustainable Product & Services)	 
<b>Research and Development</b>	<ul style="list-style-type: none"> <li>R&amp;D projects targeting future environmental benefits in the areas of energy efficiency, distributed energy, smart grid, microgrid, energy storage and system optimization of the distribution grid.</li> </ul>	Business for Impact (Innovation)	

**Renewable Energy:** Enerjisa contributes to increasing the share of renewable energy capacity in the grid, therefore reducing the carbon intensity of the electricity distributed. The company plans to finance investments/upgrades that increases the integration of production from renewable sources in the distribution grid. These activities will also help decarbonization targets of Turkey. For investments in grid integration projects, Enerjisa uses a pro-rate approach to finance chosen expenditures that are proportional to the renewable energy mix of the grid.

In addition, Enerjisa finances projects through its subsidiary EMC which help clients implement renewable energy solutions, such as installation of solar rooftop panels and solar power solutions. These projects help increase the production and consumption of renewable energy sources, contributing to CO<sub>2</sub> emission reductions.

**Energy Efficiency:** Enerjisa constantly investigates opportunities for energy efficiency upgrades in relation to the distribution network. These investments helps decrease grid losses and enable energy savings. Trying to set a role model in the sector, Enerjisa contributes to improving the efficiency of the grid system by upgrading distribution network infrastructure, transformers investments with lower technical loss, smart grid investments- SCADA and automatic meter reading (OSOS) and investments for equipment changed for voltage standardization across the distribution network.

<sup>9</sup> HVAC: Heating, Ventilation and Air-conditioning

Enerjisa's subsidiary EMC also works with its clients for energy efficiency solutions. Efficiency solutions financed by EMC to clients that enable energy savings such as LED lighting, and HVAC applications will also be eligible under this Framework, excluding fossil fuel powered equipment.

**Clean Transportation:** As a part of its sustainability strategy, Enerjisa aims to be prepared for the new requirements of the changing world and to provide solutions. Clean transportation solutions, namely investments which help facilitate the use of electric vehicles is a focus area of the company. Enerjisa aims to contribute to the availability of e-charging stations by increasing the number of charging stations and also through infrastructure investments that help the integration of e-charge stations to the grid. Electric vehicles are penetrating the Turkish market at a slower pace, and lack of wide availability of charging stations throughout the country is one of the bottlenecks in this area. Any investment to increase availability of charging stations will help encourage users to prefer cleaner transportation modules. In addition to e-charging investments, Enerjisa aims to support transition to clean transportation through company's own transportation choices. Enerjisa aims to increase the number of electric vehicles in the company's fleet (excluding parking lots), thereby decreasing the CO<sub>2</sub> emissions related to work travel.

**Research and Development:** R&D is important for constant innovation for Enerjisa. The company focuses on financing R&D projects which investigate solutions for increasing energy efficiency in the grid, system optimization and distributed energy solutions. Any viable solution that is a result of these R&D projects will have tremendous value for Enerjisa's sustainability strategy and clean energy, therefore financing of such R&D projects will be included under the Green Finance Framework.

#### Lookback period

Enerjisa will use the net proceeds of green instrument issued under this Framework to finance capital expenditures and/or operating expenditures (which are directly related to the installation, construction/development, maintenance and operation of the eligible assets) in relation to any eligible green project. Expenditures within a period of maximum 12 months will be eligible for refinancing for green bond proceeds. Refinancing for green loans 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 12 months.

#### 4.b Process for Project Evaluation and Selection

Projects that will be financed with proceeds of green bonds or loans issued under this Framework are screened against the eligibility criteria laid out in this document, applicable laws and regulations, and Enerjisa's sustainability and business strategy. Enerjisa has established a Green Finance Committee that is responsible from project evaluation and selection process.

The Green Finance Committee is composed of representatives from Finance, Treasury, Sustainability, Investment Planning and Investor Relations functions of Enerjisa.

Functions represented in the Green Finance Committee are responsible for strategy, project planning and technical review, sustainability, HSE, finance, treasury and reporting, therefore can handle the green project evaluation and selection process in a holistic manner, addressing all requirements of the Framework.

