

DECEMBER 6, 2024

Semtrio Sustainability-Linked Loan Second Party Opinion
based on the Enerjisa Enerji A.S. Sustainability-Linked Finance Framework

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Table of Contents

1.	SUMMARY.....	2
2.	BASELINE.....	3
2.1	Introduction	3
2.2	General description of the objective, scope of work, and the external reviewer’s credentials	5
2.3	Environmental and social risks associated with the KPIs & SPTs	5
2.4	Limitations of the Second-Party Opinion	6
3.	SEMTRIO’S OPINION ON ENERJISA SUSTAINABILITY-LINKED FINANCING FRAMEWORK.....	7
3.1	Selection of KPIs	7
3.2	Calibration of SPTs.....	9
3.3	Loan/Bond Characteristics	15
3.4	Reporting	15
3.5	Verification.....	15
4	CONCLUSION	16
	APPENDIX I – SEMTRIO SUSTAINABILITY-LINKED FINANCING ASSESSMENT METHODOLOGY	
	17	

1. SUMMARY

Semtrio, as a responsible second party, has recognized the alignment of Enerjisa Enerji A.S. (“Enerjisa”, “the company”, or “the group”) Sustainability-Linked Finance Framework (the “framework”) with the five core components of ICMA Sustainability-Linked Bond Principles 2023 (“SLBP”)¹ and LMA Sustainability-Linked Loan Principles 2023 (“SLLP”)². Enerjisa's Sustainability-Linked Financing Framework is designed to facilitate and support its business and financing in accordance with its sustainability commitments by linking its sustainability strategy to its funding strategy. The Framework allows the issuance of sustainability-linked financing instruments, including Sustainability-Linked Bonds and Loans, as well as other financial instruments tied to sustainability performance targets. This assessment is based on the five core components of the SLBP and SLLP.

Enerjisa is a consolidated parent company with eight subsidiaries and operating in three different regions of Türkiye. Three of these subsidiaries are involved in the energy distribution sector across these regions, while another three operate in the energy retail sector within the same regions. Semtrio indicates that Enerjisa is not an integrated power company and does not engage in energy (electricity) generation operations. In addition to the company's specific regional geographic conditions, Semtrio evaluated national energy regulations in its peer analysis and assessments.

Selection of KPIs:

Enerjisa's energy distribution and retail businesses, which operate under strict regulations in Türkiye, are closely tied to its key performance indicators (KPIs) and sustainability performance targets (SPTs) due to the socio-economic and demographic characteristics of the regions the company operates. Enerjisa's materiality assessment, published in the 2022 and 2023 Sustainability Reports, highlights "Climate Change and Carbon Management" and "Diversity and Inclusion" as high-priority material sustainability topics based on their impact materiality assessment.

Enerjisa is responsible for energy distribution in three regions in Türkiye, which includes 14 provinces and serves a population of 22.1 million people. This accounts for more than 25% of the total population of the country. According to the GHG Protocol Scope 2 Guidance³, distribution loss in the energy distribution network falls under Scope 2 emissions of an electricity utility company. “KPI1: Reduction of Theft & Loss ratio in energy distribution activities” is defined as the energy loss percentage in energy distribution lines due to theft and technical line losses. This metric is directly related to Enerjisa's core business and accounts for up to 97.2% of the company's total consolidated Scope 1 and 2 emissions. Semtrio finds that KPI1, which focuses on reducing energy losses T&L (theft and loss: illegal use of electricity and technical losses) in the distribution network, is highly material to Enerjisa’s core business as also outlined in Enerjisa’s 2022 and 2023 Sustainability Reports, climate change and carbon management are key priorities within the company's sustainability strategy. Since T&L accounts for 99.9% of Scope 2 emissions, its reduction is significant for Enerjisa's emission reduction efforts and its target to reduce Scope 1 and Scope 2 emissions by 30% by 2030.

Semtrio considers “KPI2: Gender Diversity: Share of women in management positions and above (%)” to be highly material and relevant for Enerjisa's Diversity and Inclusion goals outlined in the company’s

¹ ICMA Sustainability-Linked Bond Principles <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

² LMA Sustainability-linked Loan Principles <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

³ GHG Protocol Scope 2 Guidance <https://ghgprotocol.org/scope-2-guidance>

sustainability strategy. Enerjisa is committed to closing the gender gap in managerial roles to increase the percentage of women employees in these positions. The company's three-year historical data on the gender gap demonstrates a consistent increase in the share of women in management positions, which is indicative of Enerjisa's ambitious efforts in this material sustainability topic.

Calibration of SPTs:

Enerjisa has set a target to reduce the average (in 3 energy distribution regions) Theft and Loss Ratio in its energy distribution network due to theft (illegal use) and technical line losses and commits to reduce the average Theft and Loss Ratio 12.9% by 2030(target is 6.85%) from a 2023(7.86%) base year. Semtrio finds SPT1 to be consistent with Enerjisa's climate and sustainability strategy and considers that it is highly ambitious. This assessment takes into account regional and geographic challenges such as illegal use, technological limitations, physical geography barriers, national regulations, and the socio-economic behaviour of the public served by Enerjisa. Semtrio also notes that the 12.9% target is an average for Enerjisa's three subsidiaries, and that the 2030 target Theft and Loss Ratio of 6.85% is above the sector average in Türkiye. SPT1 is directly linked to Enerjisa's Scope 2 emissions, which are primarily due to distribution losses, accounting for up to 99.9% of the company's total Scope 2 emissions.

In comparison to the global energy sector and country levels of women employees in managerial positions, Semtrio regards Enerjisa's target of 32.3% women employees in manager and above positions as highly ambitious with respect to SPT2. Enerjisa's three-year historical data shows a consistent increase in the percentage of women employees. The company has already established internal processes and policies to reduce the gender gap in managerial positions, including monetary incentives for top management. Additionally, Enerjisa's Diversity, Equality, and Inclusion Policy ensures the company is committed to providing a diverse and inclusive work environment.

