

Osmangazi Elektrik Dağıtım A.Ş. (OEDAS) New Investments and Existing Operations

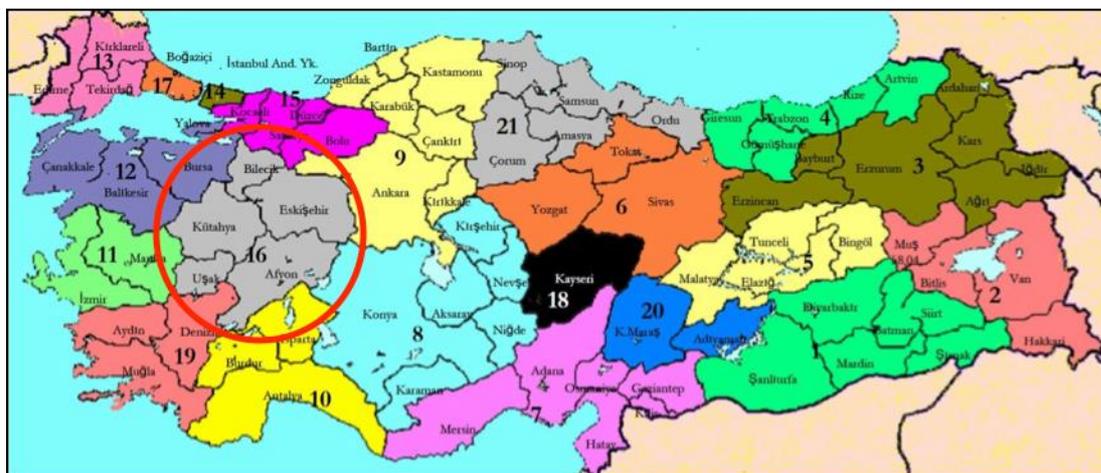
Non-Technical Summary



October 2021

1 Who is OEDAS?

OEDAS is an electricity distribution company with exclusive distribution rights in the provinces of Eskisehir, Afyon, Usak, Kutahya and Bilecik (known as OEDAS region). OEDAS presently delivers 24-hour uninterrupted energy distribution services in OEDAS region (No: 16 within red circle in map below) to approximately 1.9 million subscribers serving a population of 2.79 million in 125 towns and 1457 villages, within 59 districts within a surface area of 49,344 km² through an operating distribution network of 50,787 km.



Electricity Distribution Regions in Turkey - OEDAS Region (No: 16 within red circle)

Prior to the establishment of OEDAS in March 2005, the Company was a government owned institution (as part of TEDAŞ – Turkish Electricity Distribution Inc.) engaged in electricity distribution operations in Eskisehir, Afyon, Usak, Kutahya and Bilecik from 1994. OEDAS was privatized in 2010 following a tendering process which was awarded to Eti Gümüş, a subsidiary of Yıldızlar SSS Holding. In January 2013, the Company divided into two separate entities OEDAS and OEPSAŞ as per the regulatory requirement. The same year in August, Energy Market Regulatory Authority (EMRA or Trustee) took over OEDAS due to Yıldızlar SSS Holding’s failure to fulfil service obligations.

As of February 2017, Zorlu Osmangazi Energy, a subsidiary of Zorlu Energy fully owns and operates OEDAS serving to the 16th region (i.e. Eskisehir, Afyon, Usak, Kutahya and Bilecik) among the total 21 electrical distribution regions in Turkey.

2 What are the planned investments by OEDAS?

The planned investments by OEDAS for 2021-2025 period are classified as capacity increase investments, grid renewal investments, and lighting investments. The investment elements for 2021-2025 period are shown in the table below:

Investment elements for 2021-2025 period

Elements	2021	2022	2023	2024	2025	Total
Capacity of transformers (kVA)	298,654	317,452	337,479	357,276	377,431	1,688,293
Air Transmission Lines (km)	893.43	942.93	995.67	1,047.73	1,100.65	4,980.42
Aerial Line (km)	694	725	755	788	820	3,782.00
Cable (km)	1905	1931	1956	1983	2010	9,785.00

The total investment approved by EPDK is 3.174 billion TL for 2021-2025 period as given in the table below:

Budget for 2021-2025 period

Investment Characteristics	Budget
Network Investments	2,600,685,180 TL
Legally Required Investments	412,252,900 TL
Network Operation System Investments	130,034,260 TL
R&D Dissemination Investments	5,183,670 TL
Items of Investment Characteristics	26,006,850 TL
Total	3,174,162,865 TL

3 Project Financing

Financing will be provided to OEDAS by a group of lenders including:

- The European Bank for Reconstruction and Development (the “EBRD”),
- International Finance Corporation (IFC),
- Entrepreneurial Development Bank (FMO),
- Asian Infrastructure Investment Bank (AIIB), and
- Denizbank.