The Green Finance Committee reviews the new projects based on the Green Finance Framework eligibility criteria and decides whether they can be financed from the green instruments' proceeds. It is also

responsible from reviewing the green project portfolio periodically and excluding any project that no longer meets the eligibility criteria.

Risk management is a part of green project evaluation and selection process. Enerjisa has an enterprise risk management structure. Environmental and social risk management is an integral part of Enerjisa's enterprise risk management structure. Enerjisa has an established a system for monitoring Environmental and Social (ES) impacts of its projects. The ES impacts of new and existing projects are monitored according to the Procedure on Environmental Impacts. Detection and monitoring of ES risks are coordinated by the HSE and HR departments. Existing and new projects' environmental and social risks are managed by Occupational Health and Safety and Environmental and Human Resource departments with the involvement of representatives from various departments. Enerjisa has Environmental Impact Assessment Procedure and Social Risk Assessment Guide to manage, mitigate and report these risks. In addition, Enerjisa will consider and prioritize – when applicable and available - products/services with eco-labels (such as but not limited to EU, Blue Angel, Nordic Swan, Turkish Environmental Label etc.), Environmental Product Declaration (EPD) and/or other certificates that are revealing the product's/service's environmental footprint selection and procurement process.

Enerjisa believes in the understanding that green projects should not create irreversible and detrimental damage to the environment in other areas, i.e. they should “do no significant harm”. With this perspective, projects financed by Enerjisa or its subsidiaries under this Green Finance Framework will not benefit businesses that otherwise engage in activities that contradict "green" objectives (e.g. polluting heavy industry, fossil fuels).

#### 4.c Management of Proceeds

The net proceeds from any Green Instrument executed under this framework will be managed by the Finance, Treasury and Investment Planning departments. Enerjisa intends to allocate 100% of these instruments to Green Eligible Projects and will on an ongoing basis monitor the allocated funds as a part of internal procedures. The funds obtained from the issuance of green instruments will be used as soon as possible for green projects, estimated within a period of 24 months.

The Investment Planning department will elect the eligible projects, which will be evaluated on an ongoing basis by the Green Financing Committee. The Treasury department in turn, will ensure that payments are being made in an appropriate way. Lastly, the Finance department will have a controlling function, as to ensure that the funds have been allocated to the funds selected by the Investment Planning department. No more than 1% of the proceeds will be allocated for the Research & Development eligible project category. The proceeds of the green financing instrument will be tracked by the Enerjisa Treasury Department.

If for any reason, projects are no longer eligible as an Eligible Green Project, or get exposed to any material ESG allegations, Enerjisa will do its utmost effort to substitute those projects as soon as is practical, once appropriate Eligible Green Projects have been identified by the Green Financing Committee.

Pending the full allocation to the applicable Eligible Project Portfolio, Enerjisa will hold/invest the balance of net proceeds not yet allocated, at its own discretion, within the cashpooling managed by the Treasury department in line with its internal liquidity policies. Enerjisa will track the proceeds with a special label assigned for green finance proceeds in its accounts. For the avoidance of doubt, any net proceeds will

not be invested in any emission intensive activities or activities that can be deemed controversial due to the detrimental environmental impacts they hold.

Over time, Enerjisa will strive to maintain a level of allocation for the Eligible Green Instruments that matches the balance of net proceeds from its outstanding green instruments, and target to fully allocate proceeds to eligible green projects within a maximum period of 24 months.

#### 4.d Reporting

Enerjisa plans to disclose the allocation of the amounts equal to the net proceeds to its investors, within one year from the first Green Financing Instruments and on an annual basis, until the full allocation of the net proceeds to Eligible Green Projects, in the form of standalone reports. These reports will include information on proceeds from the issuance of green debt instruments, a list of projects to which the proceeds have been allocated, a brief description of the projects, the amount used for the projects, and the estimated impacts of the projects. In the event of any material changes, these will also be disclosed. The reports will be shared on Enerjisa website and Public Disclosure Platform (KAP).

