Second-Party Opinion

Limak Renewable Energy Green Bond Framework

Second-Party Opinion
Reviewed by:
MORNINGSTAR | SUSTAINALYTICS

Evaluation Summary

Sustainalytics is of the opinion that the Limak Renewable Energy Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:

USE OF PROCEEDS The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goal 7.

PROJECT EVALUATION AND SELECTION Limak Renewable Energy's Green Bond Committee will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The Company has internal ESG policies and processes to address environmental and social risks associated with eligible projects. Sustainalytics considers the project evaluation and selection process to be in line with market practice.

MANAGEMENT OF PROCEEDS Limak Renewable Energy's Finance team will be responsible for the management of proceeds and will track their allocation through internal tracking and accounting systems. The Company intends to allocate all proceeds within 36 months of issuance. Pending full allocation, unallocated proceeds will be temporarily held in cash or cash equivalents. This is in line with market practice.

REPORTING Limak Renewable Energy will report on allocation of proceeds and corresponding impact on its website on an annual basis until full allocation. Allocation reporting will include the size of the eligible green portfolio, the total amount of proceeds allocated to each project, the amount of unallocated proceeds, the share of new financing versus refinancing, and a geographic breakdown of assets by country. In addition, Limak Renewable Energy intends to report on relevant impact metrics. Sustainalytics views Limak Renewable Energy's allocation and impact reporting as aligned with market practice.

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Report Sections

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Introduction

Limak Yenilenebilir Enerji A.Ş. ("Limak Renewable Energy" or the "Company") is a subsidiary of Limak Holding, a diversified Turkish conglomerate operating in various sectors, including energy, construction, tourism, food and infrastructure. Established in 2004 and headquartered in Istanbul, Türkiye, Limak Renewable Energy is fully owned by Limak Yatırım Enerji Üretim İşletme Hizmetleri ve İnşaat A.Ş. and operates within the broader Limak group, focusing on electricity generation from renewable sources through a portfolio of hydroelectric, solar and geothermal power plants with an installed capacity of 982 MW,[1] as of November 2024.

Limak Renewable Energy has developed the Limak Renewable Energy Green Bond Framework dated November 2024 (the "Framework"), under which it intends to issue green bonds and sukuks and use the proceeds to finance or refinance, in whole or in part, existing and future projects that are expected to contribute to the decarbonization of the energy sector of Türkiye and other countries in Europe.

The Framework defines eligibility criteria in one area:

1. Renewable Energy

Limak Renewable Energy engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).[2] The Framework will be published in a separate document.[3]

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

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent[4] opinion on alignment of the Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

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

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

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.17, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

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

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

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

Sustainalytics' Second-Party Opinion assesses alignment of the Framework with market standards but provides no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the issuer.

[1] The figure represents Limak Renewable Energy's share of assets, considering the full operational capacity of the Erzin solar power plant. As of November 2024, the Erzin facility is partially operational.
[2] The Green Bond Principles are administered by the International Capital Market Association and are available at https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/.
[3] The Limak Renewable Energy Green Bond Framework will be available on Limak Renewable Energy's website at: https://www.limakrenewableenergy.com
[4] When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

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

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

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Limak Renewable Energy Green Bond Framework

Sustainalytics is of the opinion that the Limak Renewable Energy Green Bond Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible category, Renewable Energy, is aligned with those recognized by the GBP.
  - Limak Renewable Energy has established a look-back period of 36 months for its refinancing activities, which Sustainalytics considers to be in line with market practice.
  - Under the Renewable Energy category, the Company may finance or refinance expenditures related to the development, construction, maintenance, and operation of hydroelectric power plants and solar photovoltaic power plants.
    - Sustainalytics notes that hydropower projects will meet one of the following criteria: i) run-of-river without an artificial reservoir; ii) have a power density greater than 10 W/m^2; or iii) have life cycle carbon intensity below 50 gCO_2e/kWh. Limak Renewable Energy has confirmed to Sustainalytics that all new hydropower projects will have an environmental and social impact assessment performed by a third party confirming that there are no significant risks or controversies involving the project.
    - Sustainalytics considers investments under this category to be aligned with market practice.
- Project Evaluation and Selection:
  - Limak Renewable Energy has established a Green Bond Committee that will be responsible for evaluating and selecting projects in line with the Framework's eligibility criteria. The committee consists of representatives from Limak Renewable Energy's Finance, Sustainability and Investor Relations teams. The committee will approve all allocation decisions under the Framework and will convene at least once a year.
  - The Company has internal policies and processes to identify and mitigate the environmental and social risks associated with the projects financed under the Framework. The committee is also responsible for monitoring that the eligible projects comply with internal ESG policies and applicable Turkish laws, standards and regulations. Sustainalytics considers this environmental and social risk management system to be adequate and aligned with the requirements of the GBP. For additional details, refer to Section 2.
  - Based on the established process for project evaluation and selection, and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Limak Renewable Energy's Finance team will be responsible for management of proceeds and will track their allocation using internal tracking and accounting systems. An amount equivalent to the net proceeds will be earmarked for allocation to eligible projects.
  - The Company intends to allocate all proceeds within 36 months of issuance. Pending full allocation, unallocated proceeds will be held temporarily in cash or cash equivalents and managed by the Finance team in accordance with the Company's treasury policy. Temporary investments in carbon-intensive assets or activities will be excluded.
  - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:

- Limak Renewable Energy will report on the allocation of proceeds and corresponding impacts on its website on an annual basis until full allocation, as well as in the event of material developments or changes to the allocation.
- Allocation reporting will include: i) the total amount of the eligible green portfolio; ii) the total amount of proceeds allocated to each project; iii) the balance of unallocated proceeds; iv) the share of new financing versus refinancing; and v) the geographic breakdown of eligible assets by country.
- Impact reporting may include metrics such as newly installed renewable energy capacity (in MW), estimated GHG emissions avoided (in tCO_2/year) and other metrics, supplemented by the methodology used in the reporting metrics.
- The Company may engage an external verifier to conduct a limited assurance review of the allocation of proceeds within one year of issuance and annually thereafter until full allocation, which will be published on the Company's website.
- Based on the commitments to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the Limak Renewable Energy Green Bond Framework aligns with the four core components of the GBP.

Section 2: Sustainability Strategy of Limak Renewable Energy

Contribution to Limak Renewable Energy's sustainability strategy

Limak Renewable Energy adheres to Limak Holding's groupwide sustainability strategy, which is built on three key pillars: "Social People", "Healthy Planet" and "Inclusive Development".[5] Most relevant to the green financing intended under the Framework, the "Healthy Planet" pillar focuses on: i) measuring and reporting environmental impact of group companies and setting sector-based targets; ii) developing and implementing environmentally friendly products and services; and iii) increasing the use of renewable energy sources, among other initiatives.[6] Discussion on the contribution of the Framework to this pillar is elaborated on below:

As part of Limak Holding's strategy to reduce its carbon footprint and contribute to global efforts to combat climate change, Limak Renewable Energy aims to increase the installed capacity of its renewable energy portfolio by 500 MW within the next three to five years, and add an additional 500 MW in the following five to 10 years.[7] As of September 2024, Limak Renewable Energy has a portfolio that includes five hydropower plants, four solar power plants and one geothermal plant. The Company's hydropower plants have a combined installed capacity of 850 MW,[8] while its solar plants consist of one 5 MW plant in the Gönen district of Isparta province, Türkiye; the 13 MW Apa GES solar power plant in the Çumra district of Konya province, Türkiye; and the 1.1 MW Buharkent hybrid solar power plant in the Buharkent district of Aydın province, Türkiye. Additionally, the Erzin facility in Hatay province, Türkiye, which is currently partially operational, has an installed capacity of 80 MW as of September 2024. It is projected to produce 269.5 million kWh of electricity in the first year and to reach a total capacity of 100 MW once fully operational.[9]

Sustainalytics is of the opinion that the Framework is aligned with Limak Holding and Limak Renewable Energy's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities. Nevertheless, Sustainalytics encourages Limak Renewable Energy to establish a clear timeline and detailed plan for achieving its targets and report on the progress as part of its annual reporting.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that proceeds from the instruments issued under the Framework will be directed towards eligible projects expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to: i) land use change and biodiversity issues associated with large-scale infrastructure development; ii) emissions, effluents and waste generated in construction; iii) community relations; and iv) occupational health and safety (OHS).

[5] Limak Holding, "Sustainability Report 2022", at: https://www.limak.com.tr/files/limak-2022-sustainability-report.pdf
[6] Ibid.
[7] Limak Renewable Energy has shared this information with Sustainalytics directly.
[8] The figure represents Limak Renewable Energy's share of the assets.
[9] Limak Renewable Energy has shared this information with Sustainalytics directly.

