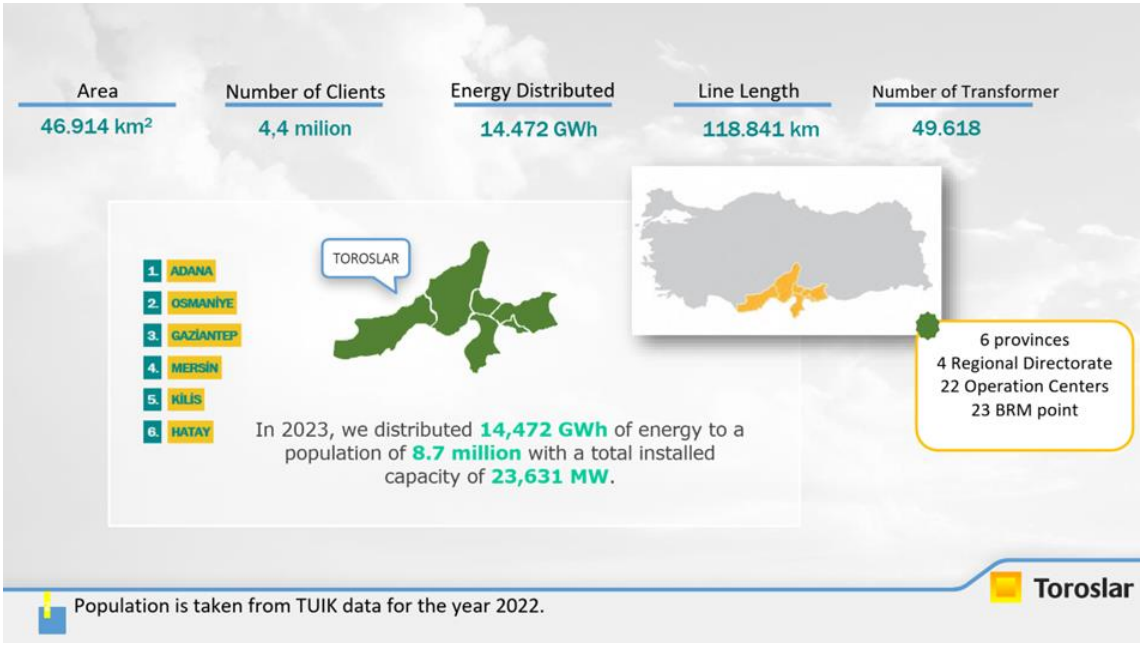
Enerjisa Enerji
Toroslar Elektrik Dağıtım A.Ş.
New Investments and Existing Operations

Non-Technical Summary

January 2024

1 Who is Enerjisa Toroslar Elektrik Dağıtım A.Ş.?

Enerjisa is a prominent company in Türkiye's electricity industry, specializing in electricity distribution, retail sales, and customer solutions. The network consists of 10,500 employees serving a population of 22.1 million and 10.6 million customers across fourteen provinces in three distribution regions. Enerjisa is the largest electricity distribution and retail sales company in a regulated sector in Türkiye; Enerjisa Enerji operates in several regions, including the capital city of Ankara, the densely populated Anatolian side of Istanbul, and major commercial and industrial cities like Adana, Gaziantep, and Mersin. The Toroslar region covers the provinces of Adana, Gaziantep, Mersin, Hatay, Osmaniye, and Kilis. Distribution and energy retail services in the Toroslar region are provided by Toroslar Elektrik Dağıtım A.Ş. (Toroslar EDAŞ)



Electricity Distribution Information for Toroslar EDAS Region

Toroslar EDAS, distributes and gives access to electricity to 8.5 million people with a 147,262 km distribution line, covering a population of 8.5 million corresponding to more than ten percent of the total population in Turkey (10.6% 9.1% market share of total consumed electricity in Turkey as of YE2022).

2 What are the planned investments?

Within the investment program for electricity distribution services, the area of activity of Enerjisa includes the construction of new distribution facilities, conducting capacity increases, construction of additional facilities for the existing network, conducting maintenance and repair services, evaluation of connection applications, providing service through executing network connection agreements with the consumers, reading the indexes from the consumer meters, conducting lighting works, conducting replacement and calibration works for the meters, tackling with the technical and non-technical losses, conducting services for minimizing the electrical failures, the duration and number of power cuts and ensuring the continuity of electricity supply.

Turkey is located on the highly seismically active Anatolian plate, where major earthquakes have occurred throughout history. In Türkiye, twenty earthquakes with a magnitude of over seven have occurred since 1900. This brings Türkiye to the top of the countries damaged by earthquakes. 269 earthquakes that caused

loss of life or damage occurred in Türkiye between 1900 and 2023. The biggest earthquakes in terms of loss of life and heavy damage are the 2023 Kahramanmaraş, 1939 Erzincan, and 1999 Gölcük-centered Marmara Earthquakes, respectively.

