



Green Bond Framework

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1. Introduction

1.1 About Us

Established in 2004 under the Limak Group, Limak Renewable Energy is focussed on generating electricity from renewable sources through operation of a diverse portfolio of hydroelectric, solar, and geothermal power plants.

Our current assets include: five Hydroelectric Power Plants ("HEPPs") Çetin, Alkumru, Tatar, Pembelik and Seyrantepe, alongside the Buharkent Geothermal and Hybrid Solar Power Plant ("GPP" and "SPP"), and three additional SPPs, APA, Gönen and G4 Erzin-1. Strategically located across four regions in Türkiye, including on rivers such as Tigris and Euphrates, these assets currently provide a substantial installed capacity of 982 MWe, ensuring reliable supply and broad coverage for our clients. Additional projects, such as the Pervari and Incir HEPPs, were awarded tenders in 2022 and along with the Alkumru Hybrid Solar Power Plant, will add approximately 452 MW to the Limak Renewable Energy portfolio upon completion.

Faced with the pressing challenges of climate change, renewable energy is crucial to the global energy transition, supporting decarbonization efforts and significantly contributing to climate change mitigation. By providing clean, sustainable alternatives to fossil fuels, renewable energy sources reduce greenhouse gas emissions (GHG) facilitating the move towards a low-carbon future whilst supporting energy security efforts. As a leader in the Turkish renewable energy sector, Limak Renewable Energy plays a significant role in advancing Türkiye's energy transition and is committed to setting the pace for renewable energy development in Türkiye.

1.2 Limak Renewable Energy's approach to sustainability

Our Sustainability Approach

Limak Renewable Energy's sustainability policy is guided by Limak Group's ("the Group") overarching framework, the foundation for all companies within the Group's sustainability policies. Overseen by the Sustainability Directorate, which includes representatives from each company alongside other joint task forces, the Group's sustainability policy has been developed in alignment with its founding values, core principles, ethical standards, and global objectives. Sustainability is at the heart of Limak Group's mission, and emphasis is placed on the need for responsible practices and global cooperation to combat against climate change and to support a sustainable planet. The policy encompasses all stakeholders across the value chain, ensuring a comprehensive approach that is organized under three interrelated focus areas:

- **Social People:** Limak Group is committed to fostering a work environment where everyone feels valued and motivated, recognizing that diversity is essential to navigating various challenges and fostering an inclusive and fair workplace. To achieve this, the Group has established targets to be a leader in diversity and inclusion alongside being a top employer in all operational sectors.
- **Healthy Planet:** Limak Group is championing climate to position itself as a leader in energy efficiency, waste reduction, emissions control, and water conservation. The Group has established targets to achieve a 27% reduction in emissions and a 28% improvement in water efficiency across all companies. In response to the challenges posed by climate change, Limak is committed to building resilient companies dedicated to both withstanding and mitigating its effects.

- **Inclusive Development:** Limak Group is raising its management standards to be inclusive, accountable, and highly skilled, positioning itself as a trusted global investment partner. Guided by a strong commitment to all stakeholders, ethical responsibility and an inclusive approach, which respects and addresses the interests of all involved, has been prioritized. To further this commitment, we are dedicated to implementing inclusive social investments through national and international partnerships that contribute to the economic and social development of local stakeholders. Additionally, the Group is working towards achieving a 100% sustainable supply chain with strategic suppliers by 2030.

Sustainability Reporting

Limak Renewable Energy's commitment towards sustainability is reflected in and communicated through Limak Group's ongoing sustainability reporting published by the Sustainability Management team with support from the Inclusive Development, Social Human, and Healthy Planet Committees. These sustainability reports are developed with alignment to prominent global frameworks with the most recent following the Global Reporting Initiative (GRI) standards and World Economic Forum Stakeholder Capitalism Indicators. As a signatory to initiatives such as the Women's Empowerment Principles (WEPs) and the United Nations Global Compact (UNGC), the Group integrates these frameworks into its strategic planning, supporting responsible growth and development goals.

Double Materiality Analysis

To combat problems stemming from the climate crisis and to achieve global objectives, Limak Renewable Energy is aware of gathering all stakeholders in its value chain around a common goal and paying the upmost attention to their active participation.

The Limak Group of companies were amongst the first in Türkiye to conduct double materiality analyses for each of the companies, and these analyses, along with its goals, have allowed us to better understand our sustainability performance and demonstrate alignment between financial performance and sustainability goals in 2022. Qualified business management will be required to enable the achievement of this.

The Limak Group of Companies demonstrates how these powerful partnerships, which have both an internal and external impact, with the double materiality study will be managed to support Limak Renewable's strategic objectives and affect change. Subsequently, this analysis, informed by insights from both internal and external stakeholders, highlights the ESG risks and opportunities that are both most relevant to our business alongside our environmental and societal impact.