Loan Characteristics:

The characteristics of the financing instruments, such as repayment amounts and interest rates, are tied to the performance against the SPTs. This includes potential increases or decreases in repayment amounts or interest rates (coupon step-ups and step-downs), as well as other non-financial adjustments. The documentation allows for the recalculation of SPTs in response to changes in calculation methodology or significant circumstances affecting Enerjisa's structure or operations.

Reporting:

Enerjisa commits to annual reporting on the performance of KPIs in relation to SPTs, making this information publicly available on its website. This will ensure transparency and accountability.

Verification:

Enerjisa will obtain limited external assurance for its annual KPI performance reports for any financing instrument issued under the Sustainability-Linked Finance Framework until the instrument's maturity. The accuracy of the KPI performance reports and progress on pre-defined SPTs will be verified by this assurance, which will be publicly available on Enerjisa's website.

2. BASELINE

2.1 Introduction

Enerjisa, a listed equity in Türkiye, operates in *Distribution of electricity* in three regions of Türkiye, *Retail service of electricity* in the same three regions of Türkiye, *Renewable energy and energy*

*efficiency solutions and Electric vehicles and charging stations services*⁴. Enerjisa was incorporated in 1996, and as of 31st December 2023 with over 11,000 employees, reaches a population of 22 million in Türkiye and serves 10.7 million customers in 14 provinces and three distribution regions. Enerjisa had 325,955 kilometres of distribution network length, 12.2 million distribution network connections accounting for approximately 26% of all the distribution network connections in Türkiye in 2023 and has approximately 22% market share in terms of number of customers⁵.

Enerjisa has four Business Units consisting of Distribution, Retail Sales, Customer Solutions and Eşarj:

Distribution: Enerjisa carries out its electricity distribution activities in three distribution regions, with its subsidiary companies, namely Başkent, AYEDAŞ, and Toroslar⁶. Across three regions spanning 14 provinces, Enerjisa serves approximately 26% of the grid connections in Türkiye. Each subsidiary is responsible for carrying out the operation of the distribution network in their own regions as follows:

- 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.
- taking the necessary technical and operational measures to reduce theft/loss rates and ensuring the lighting of public areas.

Retail Sales: In the retail energy sales sector, Enerjisa is the industry leader, as of the end of 2023, the Company commanded a 22% market share based on the number of customers. Enerjisa retail business is operated by its Başkent EPS, AEPSAŞ and Toroslar EPSAŞ⁷ subsidiaries in the regulated electricity market, under the supply license issued by the Energy Market Regulatory Authority (EMRA)⁸.

Customer Solutions: As a subsidiary of the company, Enerjisa Müşteri Çözümleri A.Ş. (EMC) was established in 2017 and has been offering end-to-end solutions to its corporate customers including Renewable Energy Solutions, Energy Efficiency Applications, Energy and Environmental Attribute Certificates, and Cogeneration and Trigeration Solutions.

Eşarj: After the acquisition of Eşarj Elektrikli Araçlar Şarj Sistemleri A.Ş. by EMC in 2023, Enerjisa has been operating in E-mobility and Electric Vehicle Charging Stations and Systems.

⁴ Enerjisa Enerji A.Ş. Consolidated Financial Statements for the period January 1- December 31, 2023
<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/2918/enjsa31december2023consolidatedfinancialstatements.pdf>

⁵ Annual Report 2023
<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/2952/enerjisaenerji2023annualreport.pdf>

⁶ Başkent Elektrik Dağıtım A.Ş. (“Başkent EDAŞ”), İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (“AYEDAŞ”), Toroslar Elektrik Dağıtım A.Ş. (“Toroslar EDAŞ”). Semtrio notes that electric distribution companies are solely accountable for the seamless operation of distribution networks and the execution of infrastructure projects associated with these networks. Türkiye's sole authority for electricity transmission and transmission line operation is the Turkish Electricity Transmission Corporation (TEİAŞ). TEİAŞ operates under the Ministry of Energy and Natural Resources.

⁷ 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”)

⁸ Energy Market Regulatory Authority (EMRA) <https://www.epdk.gov.tr/home/en> EMRA possesses public legal personality and has administrative and financial autonomy. EMRA operates under the Ministry of Energy and Natural Resources. It was established in 2001 under Law No. 4628 for the regulation of electricity markets.

In July 2023, Enerjisa launched its Green Finance Framework⁹ to fund projects in renewable energy, energy efficiency, clean transportation, and R&D. To further integrate sustainability into its financing strategy, Enerjisa developed the Sustainability-Linked Financing Framework. This Framework aligns the company's business and financial strategies with its sustainability commitments, enabling the issuance of sustainability-linked financial instruments, such as sustainability-linked bonds and loans, or other instruments tied to sustainability performance targets.

Enerjisa, in its Sustainability-Linked Financing Framework, defines rationale and motivation of its financing objectives to link its sustainability strategy in accordance with the five core components of the SLLP and the SLBP with two KPIs and corresponding two SPTs.

Enerjisa has contracted Semtrio to review its Sustainability-Linked Financing Framework dated June 2024 and to provide a Second-Party Opinion on the Framework's alignment with the SLBP and the SLLP.

2.2 General description of the objective, scope of work, and the external reviewer's credentials

Semtrio, as an independent body from the issuer, in this document, reports its opinion on the alignment of the reviewed Framework with the five core components of the SLBP and the SLLP.

This SPO covers the framework and relevant sustainability-related KPIs and SPTs stated in the framework, information received via online meetings and company disclosures to Semtrio by the company members. Semtrio relies on its extensive ESG and sustainability consultancy expertise in the power sector – electricity generation, transmission, distribution, retail sale operations and its expertise in Türkiye energy legislation – in the framework in accepting the offer to present its SPO on the ongoing and/or planned actions of Enerjisa towards its targets.