Two earthquakes of magnitude Mw7.7 (focal depth=8.6km) and Mw7.6 (focal depth=7km) occurred on February 6, 2023, at 04:17 and 13:24 Türkiye time, with epicentres in Kahramanmaraş Pazarcık and Elbistan districts. On February 20, 2023, at 20:04 Türkiye time, an earthquake of Mw6.4 magnitude occurred with the epicentre in Hatay Yayladağı. These earthquakes caused great destruction in eleven provinces in total. These earthquakes are unprecedented disasters in recent history regarding intensity and area covered. The expansion strategy includes modernization and reconstruction investments for the electricity network in the Toros region, which was affected by the destructive earthquakes on 6 February 2023.

3 Project Financing

The European Bank for Reconstruction and Development (the "EBRD" or the "Bank") has a well-established relationship with Enerjisa through previous projects approved including:

- Enerjisa Enerji Bond - EUR 6.3m (OpID 49201)
- Project Agera – EUR 83.2m (OpID: 50776)
- Enerjisa Green Loan – EUR 94.0 m (OpID: 52972)
- Project Nera – EUR 101.2 m (OpID: 53827)

The EBRD will be providing additional loans up to USD 75 million, a 5-year senior unsecured term loan in TRY (the "Loan," the "Financing") to Enerjisa (the "Company," "the "Client"). The proceeds of the Loan will be used to finance the expansion of Enerjisa's business lines established through its subsidiary Toroslar EDAS. The expansion strategy includes modernization and reconstruction investments for the electricity network in the Toros region, which was affected by the destructive earthquakes on 6 February 2023.

4 What environmental and social studies have been undertaken?

The Company has an existing corporate Environmental and Social Action Plan (ESAP) and is implementing it in line with EBRD and best practices. In 2022, additional actions were included in the updated ESAP focusing on the distribution companies, along with measures to strengthen their contractor management practices by integrating social requirements into (sub)contractor management on labor and working conditions, Gender Based Violence and Harassment (GBVH) and worker and community safety risks in line with the 2019 Environmental Social Policies/Performance Requirements (ESP/PRs).

ACE Consulting and Engineering Inc. ("ACE") was engaged to carry out a specific environmental and social assessment with a specific focus on labor and health and safety risks of the electricity distribution operations as part of the new Project in line with the Bank PRs and monitoring of implementation of existing ESAP and loan commitments at the corporate and its subsidiary (Toroslar EDAS) level

The Project has been designated as a category "B" project in accordance with the EBRD Environmental and Social Policy (ESP) (2019) 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 assessment included a detailed labor and health and safety compliance review on the Toroslar EDAS and its contractors, which were involved in project implementation with the aim:

- To understand the human resources and health and safety policies, practices, and management systems that apply at the Toroslar EDAS and its sub-contractors,
- To identify any business and/or regulatory drivers that may have led or are anticipated to lead to organizational change which will impact the Project workforce of the Toroslar EDAS,
- To establish the capacity of the Toroslar and its contractors to comply with EBRD's requirements on labor and OHS standards as per PR 2 and PR 4.
- To assess ongoing and potential legal, operational, and reputational risks associated with Toroslar and its contractors that will be involved in project implementation in labor and OHS standards and human resource management, including complaints, disputes, and industrial conflict,
- To assess the health and safety risks to workers and communities due to the activities and operations of Toroslar EDAS and their direct contractors,
- To determine any measures that are required to bring the Client's and or Toroslar EDAS management of human resources into line with EBRD PR2 and health and safety in line with EBRD PR 4, and the time frame for such corrective measures,
- To assess the impact of the earthquake on Toroslar workers and operations and assess the company's capacity to address those risks and impacts.
- To advise on the prioritization of identified corrective measures.

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 Toroslar 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. .

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 Toroslar 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, Enerjisa Enerji 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	• Enerjisa Enerji and Toroslar and contractor operational E&S potential adverse impacts require
	  • continued implementation of an Environmental and Social (E&S) Aspect and Impact Analysis Procedure, ensure all projects are screened/categorised and E&S impacts are assessed on a site-by-site basis
	  • identification of mitigation measures to be implemented during the construction and operational activities including establishment of EV charge stations and roof top PV solars.
	• Need a robust Solar Supply Chain Management System to identify, manage and remediate solar supply chain risks associated with labour exploitation, as well as any other significant environmental and human rights risks and impacts.
		High	• E&S Aspect and Impact Analysis Procedure to be implemented for all new projects onwards including EV charge stations and solar panel installation works
			• Maintain Environmental Management System (ISO 14001) and Occupational Health and Safety Management System (ISO 45001)) and Energy Management System (ISO 50001) certifications to cover all operational sites including Electricity Distribution Companies (EDCs), EMC and Esarj.
			• Implement social management system and integrate "social KPIs" into the management and monitoring of all contractors in line with the PRs.
			• Deliver a training programme on social requirements and train all employees in line with Bank requirements at all operations including EMC and Esarj.
			• Updated Supply chain policy and supplier code of conduct to be disclosed at the company website
			• Implement the developed Supply chain Management Plan