The transaction is a follow-up transaction to a loan provided in 2018 by the EBRD, IFC, FMO and Denizbank, and is part of an up to USD [250] million financings in TRY for the investments covering the period 2021- 2023 (i.e., OEDAS expansion plan - the Project).

The Financing will support the expansion of the network in all of the operations in the five provinces capacity and replacement, upgrade, and modernization of the existing network, which is expected to help to reduce distribution losses and to improve efficiency and reliability of supply further.

4 What environmental and social studies have been undertaken?

An Environmental and Social Assessment (E&S Assessment) was conducted by ACE Consulting and Engineering Inc. (“ACE”) for the Project. The objective of the E&S Assessment was to identify and assess the potentially significant existing and Project-related environmental and social impacts and risks.

The Project has been designated as a category “B” project in accordance with the EBRD Environmental and Social Policy (ESP) (2019) and IFC’s Policy on Environmental and Social Sustainability (2012), as the potential E&S impacts associated with the project and existing operations are assessed to be limited and can be readily addressed and managed through the implementation of the Environmental and Social Action Plan (ESAP).

5 What is the purpose of this document?

This Non-Technical Summary (NTS) document provides an overview of the proposed Project and presents a summary of relevant potential environmental and social issues and impacts related to the Project. Appropriate measures to mitigate key adverse environmental and social impacts that may arise in relation to the Project are also provided.

6 Scope of ESA work

The scope of work for the E&S Assessment comprised of identification of existing and Project-related environmental and social impacts and risks, and undertaking of a review regarding E&S management and practices within the Company.

The E&S assessment was conducted by a team of experts specializing in environmental, health and safety, social and labor. The E&S Assessment included site visits to selected existing facilities, interviews with OEDAS staff, review of available environmental and social documents and an environmental and social management review and analysis for the Project and existing operations in relation to national regulatory requirements and relevant international standards. The site visits included the sites in existing operations in Eskisehir, Afyon, Usak, and existing and expansion operations in Bilecik and site conditions were assessed at the headquarters, main warehouses, operational centers, planned electrical distribution line route, and contractor work sites. Selected calls with/visits to mukhtars and affected landowners from previous land acquisitions were also undertaken by the social expert.

As part of the E&S Assessment; a detailed E&S Assessment Report, an Environmental and Social Action Plan and a Stakeholder Engagement Plan were prepared for the Project.

7 What are the key environmental and social impacts of the Project and what are the proposed mitigation measures?

The main improvement that will be provided by the Project will be the mitigation of issues related to electricity distribution in the OEDAS region, such as power scarcity, technical energy losses, etc. In addition, the investments will help cover the demands of new customers who will join the distribution system. On the other hand, in addition to its benefits, the Project could potentially result in some negative impacts on the environment and people, if not managed carefully. In addition, the ESA determined areas for improvement related to the existing operations. Therefore, OEDAS will be implementing certain actions (called “mitigation measures”) to prevent, reduce, or mitigate any potential negative impacts of the Project, including the existing electricity distribution operations.

A summary of key potential environmental and social impacts and mitigation measures are presented in Table 1 and Table 2 below.