Semtrio bases its Second-Party Opinion on its environmental, social, and sustainability expertise and assessments of information and documents stated below:

1. Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews, administered by International Capital Markets Association (ICMA), June 2022.
2. The Sustainability-Linked Bond Principles (SLBP) 2023, as administered by ICMA, and the Sustainability-Linked Loan Principles (SLLP) 2023, as administered by LMA, APLMA and LSTA6.
3. Enerjisa Consolidated Financial Statements for the period January 1 - December 31, 2023.
4. Enerjisa Annual Report 2023.
5. Enerjisa Sustainability Report 2022.
6. Enerjisa Sustainability Report 2023.
7. Relevant company project information and disclosures during online meetings shared with Semtrio.
8. Independent online meetings with the company members designated for the sustainability-linked loan KPIs and corresponding SPTs within Enerjisa and its related subsidiaries and business units.

2.3 Environmental and social risks associated with the KPIs & SPTs

Semtrio is aware that every environmental and social action regardless of intention may bear negative environmental and social outcomes. Semtrio has requested, analysed, and audited the relevant documentation and information regarding the company's sustainability adaptation, including company

⁹ <https://www.enerjisainvestorrelations.com/en/stock--debt-instruments/debt-instruments/green-finance-framework>

disclosures comprising company approach to ESG and sustainability with precedents in the company's facilities/operations and evidence of positive action, prior to the SPO agreement.

There may be some environmental and social risks, associated with the SPTs including occupational health and safety, land use and biodiversity, and stakeholder relations issues in the regions Enerjisa operates. In the documentation, the framework and the information presented by the company and its subsidiaries demonstrated industry wide best approaches and practises in Türkiye and in those three regions with relevant ongoing projects of positive and reliable business conduct, risk management and risk mitigation. The documentation and risk management involve:

1. As a listed equity, Enerjisa has an established Early Detection of Risk Committee, which is formed of the members of the Board of Directors. The committee is responsible for advising the Board of Directors of risks and opportunities that may affect the existence and strategies of Enerjisa.
2. Enerjisa has a well-established Risk Management Approach, defined in its Risk Management Framework with the aim of identifying risks.
3. Enerjisa published its Non-Financial Risks including ESG risks in its 2023 Annual Report, e.g. occupational health and safety risks, climate change-related risks, environmental-related risks and Enerjisa's approach to managing all these risks.
4. Enerjisa has established a Sustainability Executive Committee; and has a Human Resources Committee and Diversity, Equity and Inclusion Committee to oversee and manage Enerjisa's material ESG impact and risks.

2.4 Limitations of the Second-Party Opinion

Semtrio notes that the SPO presented is subject to limitations of public and non-public information and documentation provided by Enerjisa and current market practices regarding electricity distribution and retail sale operations as a strictly regulated sector by Turkish legislation. In addition, Semtrio indicates that the SPO in question addresses definition, materiality, rationale, calculation methodology, benchmarking with peers and regional and sectoral practises of the KPIs and ambitiousness, improvement from a baseline, consistency with the sustainability strategy, and alignment with the five core components of the SPTs but does not measure the actual impact of the SPTs.

3. SEMTRIO'S OPINION ON ENERJISA SUSTAINABILITY-LINKED FINANCING FRAMEWORK

Semtrio, as a responsible second party, has recognized Enerjisa Sustainability-Linked Finance Framework's alignment with the five core components of the SLBP and the SLLP and presents its opinion that the framework is credible, benchmarkable and consistent with its core business and the company's sustainability strategy. Each of the five core elements is analysed below with descriptions of the supporting evidence of fund utilisation in valid sustainability KPIs and linked SPTs in line with the SLBP and the SLLP.

3.1 Selection of KPIs

Enerjisa has defined two KPIs in this framework:

- KPI1: Reduction of the Theft & Loss (T&L) ratio in energy distribution activities,
- KPI2: Gender Diversity: Share of women in management positions and above (%).

Relevance, Materiality, and Reference to the Core Business of Enerjisa:

Enerjisa has developed long-term strategies with a sustainable and holistic approach, integrating Environmental, Social, and Governance (ESG) factors. The company bases its positioning and outlook on its core capabilities and value proposition to stakeholders, while also considering external trends that will influence future energy needs and energy demand.

Enerjisa identified its key material sustainability topics using an impact materiality approach, as outlined in its 2022 and 2023 Sustainability Report in accordance with GRI Standards. The company's sustainability strategy and targets are developed based on these identified material topics. Both KPIs fall under its High Material Topics list: the **Climate Change and Carbon Management** topic for KPI1 and the **Diversity and Inclusion** topic for KPI2. There is a well-established ESG governance within the company: the Board of Directors of Enerjisa is ultimately responsible for determining its sustainability strategy and managing its success and account for impacts, risks and opportunities related to material ESG topics.

There are five global mega trends indicated in Enerjisa's 2023 Annual Report presented to its investors that establish the cornerstone of Enerjisa's business strategy and future perspective, namely Digitalization, Decarbonization, Deregulation, Decentralization, and Urbanization and Customer Centricity. Within its strategy for the Decarbonization trend, Enerjisa disclosed its climate strategy in its 2022 Sustainability Report¹⁰ and declared a Net-Zero Emissions commitment by 2050 and set a near-term emission reduction target; Enerjisa commits to reduce its absolute Scope 1 and Scope 2 emissions by 30% by 2030 from the 2021 base year. Enerjisa's Scope 3 target, published in 2023 Sustainability Report¹¹, to reduce the emission intensity of sold electricity by 40% by 2030, using 2021 as the baseline year, demonstrates a robust commitment to addressing indirect emissions within its value chain. The focus on emission intensity reduction aligns with best practices in the

¹⁰ Enerjisa 2022 Sustainability Report

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/2855/enerjisaenerji2022sustainabilityreport.pdf>

¹¹ Enerjisa's climate strategy, including its commitment to achieving net zero by 2050 and its near-term Scope 1, 2, and 3 targets for 2030, is outlined in detail on page 37 of the 2023 Sustainability Report.

<https://www.enerjisainvestorrelations.com/medium/ReportAndPresentation/File/3118/enerjisaenerji2023sustainabilityreport.pdf>

electricity distribution and retail sector, recognizing that Scope 3 emissions, driven by purchased electricity, represent a critical component of the company's indirect emissions. Additionally, the interim goal of a 25% reduction by 2025 offers a transparent pathway for monitoring progress.