#### Allocation Reporting

Enerjisa will aim to report the following information:

- The percentage of an amount equal to the net proceeds allocated to Eligible Green Projects and their project category levels
- The percentage of financing/refinancing
- A breakdown of allocated amounts to Eligible Green Projects and their project category levels
- Any important developments during the period of the allocation report – if any

#### Impact Reporting

Within each allocation Report, Enerjisa intends to include a discussion on the environmental impact of all Eligible Green projects funded by the Green Instruments. This will include benefits of these Eligible Green Projects and the assurance of compliance of selected projects within the Framework.

Enerjisa will also measure and where available report on the following impact metrics (or other applicable indicators):

Project Eligibility Area	Impact Reporting
Renewable Energy	<ul style="list-style-type: none"> <li>• <b>Integration of Production from Renewable Sources (Distribution)</b> <ul style="list-style-type: none"> <li>○ Existing and additional renewable energy capacity directly connected to the distribution grid (MW) and its ratio to the total power consumption in the distribution regions</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Renewable Generation Projects e.g. Solar Rooftop, SPP (Customer Solutions)</b> <ul style="list-style-type: none"> <li>○ Installed Capacity (MW) – Client/Scope 3</li> <li>○ Estimated emissions avoided for projects provided by EMC solutions per year (tCO<sub>2</sub>e/year) – Client/Scope 3</li> </ul> </li> </ul>

Project Eligibility Area	Impact Reporting
Energy Efficiency	<ul style="list-style-type: none"> <li>• <b>Transformer Replacement (Distribution)</b> <ul style="list-style-type: none"> <li>○ Number of transformers installed (# of Transformers)</li> </ul> </li> <li>• <b>Smart Grid Investment (Distribution)</b> <ul style="list-style-type: none"> <li>○ Investments for smart grid components installed (such as SCADA, automatic meter reading (OSOS) investments) (in Monetary Value)</li> </ul> </li> <li>• <b>Standardizing Voltage Across Distribution (Distribution)</b> <ul style="list-style-type: none"> <li>○ Investments for standardizing voltage across the distribution network (in Monetary Value) (for instance; the equipment with 6.3 kV voltage is replaced by 36 kV.)</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Energy Saving Projects, e.g. LED Replacement, HVAC (Customer Solutions)</b> <ul style="list-style-type: none"> <li>○ Expected energy savings for projects provided by EMC per year (MWh/year) – Client/Scope 3</li> </ul> </li> </ul>
Clean Transportation	<ul style="list-style-type: none"> <li>• <b>E-Charge Stations (E-şarj)</b> <ul style="list-style-type: none"> <li>○ Installed capacity for E-charge stations (MW)</li> <li>○ Number of new E-charge station/charging points (# of Units)</li> </ul> </li> <li>• <b>Fleet (Company Owned Vehicles) (Enerjisa and its subsidiaries)</b> <ul style="list-style-type: none"> <li>○ Number of electric vehicles acquired/replaced (# of Units)</li> <li>○ Estimated avoided CO<sub>2</sub> emissions (tCO<sub>2</sub>e/year)</li> </ul> </li> </ul>
Research and Development	<ul style="list-style-type: none"> <li>• <b>R&amp;D Projects (Distribution)</b> <ul style="list-style-type: none"> <li>○ Number of eligible projects (#of Units)</li> <li>○ Investments for eligible R&amp;D projects (in Monetary Value)</li> <li>○ Future qualitative environmental benefits</li> </ul> </li> </ul>

## 5- External Review

Transparency and verification are two important notions for Enerjisa. For this purpose, Enerjisa will be seeking external review services for its Green Finance Framework. The external review will be sought in the following two formats:

### 5.a Second Party Opinion

Enerjisa has received a Second Party Opinion from Sustainalytics for the Green Finance Framework. Sustainalytics Opinion Report is publicly available on Enerjisa's website.

### 5.b Assurance

Enerjisa 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. After full allocation, Enerjisa will disclose the allocation report and the assurance on the method of internal monitoring method of the use of proceeds will be disclosed on the Public Disclosure Platform (KAP) and Enerjisa website.

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*Disclaimer*

*This Green Financing Framework may contain forward-looking statements based on current assumptions and forecasts made by Enerjisa management and other information currently available to Enerjisa and its subsidiaries. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. Except to the extent required by law, Enerjisa and its subsidiaries do not intend, and do not assume any liability whatsoever, to update these forward-looking statements or to conform them to future events or developments.*

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