Sustainalytics is of the opinion that Limak Renewable Energy is able to manage or mitigate potential risks through implementation of the following:

- To address land use and biodiversity risks, the Company's Biodiversity Policy requires it to assess the biodiversity impacts in its areas of operation, develop action plans, adopt preventive measures to minimize effects on biodiversity in new projects and protect endangered and threatened species across all projects.[10] As part of its Health, Safety and Environment (HSE) Management Plan, Limak Renewable Energy conducts environmental impact assessments (EIA) for all development projects and implements measures to protect terrestrial and aquatic ecosystems during construction and operation. The process aims to comply with Turkish environmental regulations and international standards, including the Equator Principles[11] and the IFC Performance Standards.[12,13] Under Türkiye's EIA Regulation, hydroelectric project operators must obtain an "EIA positive" decision from the Turkish Ministry of Environment, Urbanization and Climate Change.[14,15] This includes submitting a detailed EIA report, holding public consultations with affected stakeholders and coordinating with relevant authorities to mitigate biodiversity losses and environmental damages.[16]
- To manage risks associated with emissions, effluents and waste in construction, Limak Renewable Energy follows ISO 14001, which requires addressing issues related to waste management, air and water pollution.[17,18] The Company's Environmental Policy pledges a zero-waste management strategy, including introducing measures related to pollution prevention and the reduction of water consumption.[19] The Company aims to complete zero-waste studies across all divisions by 2026 and obtain zero-waste certifications for its locations, where feasible and in compliance with Turkish legislation and requirements of the Turkish Ministry of Environment, Urbanization and Climate Change.[20] Under its HSE Management Plan, Limak Renewable Energy follows the waste hierarchy to minimize waste generation during construction and operation phases and has a waste management plan approved by the Directorate of Environment, Urbanization and Climate Change for all hydroelectric and solar power plants.[21] Other measures include: i) training employees on waste reduction practices; ii) identifying methods to reduce waste per worker at construction sites; iii) limiting single-use plastics and increasing waste recycling; iv) employing best available technologies to protect freshwater resources with a particular focus on water stress areas; and v) implementing the guidelines of the World Bank and other international organizations for the end-of-life management and decommissioning of solar panels.[22,23]
- Regarding community relations risks, the Company's Stakeholder Involvement, Suggestion and Complaint Policy promotes transparent engagement with all affected parties, ensures representation of vulnerable and minority groups in stakeholder dialogue and commits to disclosing the potential negative or positive impacts of projects on communities.[24] As part of its Environmental and Social Impact Assessment (ESIA) process, the Company implements stakeholder management plans for each project location, providing a platform for affected individuals to voice their concerns at all project stages.[25] Additionally, the Company has a grievance mechanism for local communities, providing complaint forms at the construction site office and holding face-to-face meetings with community residents and local government officials to understand their expectations and address stakeholder concerns.[26]
- To mitigate occupational health and safety risks, Limak Renewable Energy's OHS policy establishes guidelines to protect the health and well-being of employees, subcontractors and suppliers, with objectives of "zero occupational accidents" and "zero occupational illnesses".[27]

[10] Limak Renewable Energy, "Biodiversity Policy", at: https://www.limakrenewableenergy.com/files/Biodiversity%20Policy.pdf
[11] Equator Principles, "Equator Principles EP4", (2020), at: https://equator-principles.com/app/uploads/The-Equator-Principles_EP4_July2020.pdf
[12] IFC, "Performance Standards", at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards
[13] Limak Renewable Energy shared its Health, Safety and Environment Management Plan with Sustainalytics confidentially.
[14] CEE Legal Matters, "New Environmental Impact Assessment Regulation Entered into Force in Turkey", (2022), at: https://ceelegalmatters.com/turkey/20968-new-environmental-impact-assessment-regulation-entered-into-force-in-turkey
[15] Turkish Official Gazette, "Environmental Impact Assessment Regulation", (2022), at: https://www.resmigazete.gov.tr/eskiler/2022/07/20220729-2.htm
[16] Ibid.
[17] Limak Holding, "Sustainability Report", (2022), at: https://www.limak.com.tr/files/limak-2022-sustainability-report.pdf
[18] International Organization for Standardization, "Introduction to ISO 14001:2015", at: https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100371.pdf
[19] Limak Renewable Energy, "Environmental Policy", at: https://www.limakrenewableenergy.com/files/Enviromental%20Policy.pdf
[20] Limak Holding, "Sustainability Report", (2022), at: https://www.limak.com.tr/files/limak-2022-sustainability-report.pdf
[21] Limak Renewable Energy shared its Health, Safety and Environment Management Plan with Sustainalytics confidentially.
[22] Ibid.
[23] Limak Holding, "Sustainability Report", (2022), at: https://www.limak.com.tr/files/limak-2022-sustainability-report.pdf
[24] Limak Renewable Energy, "Stakeholder Involvement, Suggestion and Complaint Policy", at: https://www.limakrenewableenergy.com/files/Stakeholder%20Involvement%20Suggestion%20and%20Complaint%20Policy.pdf
[25] Limak Renewable Energy shared its Health, Safety and Environment Management Plan with Sustainalytics confidentially.
[26] Ibid.
[27] Limak Renewable Energy, "Policy on Occupational Health and Safety", at: https://www.limakrenewableenergy.com/files/Occupational%20Health%20and%20Safety%20Policy.pdf