- Enerjisa has been implementing initiatives to decrease energy losses caused by T&L (theft and loss: *illegal use of electricity and technical losses*) in the distribution network. This has been the main barrier to achieve significant reductions in its Scope 2 emissions, since T&L represents the 99.9% of total Scope 2 emissions, 97.2% of total Scope 1 and 2 emissions, and total 7.4% of total Scope 1, 2 and 3 emissions. Distribution Business Unit of Enerjisa had the largest proportion of total yearly operational income in 2022. Reduction of T&L ratio in energy distribution networks will result in reductions in the company's Scope 2 emissions. Semtrio presents its opinion that KPI1 is highly material to Enerjisa's ESG impact, risk and opportunities, and highly relevant to its core business.
- In the scope of its business strategy, Enerjisa implements several initiatives to ensure equal opportunity and fair representation in the workplace, with a focus on increasing representation in management positions. The company's Diversity and Inclusion Policy strictly prohibits discrimination based on factors such as age, gender, language, religion, nationality, race, ethnic origin, sexual orientation, marital status, health, disability status, political opinion, or union membership. To manage these initiatives effectively, Enerjisa established a Diversity, Equity, and Inclusion Committee in 2022. Enerjisa is committed to closing the gender gap in managerial roles to increase the percentage of women employees in these positions. Semtrio presents its opinion that KPI2 is highly material to Enerjisa's ESG impact, risk and opportunities, and highly relevant to its core business.

Definition, Consistency and Applicability:

Enerjisa has clearly defined both KPIs in the framework with a well-defined calculation methodology, relevance to a corresponding material ESG topic of the company, and relevance to its business units and business model of the company.

Enerjisa has presented three years of historical data for each KPI, with a consistent and clear calculation methodology until the target year with a base year definition. The parameters in the calculation methodology of both KPIs are measurable and externally verifiable by an independent auditor.

- For KPI1, energy losses caused by T&L in the distribution network represent 99.9% of the total Scope 2 emissions and 97.2% of the total Scope 1 and 2 emissions. Semtrio finds KPI1 is relevant to Enerjisa's core business, has a consistent methodology, represents company-wide emission reductions, and is highly applicable.
- For KPI2, the percentage of women employees in management positions and above is 25.7% in 2023 representing manager and above positions, including all managers, directors, function heads, general managers, the CFO and the CEO in 8 subsidiaries and all business units of the company. Semtrio finds KPI2 is relevant to Enerjisa's core business, has a consistent methodology, represents company-wide improvement to close the gender gap in all business units, and is highly applicable.

Benchmarking:

Semtrio seeks whether the KPIs are in line with an external reference and able to be benchmarked with industry standards and industry peers.

- KPI1 is the average T&L ratio of three distribution units to measure, monitor and to link to the target set. Enerjisa has also presented individual T&L percentages for each distribution regions of Ayedaş, Başkent, Toroslar in the framework in order to better monitor the SPT1. T&L percentages for 21 distribution regions of Türkiye are published by EMRA Electricity Market Development Reports ¹² per annum and Enerjisa's T&L percentage can be benchmarkable with industry rates and also with other distribution companies in Türkiye. In world average, transmission and distribution T&L ratio is around 8%¹³ and in Türkiye, this ratio is around 10.08%¹⁴ in 2022.
- KPI2 is the percentage of women employees in management positions and above and represents the ratio in all business units. Enerjisa has presented the percentage of women employees in total business units with a three-year historical data. According to the report published by IRENA¹⁵ the total women employee's percentage in energy companies is 22% in 2022, irrespective of the administrative positions. According to the results of the Turkish Statistical Institute Gender Statistics 2022¹⁶, the ratio of women employees in Türkiye in upper and middle level management position in the companies was 14.4% in 2012, and 19.6% in 2022. Enerjisa has also presented the percentages of women employees' rates in managerial positions and above at its peers -international and national energy sector companies-.

Given the sectoral benchmarking with external references and industry peers, Semtrio considers Enerjisa's both KPIs are methodologically **quantifiable and benchmarkable** and Semtrio considers **both KPIs are fully aligned** with the Sustainability-Linked Loan/Bond Principles.

3.2 Calibration of SPTs

Enerjisa has set two SPTs corresponding to its KPIs:

- SPT1: Enerjisa commits to reduce the average Theft and Loss (T&L) Ratio 12.9% by 2030(6.85%) from a 2023(7.86%) base year,
- SPT2: Enerjisa commits to increase the women employee's ratio in managerial positions and above 25.7% by 2030(32.3%) from a 2023(25.7%) base year.

Consistency with Enerjisa's Business Strategy:

Enerjisa's long-term business strategy has been developed to incorporate Environmental, Social, and Governance (ESG) factors, resulting in a holistic and sustainable approach. This strategy is documented in the company's Annual and Sustainability reports. Enerjisa continuously reviews its strategy, drawing insights from global mega trends of Digitalization, Decarbonization, Deregulation, Decentralization, Urbanization, and Customer Centricity, which are anticipated to shape the energy

¹² Electricity Market Development Report 2023 Table 5.2 <https://www.epdk.gov.tr/Detay/Icerik/1-1271/electricityreports>

¹³ <https://data.worldbank.org/indicator/EG.ELC.LOSS.ZS>

¹⁴ Table 5.2 of Electricity Market Development Report 2022 provides an overview of electricity distribution loss percentages across various regions in Türkiye for 2022. Based on the data, the average electricity distribution loss in Türkiye in 2022 was calculated to be 10.08%. <https://www.epdk.gov.tr/Detay/Icerik/1-1271/electricityreports>

¹⁵ The International Renewable Energy Agency (IRENA) – A Gender Perspective Report https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2019/Jan/IRENA_Gender_perspective_2019.pdf?rev=bed1c40882e54e4da21002e3e1939e3d

¹⁶ Turkish Statistical Institute Gender Statistics <https://data.tuik.gov.tr/Bulten/Index?p=Women-in-Statistics-2023-53675&dil=2>

sector in the coming decades. The company declared that it is modifying its products and services in alignment with these interrelated and mutually supportive trends.