These material ESG factors along with our commitment to supporting the Group's three identified focus areas and associated targets, have guided our approach to sustainable and responsible practices and led to the formulation of initiatives, for the assets that are fully under our control, which facilitate achievement of the following 11 goals:

Goal 1 – Reduce the energy used in electricity generation by 25% by 2026

- Given the need to reduce energy consumption and contribute towards decarbonization, Limak Renewable Energy is actively committed to reducing energy use in electricity generation across our fully controlled hydroelectric power plants whereby all operations adhere to ISO 50001 Energy Management System standards, and recent initiatives include replacing all lighting with LED elements and improving building insulation to reduce heating-related energy use. Additionally, energy consumption is closely monitored, with location-based efficiency targets established for each facility, and all employees receive training to further maintain energy efficiency awareness

Goal 2 – Develop projects for the protection of water

- Recognizing the importance of sustainable water management, Limak Renewable Energy takes measures to conserve and protect water resources including the introduction of an irrigation automation system in 2022 which helped reduce water consumption through use of drip irrigation in dam activity areas. Furthermore, we continuously monitor water quality at dam inlets and outlets to ensure that water used in energy production is returned to the natural environment with minimal losses. Wastewater from dam sites are also collected and treated at regional facilities in compliance with local regulations

Goal 3 – Complete the Carbon Emission Reduction Certificate and Social Carbon Validation Certificates in all Power Plants

- As of 2022, the Carbon Emission Reduction Certification was awarded to all but one of the HEPPs, GPP and SPPs operational at the time. The only plant without a certification at the time, Seyrantepe HEPP, is currently in the process of obtaining one. Notably, the Carbon Emission Reduction Certificate for the Alkumru HEPP is aligned with the Verified Carbon Standard (VCS). According to the evaluation results of the social welfare carried out in the region, Social Carbon Validation was awarded, and the project also received the Social Carbon Certificate. Additionally, the Carbon Emission Reduction Certificate and Social Carbon Validation studies of the Tatar and Pembelik Hydroelectric plants are completed in accordance with the Verified Carbon Standards. Çetin Hydroelectric Power Plant, Buharkent Geothermal and Hybrid Solar Power Plant, APA Solar Power Plant, Misis Solar Power Plant were registered and validated into the Eco Registry (Cercarbono). As of 2024, Erzin Solar Power Plant's validation process is ongoing.

Goal 4 – Complete a zero-waste study by 2026

- Limak Renewable Energy follows a zero-waste policy, managing waste through source separation to minimise waste and maximise recovery. The waste processes adhere to ISO 14001 standards and are tailored to each location, with preventive measures in place to reduce waste generation. Buharkent GPP was the first of its kind to receive a Zero Waste certificate

Goal 5 – Supporting the development of women's employment and their qualified active participation

- Limak Renewable Energy is actively working to increase employment opportunities for women and is committed to conducting fair, equitable, and transparent Human Resources practices. Our recruitment is based solely on talent, ensuring a non-discriminatory approach for all employees. To strengthen the culture of equality within the organization and deepen employees' understanding of gender equality, Limak Renewable undertakes communication initiatives that reinforce its existing policies and procedures. We aim to create shared value and amplify our impact in workforce development, social inclusion, and sustainability within the renewable energy sector.

Goal 6 – Zero accidents

- Limak Renewable Energy is committed to achieving zero workplace accidents by adhering to ISO 45001 standards and relevant regulations. We are striving to enhance occupational health and safety practices to meet international performance criteria. Our occupational health and safety teams regularly conduct risk assessments and gathers safety related data which is reported back to senior management

Goal 7 – Achieve an employee satisfaction of at least 80% each year

- Limak renewable Energy is focussed on improving employee satisfaction including through the provision of comfortable living spaces, social areas, and sports facilities at our remote project locations

Goal 8 – Conducting research to advance understanding of sustainability in the Renewable Energy space

- Limak Renewable Energy prioritizes sustainability across our operations, and continuously develops projects that benefit society and preserve the natural ecosystem. This includes protecting biodiversity through sustainable agricultural practices like afforestation and the promotion of soil health awareness amongst local farmers

Goal 9 – Extend application of Code of Business ethics throughout the value chain

- Limak Renewable Energy upholds the Limak Group Code of Business as a core guide and we embed these standards throughout our business processes and organisational behaviour. We additionally expect our workers and suppliers to adhere to our code of conduct

Goal 10 – Establish and implement comprehensive feedback systems for external stakeholders

- Limak Renewable Energy engages in ongoing dialogue with external stakeholders including local communities and public administrations. We collect and evaluate feedback, complaints and suggestions through various channels which are carefully evaluated to ensure appropriate actions are taken to achieve stakeholder satisfaction

Goal 11 – Incorporating sustainability into the supply chain

- Limak Renewable Energy collaborates with sustainable suppliers who prioritise achieving environmental and social benefits. We undertake a Supplier Evaluation Procedure at all locations to ensure a suppliers' sustainability performance is considered during the purchase process, with a preference for working with high-performing local suppliers in operational regions

1.3 Rationale for establishing a Green Bond Framework

At Limak Renewable Energy, sustainability is a core component of our business strategy, and we are committed to facilitating the energy transition and combatting climate change. Green Bonds act as an effective tool for highlighting investments in projects with demonstrated environmental benefits and contribute to the achievement of climate change mitigation and the United Nations Sustainable Development Goals (UN SDGs).