The Company's HSE Management Plan includes measures to identify and manage risks during the construction and operation phases through OHS risk assessments, root-cause analyses and employee training, in line with ISO 45001.[28,29] Additionally, the HSE Management Plan sets safety rules and procedures for specific activities, including: i) working at heights and below ground; ii) mobile work platforms; iii) electrical works; iv) scaffolding; v) confined spaces; vi) hazardous substances handling; vii) fire prevention; viii) lifting and loading works; and ix) hot works, flame cutting and welding.[30]

In addition, Sustainalytics' research identified significant controversies related to deforestation and local community displacement involving subsidiaries of Limak Holding, the parent company of Limak Renewable Energy, particularly related to the Yusufeli dam construction[31] by Limak Construction and coal mining activities of YK Energy[32] in the Akbelen forest.[33,34,35] Sustainalytics notes that these subsidiaries and Limak Renewable Energy share management under Limak Holding, and Limak Renewable Energy has confirmed that it operates separately from YK Energy. Sustainalytics further notes that Limak Construction holds an 87.81% share in Limak Yatırım Enerji Üretim, İşletme Hizmetleri ve İnşaat A.Ş., which in turn holds a 100% share of Limak Renewable Energy.[36]

Sustainalytics notes that the controversies described above are not directly linked to the assets and projects to be financed under the Framework and that Limak Renewable Energy has implemented measures to mitigate potential environmental and social risks associated with its hydropower and solar projects. These measurements include the Company's HSE Management Plan and biodiversity management plan, as well as its addressing of local community concerns through grievance mechanisms and face-to-face interactions. Furthermore, the Company has communicated to Sustainalytics that if issues related to community displacement or habitat loss arise during the projects' EIA or ESIA stages, Limak Renewable Energy will consider alternative project designs or relocation options to minimize impacts.[37]

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

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of investments in renewable energy in Türkiye

Türkiye's total GHG emissions amounted to 564,4 $MtCO_2e$[38] in 2021, increasing 7.7% against the previous year's figures and 157.1% since 1990.[39] The energy sector accounted for 71.3% of the country's non-land use GHG emissions in 2021.[40] In the energy sector, renewable energy[41] met approximately 14% of final energy consumption in 2022.[42] In the same year, the share of electricity generated from renewables in Türkiye was 41.9%.[43] According to the Climate Action Tracker, Türkiye would need to phase out coal-fired power generation by 2030, increase the share of renewable electricity in its generation capacity to 80% by 2030 and fully decarbonize its electricity generation by 2050 to achieve its climate targets.[44] Additionally,

[28] ISO, "ISO 45001:2018 – Occupational health and safety management systems", at: https://www.iso.org/standard/63787.html
[29] Limak Renewable Energy shared its Health, Safety and Environment Management Plan with Sustainalytics confidentially.
[30] Ibid.
[31] Glinski, S. (2023), "Turkey's Dams Bring Power and Heartbreak", at: https://foreignpolicy.com/2023/04/09/turkey-dams-energy-renewable-hydroelectric-yusufeli-cultural-heritage/
[32] YK Energy has been jointly owned by Limak Holding and IC Ictas since 2014.
[33] YK Energy reportedly cleared large areas of the forest in 2023 to expand a coal mine that supplies the Yeniköy power station, prompting protests from local communities due to substantial environmental and social impacts, at: https://www.business-humanrights.org/en/latest-news/turkey-183-acre-forest-cleared-for-coal-extraction-project-environmentalists-detained/
[34] Stockholm Center for Freedom, "WWF removes pro-gov't holding chair from board over demolition of trees in Akbelen Forest", (2023), at: https://stockholmcf.org/wwf-removes-pro-govt-holding-chair-from-board-over-demolition-of-trees-in-akbelen-forest/
[35] Geybullayeva, A. (2023), "These women are fighting back on the continued destruction of Turkey's Akbelen forest", Global Voices, at: https://globalvoices.org/2023/08/03/these-women-are-fighting-back-on-the-continued-destruction-of-turkeys-akbelen-forest/
[36] Limak Renewable Energy shared its shareholding structure with Sustainalytics directly.
[37] Limak Renewable Energy shared confidentially with Sustainalytics the ESIA reports for two projects being considered for financing under the Framework, namely the Incir and Pervari hydroelectric power plants.
[38] The total GHG emissions exclude emissions associated with land use, land use change and forestry.
[39] Turkish Statistical Institute, "Turkish Greenhouse Gas Inventory1990-2021", (2023), at: https://enerji.gov.tr/Media/Dizin/EVCED/tr/%C3%87evreVe%C4%B0klim/%C4%B0klimDe%C4%9Fi%C5%9Fikli%C4%9Fi/UlusalSeraGaz%C4%B1EmisyonEnvanteri/Belgeler/Ek-1.pdf
[40] Ibid.
[41] Meaning renewable energy sources that exclude traditional uses of biomass, such as burning collected wood.
[42] IEA, "Türkiye", at: https://www.iea.org/countries/turkiye/renewables
[43] IEA, "Türkiye", at: https://www.iea.org/countries/turkiye/renewables
[44] Climate Action Tracker, "Scaling up climate action: Türkiye", (2019), at: https://climateactiontracker.org/documents/672/CAT_2019-11-29_ScalingUp_TÜRKIYE_FullReport_ENG.pdf