Aligning with the business strategy, the sustainability approach of Enerjisa is divided into three impact pillars: Business for Impact, Impact for Planet and Impact for Society.

- SPT1: Climate-related impacts, risks and carbon management topics fall under “Impact for Planet” pillar of the company, and SPT1 represents a material improvement in the respective KPI1, resulting GHG emission reduction in Scope 2 emissions. The decarbonization of the energy sector is at a vital importance for the transition to a low-carbon world for both the global community and Türkiye. In accordance with Türkiye’s 2053 Net Zero target, the decarbonization of the energy sector and emission reduction initiatives at energy utilities have become top priorities for the companies. Enerjisa declared that the CEO scorecards that include climate change indicators are approved by the Board of Directors, and climate-related targets are communicated to the relevant business units.

Semtrio considers that Decarbonization is a megatrend that shapes the long-term and near-term objectives of Enerjisa in its business strategy. Enerjisa has also published its “Decarbonization Strategy and Net Zero Pathway” in the 2022 and 2023 Sustainability Reports, and the reports clearly declare that the company has set a Scope 1 and Scope 2 emission reduction target by 2030 and a net zero target by 2050. Semtrio finds SPT1 is consistent with the sustainability approach and business strategy of the company since Enerjisa’s 97.2% of total Scope 1 and 2 emissions are caused by T&L from the distribution network.

- SPT2: Under the “Impact for Society” pillar of the company, Enerjisa has set a goal to boost the representation of women in the energy sector and to close the gender gap within the company across all business units in managerial positions. The company has a share of 11% women employees in 2022 in all positions, 25% in board of directors, 15% in senior management (director and above), and 25% in managerial positions. In order to increase awareness of the language used in communication and to promote the use of gender-inclusive language, the company has delivered lectures on social gender equality. Additionally, the "Gender Equality Communication Guide" has been published within the company.

Semtrio finds SPT2 is consistent with company sustainability strategy and Enerjisa is committed to set targets that drive meaningful change to close the gender gap, and the company recognizes the importance of an inclusive environment that promotes the advancement of women into energy sector.

Enerjisa has set intermediary Sustainability Performance Targets (SPTs) in the framework to track progress toward its sustainability targets. These intermediary SPTs will be agreed upon with each lender for each financial product, ensuring that all parties are aligned with the company’s sustainability strategy and the achievement of these milestones.

Action plans to achieve the SPTs and barriers:

Enerjisa has established following action plans to achieve related SPTs:

- SPT1: The main challenge in energy distribution sector so as in Enerjisa’s distribution business units is to reduce T&L ratio. Enerjisa has identified following action plans to reach the T&L ratio target in each three-distribution region: Continue to perform regular maintenance and repair works, investment in low-loss transformers (*replacement of*

conventional transformers with new technology-equipped ones resulting in lower technical losses), voltage transformation investments (higher voltage distribution lines provides lower technical losses), compensation investments (compensation of active and reactive energy in grid equipment for lower energy loss) and various investments regarding of the elimination of theft usage (Creating control points for theft detection, data analytics for consumption amounts and establishment of power line communication systems). Semtrio finds these action plans for SPT1 to be compliant with market practices and best practices however Semtrio notes that Enerjisa is aware of some crucial barriers beyond its direct control that may impede the achievement of the SPT1: Constraints arising from local legal regulations set for the distribution sector, sudden socio-economic changes due to natural disasters and similar special circumstances in the regions where Enerjisa operates.

- SPT2: Enerjisa has identified following action plans to reach the 32.3% of women employees by 2030 in managerial and above positions: Enerjisa is dedicated to ensuring that women, young people, and disabled individuals have equal rights in social and business life. This is achieved through the "Not Without You Platform" and Diversity and Equity webinars and trainings. In all Young Talent Recruitment Programs, Enerjisa commits to maintain a minimum of 50% women participants to recruit future leaders. Additionally, the Mentoring Programs are extended to include mentorship for women employees who have returned from maternity leave and to support young women in society. Semtrio finds these action plans for SPT2 to be compliant with market practices and best practices however Semtrio notes that Enerjisa is aware of some crucial barriers beyond its direct control that may impede the achievement of the SPT2: Recruitment, appointments and turnover rates have direct effect on achieving SPT2. Enerjisa acknowledges that one of the constraints is that positions may remain vacant in case of budget stretch or financial crises.

Consistency and Ambitiousness:

Semtrio considers 3 following aspects while analysing the Consistency and Ambitiousness of the SPTs:

- a) If the SPTs represent a material improvement in the respective KPIs beyond both a “business as usual” trajectory and regulatory required targets, if relevant.
- b) If the SPTs can be compared to a benchmark, or an external reference, or current industry or sector standards.
- c) If the SPTs can be referenced to science any of the following cases: i) systematic science-based scenarios, ii) or to official country/regional/international targets, iii) or to recognised best-available-technologies or other proxies to determine relevant targets across ESG themes.

SPT1:

- a) The target is to reduce the average T&L ratio 12.9% by 2030 by lowering the loss ratio to 6.85%, from the 2023 baseline when the average T&L ratio was 7.86%. According to Turkish energy market, the energy demand is expected to increase 20% from 2021 to 2030 which could result in a 20% increase in the amount of distributed energy. Semtrio finds that, even with just this target, Enerjisa has set a significant improvement compared to its business-as-usual scenario whereas energy demand is going to expand in the near-term. On the other hand, EMRA sets regional T&L reduction targets for distribution regions as the sole authorized governmental body responsible for regulating electricity markets in Türkiye. Each year, EMRA sets individual targets for 21 electricity distribution companies in the country to reduce their annual T&L

ratios and communicates these targets to the companies. These targets for the actual year are not yet published publicly¹⁷ but are monitored and controlled by EMRA. Enerjisa has shared 2024 target with Semtrio, and Semtrio finds Enerjisa's 2024 target to be more ambitious than the target set by EMRA for Enerjisa's three distribution business units in 2024. In order to ensure that the annual targets for the T&L ratio consistently remain more ambitious than the EMRA targets, Enerjisa will communicate its confirmation of the prior year's performance for the SPT1 and the EMRA target for the upcoming year with the lenders. Should the EMRA target exceed the agreed annual SPT, Enerjisa and the lenders will mutually agree on an updated SPT for the upcoming year, ensuring that the SPT always surpasses the EMRA threshold.