2. Green Bond Framework

Limak Renewable Energy's Green Bond Framework has been established in accordance with the Green Bond Principles ("GBP")¹ published by the International Capital Markets Association ("ICMA") in June 2021 (with June 2022 Appendix 1) as well as the Guidance on Green, Social and Sustainability Sukuk² developed by the ICMA, Islamic Development Bank ("IsDB") and London Stock Exchange Group ("LSEG") collaboration in April 2024. The Framework includes the four core components of the GBP alongside its recommendation for External Review:



1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

¹ ICMA GBP 2021 (with June 2022 Appendix 1): <https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>

² ICMA IsDB LSEG Guidance on Green Social and Sustainability Sukuk: <https://www.icmagroup.org/assets/documents/Sustainable-finance/ICMA-IsDB-LSEG-Guidance-on-Green-Social-and-Sustainability-Sukuk-April-2024.pdf>

2.1 Use of Proceeds

An amount equivalent to the net proceeds of any Green Bond or Sukuk (collectively “Green Bond”) issued under this Framework will be exclusively used to finance, or refinance, in whole or in part, projects that meet the Eligibility Criteria as outlined in the table below (“Eligible Green Portfolio”). Expenditures to projects in the Eligible Green Portfolio made within a 36-month period prior to the date of issuance will be eligible for refinancing.

Eligible Project Category	Subcategories	Activity Description	Contribution to UN SDGs
Renewable Energy	Hydropower	<p>Expenditures related to the development, construction, maintenance, and operation of hydroelectric power plants that comply with either of the following criteria:</p> <ul style="list-style-type: none"> ■ The electricity generation facility is a run-of-river plant and does not have an artificial reservoir; ■ The power density of the electricity generation facility is above 10 W/m²; ■ The life-cycle GHG emissions are lower than 50gCO₂e/kWh 	 <p>Climate Change Mitigation</p>
	Solar Power	<p>Expenditures related to the development, construction, maintenance, and operation of solar power production facilities (solar photovoltaic)</p>	 <p>Climate Change Mitigation</p>

2.2 Process for Project Evaluation and Selection

Limak Renewable Energy will establish a Green Bond Committee (“GBC”) who will be responsible for ensuring that projects to be financed and/or refinanced through the net proceeds of any Green Bond issued are compliant with the Eligibility Criteria outlined above.

The GBC committee consists of representatives from the following teams:

- Finance
- Sustainability
- Investor Relations

The GBC will meet at least annually and bears the following responsibilities:

- Evaluate and select projects for the Eligible Green Portfolio in line with the aforementioned Eligibility Criteria
- Review and approve the allocation of issued Green Bonds’ net proceeds to the Eligible Green Portfolio
- Review and approve any proposed changes to the Eligible Green Portfolio in the event that a project no longer meets the Eligibility Criteria
- Oversee the publication of Allocation and Impact reporting
- Monitor internal processes to identify mitigants to material risk of negative social and/or environmental impacts associated with the Eligible Green Portfolio
- Review the Framework to reflect any changes in corporate strategy, sustainability strategy, regulatory developments and other applicable laws

In addition, Limak Renewable Energy ensures the compliance with applicable national, European, and international environmental and social standards and regulations (including, amongst others, the United Nations Principles for Human Rights and the ILO core labour conventions), to ensure a stringent management of potential negative environmental and social impacts associated with the Eligible Green Portfolio.

Limak Renewable Energy will adhere to all the robust, group-wide corporate policies including but not limited to the Code of Ethics, Biodiversity Policy, Environmental Policy, Stakeholder Involvement and Suggestion Complaint Policy and the Sustainability Policy.

2.3 Management of Proceeds

Limak Renewable Energy's Finance team will manage the net proceeds of issued Green Bonds and are responsible for allocating towards the Eligible Green Portfolio as described in the Process for Project Evaluation and Selection above. Proceeds will be managed according to Limak Renewable Energy's internal tracking and accounting systems.

An amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Portfolio. Any project deemed no longer eligible will be substituted as soon as practical once an appropriate replacement has been identified. Pending full allocation to the Eligible Green Portfolio, unallocated net proceeds will be managed in accordance with our internal procedures and may be used for other cash management purposes.