Table 1. Potential EHS and Labor Impacts of The Project During the Construction and Operation Phase and Proposed Mitigation Measures

Impact Topic	Potential Impact / Source		Proposed Remedial Measures
	Source	Significance	
Management Systems	<ul style="list-style-type: none"> OEDAS and contractor operational E&S potential adverse impacts require dimension analysis procedure to define how E&S impacts to be assessed on a site-by-site basis within the scope of activities and future investments and identify mitigation measures to be implemented during the construction and operational activities. 	High	<ul style="list-style-type: none"> Development and implementation of an E&S dimension analysis procedure Inclusion into the contracts the requirement to prepare and implement a Construction Environmental and Social Management Plan (CESMP). Development of a formal ESMS and implement it throughout the five regions to cover operational site activities, contractors, and third-party management. Review of the existing Occupational Health and Safety Policies and revise them, if necessary, to cover the operational site activities of OEDAS. Preparation and implementation of necessary E&S management plans within the scope of the EHS management systems
Permit requirements	<ul style="list-style-type: none"> Construction and operational permits to be in compliance with regulatory requirements (i.e., workplace opening permits, temporary waste storage permits, etc.) 	High	<ul style="list-style-type: none"> Develop permit register Ensure all permits are in place and monitored for the renewal process
Air quality	<ul style="list-style-type: none"> Fluorinated Greenhouse Gases present in circuit breakers need to be managed in line with regulations Boiler's operations present for heating purposes 	Medium	<ul style="list-style-type: none"> Developed leak check monitoring program for SF6 circuit breakers. Annual loss/procurement quantity Leak check results Periodic air emissions monitoring
Noise and Vibration	<ul style="list-style-type: none"> No issue identified 		
Geology, Soils, and Groundwater	<ul style="list-style-type: none"> Adverse impact to soil and ground water quality from the management of hazardous chemicals during operations 	<ul style="list-style-type: none"> Low 	<ul style="list-style-type: none"> Activity Preliminary Information Form has been filled and submitted in line with the regulations. No visit has been implemented by authorities to date
Biodiversity	<ul style="list-style-type: none"> Biodiversity impacts from existing and future OEDAS investments as some of the ETL are located near or in the vicinity of sensitive biodiversity areas 	High	<ul style="list-style-type: none"> Biodiversity screening procedure, ecological risk assessment analysis, and records of high-level assessments to all existing and new sites/assets. Undertake baseline studies of investment projects

Impact Topic	Potential Impact / Source		Proposed Remedial Measures
	Source	Significance	
			<ul style="list-style-type: none"> Prepare a biodiversity action plan for critical habitat regions located within the Project area of all five OEDAS regions.
Surface and Wastewater	<ul style="list-style-type: none"> Domestic wastewater generation Surface water runoff from areas where hazardous materials are stored 	Low	<ul style="list-style-type: none"> Ensure wastewater discharge connection permits are obtained Ensure that hazardous materials are managed properly
Waste	<ul style="list-style-type: none"> Hazardous and nonhazardous waste material generated during construction and operations in all five provinces. 	High	<ul style="list-style-type: none"> Develop a waste management plan Ensure proper temporary waste storage conditions Engage with licensed waste transport and disposal facilities Implement regulatory requirements for reporting and planning
Hazardous Material	<ul style="list-style-type: none"> Hazardous materials are used in the operations including transformer oil, diesel oil, engine oil, paints, lubricants, and cleaning agents PCB presence in older transformers HCFC Gas presence Asbestos containing roofing material presence 	High	<ul style="list-style-type: none"> Asbestos survey conducted and removal activity undertaken Develop an inventory of transformers with PCB content and develop a relevant phase out plan for transformers, if necessary. Develop a replacement plan for changing the R-22 containing air conditioning units Develop an inventory of materials and chemicals used in all operations. Ensure that hazardous material handling procedures are handled per necessary regulatory requirements
Traffic	<ul style="list-style-type: none"> Traffic risks present due to construction activities near community presence as well as use of vehicles by OEDAS and contractors 	High	<ul style="list-style-type: none"> Develop and implement road safety policy, practices, and procedures
Cultural Heritage	<ul style="list-style-type: none"> The potential presence of cultural heritage artifacts identified during the new investment 	Low	<ul style="list-style-type: none"> Develop a chance find procedure to be implemented by OEDAS and the construction contractors.
Climate Change	<ul style="list-style-type: none"> Climate change in the region to potentially impact OEDAS operations 	Medium	<ul style="list-style-type: none"> Conduct climate change risk assessment for OEDAS operations
Employment	<ul style="list-style-type: none"> Creation of employment opportunities during the construction process Labor and working conditions 	Medium	<ul style="list-style-type: none"> Prepare and implement a labor-management plan and workers' engagement program in line with EBRD PR 2 requirements
Neighbouring facilities-community health and safety	<ul style="list-style-type: none"> Presence of facilities including transformers near residential/commercial areas Construction activities undertaken near residential/commercial areas 	High	<ul style="list-style-type: none"> Conduct electromagnetic field measurements at all operation sites and locations with the risk of public exposure. Include public safety issues in the risk assessment process.