- b) Enerjisa has set a target to reduce the average T&L losses across its three distribution regions. To effectively monitor these targets, Enerjisa has defined individual reduction percentages for each region per annum. This strategy facilitates benchmarking with industry peers in Türkiye and enhances transparency, as EMRA publishes individual realized loss rates for each region for previous years. In 2021, according to EMRA's annual loss rates, none of the 21 distribution regions had a T&L ratio below 5%. Ayedaş ranked as the 8th lowest with a T&L ratio of 6.22%, and Başkent ranked as the 11th lowest at 6.69%. The Toroslar region had the 4th highest T&L ratio at 11.65% in 2021 among the 21 electricity distribution regions of Türkiye¹⁸. From 2021 to 2022, Enerjisa's three distribution units—Başkent, Ayedaş, and Toroslar—achieved an average reduction of more than 1% individually. When examining the changes in T&L ratios from 2021 to 2023 for the Ayedaş and Başkent regions, there was a decrease to 4.74% and 5.60%, from 6.22% and 6.69% respectively. However, due to the earthquake disaster in the Toroslar region in 2023, the T&L ratio in this region slightly exceeded the 2021 rate. Enerjisa monitors the relevant KPIs and SPT as the average value across the three regions. In 2021, the average T&L ratio across Enerjisa's three operational distribution regions was 8.51%, which decreased to an average 7.86% in 2023. Enerjisa has set a target to reduce the average annual T&L ratio by 2030, and progress towards this target can be easily tracked through EMRA's annual reports.
- c) i) Semtrio considers that there is no globally recognised science-based target rates or reduction percentages for electricity utilities' annual or monthly T&L ratios. The T&L ratio for electricity distribution networks in Türkiye do not fully align with the methodologies of global benchmarks. This discrepancy is primarily due to the legal requirement that electricity generation, distribution, and retail sales must be conducted by different entities, and that the transmission operations and transmission lines are under the sole control of the Ministry. Semtrio notes that evaluating and comparing the T&L ratio should consider the geographic and socio-economic characteristics of the specific region, historical performance within the region, and national targets and technological applications. This approach ensures an accurate assessment tailored to local conditions and facilitates a realistic measurement and improvement of the distribution companies' performance. Semtrio evaluates the ambition of this SPT by considering national legislation, national targets, the use of best available technology, and performance among national peers. ii) In 2021, 32.7% of Türkiye's total greenhouse gas emissions originated from electricity and heat production¹⁹. In 2023,

¹⁷ The Target Loss Rates, Actual Loss Rates and Difference Between Target and Actual Loss Rates are published in the Electricity Market Development Reports each year by EMRA for the previous year. 2023 Electricity Market Development Report Table 5.2. <https://www.epdk.gov.tr/Detay/Icerik/1-1271/electricityreports>

¹⁸ The Dicle region had the highest T&L ratio at 46.19%, followed by the Vangölü and Aras regions at 38.07% and 20.08%, respectively.

¹⁹ Turkish Statistical Institute Greenhouse Gas Emission Statistics <https://data.tuik.gov.tr/Bulten/Index?p=Sera-Gazi-Emisyon-Istatistikleri-1990-2021-49672>

Türkiye's electricity consumption decreased by 0.2% compared to the previous year, amounting to 330.3 TWh. According to the results of the Türkiye National Energy Plan study, electricity consumption is expected to reach 380.2 TWh in 2025, 455.3 TWh in 2030, and 510.5 TWh in 2035²⁰. On September 27, 2021, Türkiye announced its 2053 net zero emissions target and subsequently submitted its updated first Nationally Determined Contribution (NDC) to the UNFCCC. Türkiye committed to reducing its greenhouse gas emissions by 41% by 2030 compared to the reference scenario, aiming for 695 Mt CO₂ equivalent in 2030. In this context, the "Climate Change Mitigation Strategy and Action Plan"²¹ covering the 2024-2030 period, published by the Ministry, outlines the actions and scenario analyses that Türkiye will undertake to reduce emissions on a sectoral basis. One of the strategies for reducing emissions in the electricity sector declared in this action plan is explained as "Strengthening the electricity infrastructure, increasing efficiency, and reducing technical loss rates in transmission and distribution." The rehabilitation of distribution networks, including transformers, and establishment a digital transformation roadmap in the energy sector are planned, and six clear actions to be taken. Semtrio considers Enerjisa's action plans presented in the framework to be fully aligned with those six actions by the Ministry and the SPT is fully aligned with the country's target to reduce the T&L ratio. iii) T&L is caused by both illegal usage and technical losses in the electricity distribution network. Both types of energy losses vary regionally in Türkiye, depending on the country's geographic structure and the socio-economic conditions of these areas. There is a major gap between the loss ratios in distribution regions, and each region's T&L ratio can be tracked through EMRA's annually published reports. Semtrio has conducted a peer analysis with 21 distribution regions in Türkiye, and it is clear that the three distribution regions with the highest T&L ratios (over 40%)—Dicle, Aras, and Vangözü—are located in the East part of Türkiye, while the three regions with the lowest T&L ratio (below 5% in 2022) are located in the Mediterranean and North-West parts of the country. Semtrio recognizes that the significant disparity in T&L ratios is influenced by this geographic distribution and the distinct geographic and socio-economic conditions prevalent in these regions. In 2023, To minimize energy losses caused by geographic, socio-economic, and technical factors, Enerjisa has established action plans to keep these losses under the highest possible level of control and leverage the latest available technology. In 2021, the average Theft and Loss (T&L) ratio across Enerjisa's three operational distribution regions was 8.51%. By 2023, this figure had been reduced to 7.86%, demonstrating Enerjisa's effective efforts in minimizing energy losses within its distribution network over the two-year period. To achieve this reduction in T&L, Enerjisa has implemented and plans to implement targeted actions aimed at reducing both technical losses and illegal usage, considering the geographic and socio-economic conditions of three distribution regions. These actions are thoroughly evaluated in the "Action Plans to Achieve the SPTs and Barriers" section of this document. Semtrio considers that these action plans are applicable, align with Türkiye's electricity distribution sector practises, and align with the best available technologies.