We will strive to maintain an allocation, for the Eligible Green Portfolio, that matches the net proceeds from our outstanding Green Bonds and we aim to fully allocate proceeds within a maximum period of 36 months post issuance.

2.4 Reporting

Within one year of issuance, and annually thereafter until the net proceeds have been fully allocated, and as necessary in the event of any material developments, we will keep investors and other stakeholders informed on the allocation and expected impact of the Eligible Green Portfolio within either a standalone Allocation and Impact Report or within our Sustainability Report. The reports will be made available on the [Limak Renewable Energy website](#) and will include the following:

Allocation Reporting

- Total amount of the Eligible Green Portfolio
- Total amount of proceeds allocated to each project within the Eligible Green Portfolio
- Total amount of unallocated net proceeds
- Proportion of allocated net proceeds split between new financing and refinancing
- The geographical distribution of the assets, split by country

Impact Reporting

- New installed capacity (MW)
- Information on expected environmental impacts which may include reporting against GHG emissions avoided/saved (tCO₂/year)
- Information on the methodology used in the reporting metric i.e. GHG emissions avoided to be calculated according to the National Electricity Grid Emission Factor (tCO₂/MWh), published by the Turkish Ministry of Energy, multiplied by the annual energy production amount
- Other positive impacts of the Eligible Green Portfolio

2.5 External Review

Pre-issuance verification

Limak Renewable Energy's Green Bond Framework has been reviewed by Sustainalytics who provided a Second Party Opinion ("SPO") confirming the alignment of the Framework to the GBP. The SPO has been made publicly available on our [website](#).

Post-issuance verification

The management of proceeds may be externally verified, by an auditor or another independent third party, to verify the internal earmarking method and the allocation of funds towards the Eligible Green Portfolio. This verification is expected to take place annually and until full allocation of the net proceeds.

Limak Renewable Energy will request a third-party verification firm or auditor to provide a limited assurance report on the allocation of net proceeds to the Eligible Green Portfolio within one year after issuance and until full allocation. This will be made available on the [Limak Renewable Energy website](#).

3. Legal Disclaimer

This document has been prepared by the management board of Limak Renewable Energy with its registered office at Hafta Sokak No:9 Gaziosmanpaşa Çankaya/Ankara, Türkiye (the "Company") as publicly disclosed information concerning the Company's Green Bond Framework.

This document does not constitute, in whole or in part, and should not be construed as an offer to sell, a solicitation or invitation to buy or subscribe for securities of the Company in any jurisdiction or a solicitation of investment business. No part of this document or the fact of its distribution shall form the basis of or be relied upon in connection with any contract, commitment or investment decision.

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This document does not constitute a recommendation regarding investment decision (regardless such decision content) referring to investment in any securities of the Company.

This document is intended to present the expectations of the board of the Company regarding the future Green Financing Framework and strategic ESG objectives that the Group intends to achieve. Therefore, the document contains forward-looking statements. Such statements include words such as: "anticipates," "believes," "intends," "estimates," "expects" and words of similar meaning. All statements other than statements of historical fact contained in this document, including, but not limited to, statements regarding the Company's financial condition, business strategy, ESG strategy plans and objectives of management regarding the Group's future operations, are forward-looking statements. Forward-looking statements, cannot be qualified as "true" or "false" since such statement, do not refer to the actual facts but to the uncertain future development business of the Group as well as of the future business environment that will affect Group's business and will verify or falsify the assumptions made by the board of the Company while defining the strategy of the Group. The future involves a number of known and unknown risks, uncertainties and other important factors that could affect the Group's performance, level of activity and objectives, and cause them to differ materially from the expected future results expressed in the forward-looking statements. Forward-looking statements are based on a number of assumptions regarding the Group's current and future strategies and the environment in which the Group will operate in the future. Forward-looking statements have been formulated in good faith and in accordance with assumptions

current as of the date of this document. The Company undertakes no obligation to update or revise any forward-looking statements contained in this document should there be any change in the Company's expectations regarding the future or should there be any change in events, conditions or other circumstances on which the forward-looking statements are based.

The Company cautions that forward-looking statements are not guarantees of future performance and that actual financial condition, business strategy, ESG strategy, plans and management's intentions with respect to the Group's future operations may differ materially from those indicated or implied by the forward-looking statements contained in this document. Furthermore, even if the Company's future financial condition, business strategy, ESG strategy, plans and management's intentions with respect to the Group's future operations are consistent with the forward-looking statements in this document, the achievement of these results should not be relied upon as a guide to the results that will be achieved in future periods. Subject to obligations pursuant to the applicable reporting stands the Company undertakes no obligation to revise, confirm or release any updates to any forward-looking statements in the event of any changes which occur after the date of this document.

The information and opinions contained in this document are prepared as for the date of this document and are subject to changes, which will not be communicated by the Company.