Impact Topic	Potential Impact / Source		Proposed Remedial Measures
	Source	Significance	
			<ul style="list-style-type: none"> Undertaken necessary safety precautions during construction activities to ensure public safety (including community safety awareness training)
Workers Health and Safety Risk Assessment	<ul style="list-style-type: none"> OEDAS operations are categorized as 'very dangerous. Nature of OEDAS and contractor activities represent a high risk to worker health and safety 	High	<ul style="list-style-type: none"> Implement occupational health and safety (OHS) practices to guide all Project-related activities during construction and operation. Actions to include development of risk assessments
Accident reporting system and Key Performance Indicator	<ul style="list-style-type: none"> Need for safety key performance indicator (KPI) monitoring and improvement system in place, including tracking of incidents 	High	<ul style="list-style-type: none"> Development and implementation of KPI system
Construction Equipment Usage	<ul style="list-style-type: none"> Ladders, lifting vehicles, telescopic platforms and frequently used by employees, sub-contractors during network maintenance operations. 	High	<ul style="list-style-type: none"> Regulatory periodic test records are retained by the owners.
Working conditions	<ul style="list-style-type: none"> Risks due to noise, vibration, illumination, thermal comfort, and air quality measurements create risks in the work environment and Covid 19 pandemic conditions 	High	<ul style="list-style-type: none"> Conduct noise, vibration, illumination, thermal comfort measurements for the construction process. Ensure COVID-19 transmission mitigation measures are taken. Developing a work permit system for non-routine tasks.
Emergency Planning	<ul style="list-style-type: none"> Risks exist for fire and explosion, work injury accidents, natural disasters (earthquakes) sabotage and terror, flood, chemical spill, food poison, traffic accidents and evacuation and COVID-19 	High	<ul style="list-style-type: none"> Develop and maintain emergency preparedness and response action plan and emergency risk assessment procedure
Human Resource Policies and Working Relationships	<ul style="list-style-type: none"> Risks due to inadequate implementation of HR procedure and policy information dissemination 	Medium	<ul style="list-style-type: none"> Develop Company Code of Labor Practices to ensure that policies and procedures comply with national legislation, EBRD and IFC requirements; and communicate Company Code of Labor Practices to all its employees.
Wages, benefits, and conditions of work and accommodations	<ul style="list-style-type: none"> Noncompliance of workers work schedule with the Turkish Labor Laws and ILO Conventions 	Medium	<ul style="list-style-type: none"> Work plan should be done considering working hours should not exceed national legislation limits. Paid leaves should be granted to the workers accrued from the previous years in accordance with local law.

Impact Topic	Potential Impact / Source		Proposed Remedial Measures
	Source	Significance	
Grievance Mechanism	<ul style="list-style-type: none"> Lack of awareness in grievance mechanism and its use by direct and contracted workers 	High	<ul style="list-style-type: none"> Continue implementing the existing Grievance Regulation for permanent and subcontracted employees and provide them information on channels for internal communication and raising grievances Enhance the grievance mechanism to manage anonymous grievances. Provide training on awareness-raising of the company's grievance mechanism and employee representation system to all employees in the company.
Contractor Management	<ul style="list-style-type: none"> Risks due to inadequate contractor management / insufficient control mechanisms 	High	<ul style="list-style-type: none"> Enhance the existing Contractor Management Procedure to ensure that the performance of the contractors is managed and monitored according to the requirements of PR2/PS2
Land acquisition and economic displacement	Landowners and users: Lack of access to information, loss of land and crops, loss of income	Medium	<ul style="list-style-type: none"> Land Acquisition Procedure Negotiated settlement and compensations Information disclosure and engagement activities; especially in an inclusive way for vulnerable groups
Stakeholder and Information Disclosure	<ul style="list-style-type: none"> Affected communities NGOs Local authorities and regulative agencies Internal stakeholders, employees: Lack of access to information, lack of access to a grievance mechanism 	High	<ul style="list-style-type: none"> Revision of stakeholder engagement plan Implementation of the revised stakeholder engagement plan
Gender-Based Violence	<ul style="list-style-type: none"> Affected communities Clients: mistreatment, harassments 	Low	<ul style="list-style-type: none"> Complaints management procedure Grievance Mechanism Code of Conduct Training of employees and contractors, contractor management through contract commitments Awareness-raising on prevention through social media