Türkiye is estimated to require between USD 5.3 billion and USD 7 billion in investments annually until 2030 to finance its energy transition.[45]

In 2021, Türkiye committed to achieving nationwide net zero GHG emissions by 2053[46] and updated its National Determined Contribution in 2023,[47] setting a target to limit GHG emissions, including land use, land use change and forestry to 41% of the business-as-usual scenario by 2030.[48] Türkiye's 2022-2035 National Energy Plan[49] includes renewable energy targets of achieving 52.9 GW and 35.1 GW in solar and hydroelectric power, respectively, by 2035.[50] In 2023, the Turkish government announced an investment of USD 10 billion in its electricity grid as part of its 2024-2030 energy efficiency plans, which also include a target of reducing 100 million tonnes of carbon emissions by 2030.[51]

Based on the above, Sustainalytics is of the opinion that Limak Renewable Energy's investments in hydropower and solar energy projects will facilitate domestic renewable energy generation and contribute to Türkiye's climate-related goals.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the Limak Renewable Energy Green Bond Framework are expected to advance the following SDG and target:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Conclusion

Limak Renewable Energy has developed the Limak Renewable Energy Green Bond Framework under which it may issue green bonds and sukuks, and use the proceeds to finance or refinance solar power and hydroelectric power plants in Türkiye and other countries in Europe. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Framework outlines processes for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Limak Renewable Energy Green Bond Framework is aligned with Limak Renewable Energy's sustainability strategy and that the use of proceeds will contribute to the advancement of the UN Sustainable Development Goal 7. Additionally, Sustainalytics considers that Limak Renewable Energy has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that Limak Renewable Energy is well positioned to issue green bonds and sukuks, and that the Limak Renewable Energy Green Bond Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

[45] Shura, "Financing the Energy Transition in Türkiye", (2019), at: https://www.shura.org.tr/wp-content/uploads/2019/10/Financing_the_Energy_Transition_in_Türkiye_Executive_Summary.pdf?_ga=2.198476841.762103424.1667371630-1005410882.1667282016
[46] UNDP, "UNDP supports Türkiye in charting a course to net zero by 2053", (2021), at: https://www.undp.org/turkiye/press-releases/undp-supports-Türkiye-charting-course-net-zero-2053
[47] UNFCCC, "Republic of Türkiye Updated First Nationally Determined Contribution", at: https://unfccc.int/sites/default/files/NDC/2023-04/T%C3%9CRK%C4%B0YE_UPDATED%201st%20NDC_EN.pdf
[48] Climate Action Tracker, "Türkiye", (2023), at: https://climateactiontracker.org/countries/Türkiye/targets/
[49] Government of Türkiye, Ministry of Foreign Affairs, "Türkiye's International Energy Strategy", at: https://www.mfa.gov.tr/Türkiyes-energy-strategy.en.mfa
[50] Government of Türkiye: Ministry of Energy and Natural Resources, "Türkiye National Energy Plan", (2022), at: https://enerji.gov.tr/Media/Dizin/EIGM/tr/Raporlar/TUEP/T%C3%BCrkiye_National_Energy_Plan.pdf
[51] Government of Türkiye: Ministry of Energy and Natural Resources, "Türkiye's reliance on imported energy resources declines in 2022: Energy Minister", (2023), at: https://enerji.gov.tr/news-detail?id=21219

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