SPT2:

- a) Enerjisa has set a target to increase the ratio of women employees to 32.3% by 2030 in positions at management level and above to close the gender gap within the company. The

²⁰ Ministry of Energy and Natural Resources Info Bank <https://enerji.gov.tr/infobank-energy-electricity>

²¹ Climate Change Mitigation Strategy and Action Plan 2024-2030 <https://netsifirturkiye.org/en/project-documents/>

KPI is followed with a percentage (%) unit and the KPI includes Enerjisa and its all subsidiaries and business units. Enerjisa had a baseline ratio of women employees represented in positions at management level and above of 25.7% in 2023, reported a 23.4% representation in 2022 and 23.2% in 2021. The company's three-year historical data demonstrates a consistent increase, reflecting Enerjisa's ambitious efforts on the topic of Diversity and Inclusion. Although Semtrio notes that there is no regulatory target in Türkiye for the gender gap or for diversity and inclusion topics for companies in the energy sector, Semtrio considers historical data on the ratio of women employees in Enerjisa and yearly targets to increase the ratio of women in managerial positions and above showed an improvement beyond the company's business-as-usual representation.

- b) Semtrio has conducted a peer analysis for Enerjisa with energy sector companies and international organisations. The International Renewable Energy Agency stated that the total percentage of women employees in energy companies was 22% in 2022. The Turkish Statistical Institute Gender Statistics 2022 declared the ratio of women employees in Türkiye in managerial position in all sectors was 19.6% in 2022. According to International Energy Agency (IEA)'s Gender Diversity in Energy Report, despite making up 48% of the global labour force, women only account for 22% of the labour force in conventional energy and 32% in all positions in renewables.²² An OECD and International Energy Agency (IEA) analysis of data from approximately 2,500 firms classified as energy-related sectors found that women make up just under 14% of senior managers, with representation strongest in the utility sector.²³ Enerjisa's ratio of women employees in managerial positions and above in 2022 and 2023 surpasses the industry average among its peers.
- c) i-ii) Türkiye has committed to implementing the SDGs and has integrated them into its national development plans and policies. The Turkish Statistical Institute has also established a national coordination platform²⁴ to monitor and report on the progress towards achieving these goals. The platform provides detailed annual progress reports for indicator 5.5.2 under SDG 5. SDG Indicator 5.5.2, "Proportion of women in managerial positions," specifically focuses on measuring and increasing the proportion of women in managerial positions, which is a critical aspect of achieving gender equality in leadership and decision-making roles. On this platform, the annual proportion of women in managerial positions in Türkiye is published, including the indicator definition and calculation methodology. The percentage of women in upper and middle management positions in companies was 14.4% in 2012 and increased to 19.6% in 2022. At Enerjisa, this proportion was 23.2% in 2021, 23.4% in 2022, and 25.7% in 2023. Enerjisa has consistently demonstrated year-over-year growth, outperforming the national average in Türkiye. iii) Semtrio finds SPT2 is highly ambitious when compared to both the international ratio of women employees and Türkiye's national ratio of women employees in managerial positions. Semtrio considers Enerjisa's strategy and action plans to speak to its high material sustainability topic following the GRI Standards materiality assessment approach and to be consistent with its sustainability strategy.

Given above, considering the consistency with the company strategy, action plans to achieve the targets and ambitiousness with the sectoral benchmarking, national regulations and Türkiye's

²² IEA Gender Diversity in Energy Report <https://www.iea.org/commentaries/gender-diversity-in-energy-what-we-know-and-what-we-dont-know>

²³ OECD Gender Equality <https://www.oecd.org/gender/data/women-in-senior-management-roles-at-energy-firms-remains-stubbornly-low-but-efforts-to-improve-gender-diversity-are-moving-apace.htm>

²⁴ The Turkish Statistical Institute SDG Platform <https://sdg.tuik.gov.tr/en/>

targets, Semtrio finds both of Enerjisa's SPTs are benchmarkable and Semtrio considers both SPTs are **highly ambitious**.

3.3 Loan/Bond Characteristics

Enerjisa has disclosed that the framework is only to be used for sustainability-linked financing instrument such as loans and bonds and will be used for corporate financing.

The characteristics of financing instruments can change based on whether the selected Key Performance Indicators (KPIs) meet the predefined Sustainability Performance Targets (SPTs). These adjustments will be detailed in the documentation of each instrument, and may include higher or lower repayment amounts, increases (step-ups) or decreases (step-downs) in interest rates (coupons), and other non-financial adjustments. These variations aim to incentivize Enerjisa to achieve their sustainability targets, aligning financial outcomes with sustainability performance. The framework defines two Key Performance Indicators (KPIs) and two Sustainability Performance Targets (SPTs). The specific KPIs and SPTs selected for any given instrument will be detailed in the relevant documentation for that transaction.

The documentation for a sustainability-linked financing instrument may allow for the recalculation of Sustainability Performance Targets (SPTs) due to changes in calculation methodology or significant circumstances affecting Enerjisa's structure or operations.

3.4 Reporting

Enerjisa will annually report the necessary information to track KPI performance against SPTs until the maturity of the sustainability-linked financing instruments. This report will be available on the company website and will include performance on the KPIs compared to the baseline, a verification report of the performance against the SPTs and any information for investors to monitor the progress towards the SPTs.