Table 2. Potential Social Impacts of The Project During Construction and Operation Phase and Proposed Mitigation Measures

Location	Purpose of Activity / Construction	Current Status	Potential Social Impacts	Mitigation Measures for the Construction Phase	Operation Phase
Investment areas-rural or land-based areas	Land acquisition	On-going	<ul style="list-style-type: none"> • Lack of information disclosure and engagement • Missing out vulnerable groups and informal users 	<ul style="list-style-type: none"> • Implementation of Land Acquisition Procedure • Carrying out information disclosure activities • Provision of information disclosure documents especially for reach out to vulnerable groups 	<ul style="list-style-type: none"> • Grievance Mechanism • Prioritization of mukhtars for call center contact
Investment areas-rural or land-based areas	Land acquisition	On-going	<ul style="list-style-type: none"> • Loss of land and income 	<ul style="list-style-type: none"> • Implementation of Land Acquisition Procedure • Provision of compensation for losses • Grievance Mechanism 	<ul style="list-style-type: none"> • Grievance Mechanism •
Investment areas-rural or land-based areas	Construction activities	Planned to start	<ul style="list-style-type: none"> • Damages to crops, agricultural products 	<ul style="list-style-type: none"> • Training of contractors • Mitigation measures such as skipping harvesting season • Compensation of damages • Grievance Mechanism 	N/A
Investment areas-rural or land-based areas	Construction activities	Planned to start	<ul style="list-style-type: none"> • Damages to irrigation channels, utilities. 	<ul style="list-style-type: none"> • Liaison with authorities to prevent damages • Grievance Mechanism 	N/A
Clients, users	Distribution services (maintenance and repair, engagement, and grievance management activities)	Will be on-going during operations	<ul style="list-style-type: none"> • Complaints on cuts, maintenance, and services • Lack of access to information 	<ul style="list-style-type: none"> • Grievance management • Stakeholder Engagement Program 	<ul style="list-style-type: none"> • Grievance management • Stakeholder Engagement Program
Stakeholders	Stakeholder Engagement Plan Implementation	Will be on-going during construction and operations	<ul style="list-style-type: none"> • Lack of access to information 	<ul style="list-style-type: none"> • Stakeholder engagement activities • Website and social media posts 	<ul style="list-style-type: none"> • Stakeholder engagement activities • Website and social media posts

8 What is OEDAS' approach to stakeholder engagement?

OEDAS considers stakeholder engagement (including dialogue, consultation and the disclosure of information) to be a key element of project planning, development and implementation and committed to a transparent and respectful dialogue with stakeholders. OEDAS has developed a Stakeholder Engagement Plan which provides details of the approach to stakeholder engagement and their planned meetings and commitments.

9 How will OEDAS communicate and engage with stakeholder?

A Stakeholder Engagement Plan is in place to ensure that there is regular ongoing engagement with the community, local government and organisations and to inform stakeholders about the plans and developments on an ongoing basis and to gather any complaints or feedback. A Stakeholder Engagement Register records all OEDAS interactions with stakeholders.

10 How can stakeholders make a complaint or make an inquiry?

OEDAS established a Grievance Mechanism which provide a process for all people to raise any complaints and grievances, and allows the project to respond to and resolve the issues in an appropriate manner.

Requests, questions, feedback and complaints can be raised through the contact details provided below.

The contact details for submitting grievances to OEDAS and contacting its units are provided below:

OEDAS "Osmangazi Elektrik Dağıtım A.Ş."
BÜYÜKDERE MAHALLESİ ATATÜRK BULVARI NO:239/A
ODUNPAZARI / ESKİŞEHİR

E-mail: info@oedas.com.tr

Telephone (Customer Care Department and other departments listed above):

+90 222 211 60 00

Telephone (Customer Call Center): 'ALO 186'

Fax: +90 222 230 15 53

Website: <http://www.osmangaziedas.com.tr>