This may involve updates or changes to the Key Performance Indicators (KPIs), Sustainability Performance Targets (SPTs), or the initial baselines and scope of the KPIs, including re-evaluating the KPIs, restating the SPTs, or making pro-forma adjustments to the baseline data or KPI scope, if necessary.

3.5 Verification

Enerjisa will obtain limited external assurance for its annual KPI performance reports for any financing instrument issued under the Sustainability-Linked Finance Framework until the instrument's maturity. This external assurance will verify the accuracy of the KPI performance report and the progress on Enerjisa's pre-defined SPTs. The external assurance document will be made publicly available on Enerjisa's website.

4 CONCLUSION

Enerjisa has developed the Enerjisa Sustainability-Linked Finance Framework, which consists of instruments such as loans and bonds that will be issued for corporate financing. The framework is designed to achieve sustainability goals with a correlated economic impact, thereby enhancing company's near-term sustainability performance. Enerjisa Sustainability-Linked Finance Framework outlines Key Performance Indicators (KPIs), Sustainability Performance Targets (SPTs), Loan/Bond Characteristics, and Reporting and Verification progress on KPIs and SPTs. Enerjisa intends to link the characteristics of financing instruments to the achievement of SPTs detailed in its framework. In the framework, there are two KPIs which are defined corresponding to two SPTs:

- KPI1: Reduction of Theft & Loss ratio in energy distribution activities,
- KPI2: Gender Diversity: Share of women in management positions and above (%),
- SPT1: Enerjisa commits to reduce the average Theft and Loss Ratio 12.9% by 2030 (6.85%) from a 2023(7.86%) base year,
- SPT2: Enerjisa commits to increase the women employee's ratio in managerial positions and above 25.7% by 2030(32.3%) from a 2023(25.7%) base year.

Semtrio has the opinion of KPI1 and KPI2 **fully align** with the Sustainability-Linked Loan Principles 2023 and the Sustainability-Linked Bond Principles 2023, given that KPI 1 is relevant and material to Enerjisa's "Decarbonisation" part of business strategy and sustainability strategy to reduce T&L ratio, resulting in lowering company's total Scope 2 emissions and of high strategic significance to the borrower's current and future operations in its distribution business units. KPI1 has a clear definition and is a direct measure with a consistent methodology for T&L ratio and can be benchmarked against other electricity distribution companies in Türkiye and with industry averages. Likewise, KPI2 is at the high materiality of the company's materiality matrix, can be benchmarked against global and regional peers, and can be benchmarked against the country's percentage of women employees in managerial positions. KPI2 is a direct measure with a consistent methodology for women employees in managerial positions and above and highly relevant to the company's target to close the gender gap in the work environment in each business unit of Enerjisa.

Semtrio has the opinion that SPT1 and SPT2 are **highly ambitious** and align with the Sustainability-Linked Loan Principles 2023 and the Sustainability-Linked Bond Principles 2023. This is because both SPTs represent a material improvement in the respective KPIs beyond a "business as usual" trajectory and are in alignment with regional/regulatory targets. SPT1 can be easily benchmarked against industry peers, and SPT2 can be compared to global and country levels, as per the peer analysis. For both SPTs, Enerjisa has presented three years historical data that shows a material improvement from 2021 to 2023, and SPTs with action plans are achievable, are aligned with industry practises and use the best available technologies.

Semtrio considers Enerjisa Sustainability-Linked Finance Framework to be aligned with the five core components of the Sustainability-Linked Loan Principles 2023 and the Sustainability-Linked Bond Principles 2023.

APPENDIX I – SEMTRIO SUSTAINABILITY-LINKED FINANCING ASSESSMENT METHODOLOGY

Sustainability-linked financing is an instrument designed to incentivize borrowers to achieve ambitious, predetermined sustainability performance objectives. Assessing Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) according to the Sustainability-Linked Loan Principles by LMA and Sustainability-Linked Bond Principles by ICMA involves a thorough evaluation process:

- to ensure they are aligned with the borrower’s sustainability strategy, with international or national scenarios and targets if relevant, and with market practices and best available technologies.
- to ensure KPIs are material to the borrower’s core business and relevant to its business model, are measurable, and define a timeline.
- to ensure SPTs are ambitious, representing a significant improvement from the baseline and going beyond regulatory requirements, are measurable, and define a timeline.

Semtrio uses a 3-level approach to classify and evaluate Key Performance Indicators (KPIs) for alignment with sustainability-linked loan/bond principles. This involves categorizing each KPI as "not aligned," "aligned," or "fully aligned" based on specific criteria that reflect our established framework:

- **Not Aligned:** KPI is not material and not relevant, difficult to measure, lacks a clear definition and a calculation methodology, cannot be benchmarked.
- **Aligned:** KPI is subject to internal monitoring and needs high level of clear calculation methodology, and not highly material and does not speak to company business strategy.
- **Fully Aligned:** KPI can be independently verified by third parties, ensuring accuracy, reliability, and credibility; KPI directly addresses a material sustainability topic and quantifiable with a clear calculation methodology and can be benchmarked.

To classify and level the ambition of Sustainability Performance Targets (SPTs) according to sustainability-linked loan/bond principles, Semtrio uses a 3-level approach: "Not Ambitious," "Ambitious," and "Highly Ambitious." This involves evaluating each SPT against the components reflecting the framework:

- **Not Ambitious:** SPT is below industry averages and does not exceed regulatory requirements, shows minimal improvement, is not aligned with global or country-specific targets, and lacks a clear timeframe, no action plans/strategy to meet SPTs presented.
- **Ambitious:** SPT is at or only slightly above global or regional industry averages or regulatory requirements, shows an improvement over historical performance, is aligned or slightly above global or country-specific targets, has a timeframe but no interim milestones, action plans/strategy to meet SPTs are presented but not align with industry practises.
- **Highly Ambitious:** SPT significantly exceeds industry averages and demonstrates significant improvement with regulatory requirements, shows a major and consistent improvement over historical performance, fully aligns with the global or country-specific targets, contributing significantly to them, and action plans/strategy to meet SPTs are clearly defined and in align with global or country-specific goals/strategies.

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06.12.2024

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