Natural Hazards	• Earthquake, Fire and Climate Change risks potential impacts on operations	High	• Improve Building Safety at all Enerjisa Enerji Buildings including EMC
			• Develop a standalone document considering all of the necessary impacts, mitigation measures that were developed following the earthquake and be used as a guideline for present and future risks that may occur
			• Develop a procedure to identify social risks and impacts of all activities, goods, and services including the methodologies for assessing social risks and impacts.
			• Revise the Environmental and Health and Safety Impact & Risk assessment procedure to include
			  • Climate change OHS risks
			  • Biodiversity risk
			  • Potential risks to third parties

Impact Topic	Potential Impact/Source		Proposed Remedial Measures
	Source	Significance	
			• Conduct a detailed climate change environmental and OHS (Occupational Health and Safety) risk assessment study for all operations of Enerjisa Enerji • Develop an Incident Command System (ICS) as to be a good practice to be standardized approach to managing all kind of emergency incidents • Develop Incident Management Team (IMT) under Incident Command System (ICS)
Permit requirements	• Construction and operational permits to be in compliance with regulatory requirements (i.e., workplace opening permits, temporary waste • Storage permits, etc.)	Low	• Develop permit register • Ensure all permits are in place and monitored for the renewal process
Air quality	• Fluorinated Greenhouse Gases present in circuit breakers need to be managed in line with regulations • Asbestos presence in the air environment	Medium	• Ensure full compliance with the "Regulation on Fluorinated Greenhouse Gases" is achieved. • Report Greenhouse Gas (GHG) emissions for electricity distribution activities to the EBRD as part of annual environmental and social reports. • Ensure mitigations are applied at all worksites to address risks associated with asbestos by providing adequate training and personal protection equipment.
Noise and Vibration	• No issue identified		
Geology, Soils, and Groundwater	• Adverse impact to soil and ground water quality • from the management of hazardous chemicals during operations	Low	• Implement the waste management plan • Ensure that hazardous material handling procedures are handled per necessary regulatory requirements
Biodiversity	• Biodiversity impacts from existing and future	High	• Develop and implement a biodiversity policy in alignment with PR6 and publish it on the website • Conduct ecological risk assessments for all future construction/maintenance works primarily in close proximity of protected areas and at all construction sites • Develop and implement a specific Biodiversity Management Plan (BMP) for Toroslar in line with the existing baseline and the Biodiversity Action Plan (BAP); these plans will cover both i) the recommendations for existing infrastructure based on the recommendations of the independent consultant, ii) the measures identified for new infrastructure.

Impact Topic	Potential Impact/Source		Proposed Remedial Measures
	Source	**Significance**	
Surface and Wastewater	• Domestic wastewater generation • Surface water runoff from areas where hazardous materials are stored	Low	• Ensure wastewater discharge connection permits are obtained • Ensure that hazardous materials are managed properly • Continue to implement a dedicated storm water management procedure taking into account the areas with contaminated runoff (such as car parks) and methods to prevent potential contaminated runoff into the receiving environment.
Waste	• Hazardous and nonhazardous waste material generated during construction and operations in all provinces.	Medium	• Implement the 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	• 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	Medium	• Continue implementing the maintenance programme for oil type transformers in use and ensure corrective actions are taken for those that do not comply with the provisions of "EKAT Regulation" – Article 37b. • Ensure that hazardous material handling procedures are handled per necessary regulatory requirements • Perform an asbestos survey in the buildings constructed before 1993 (the year asbestos containing materials was banned in Türkiye) including 3 EDCs, EMC and Esarj. • Develop and implement an asbestos management plan for the proper removal of asbestos containing materials from the buildings in line with regulatory requirements.
Traffic	• Traffic risks present due to construction activities near community presence as well as • use of vehicles by Enerjisa and contractors	High	• Develop and implement road safety policy, practices, and procedures • Improve Traffic Safety for all EDCs including EMC & Esarj • Obtain ISO 39001 Road Traffic Safety Management System
Cultural Heritage	• The potential presence of cultural heritage • artifacts identified during the new investment	Low	• Implement a chance find procedure to be implemented by • Enerjisa and the construction contractors.

Impact Topic	Potential Impact/Source		Proposed Remedial Measures
	Source	**Significance**	
Neighbouring facilities-community health and safety	• Presence of facilities including transformers near residential/commercial areas • Construction activities undertaken near residential/commercial areas	High	• Assess and address electromagnetic field effects of transformers to workers and communities in line with the IFC's Guidance • Include public safety issues in the risk assessment process. • Undertaken necessary safety precautions during construction activities to ensure public safety (including community safety • awareness training)
Workers Health and Safety Risk Assessment	• Enerjisa Enerji operations are categorized as 'very dangerous. Nature of contractor activities represent a high risk to worker health • and safety	High	• Implement occupational health and safety (OHS) practices to guide all Project-related activities during construction and operation. Actions to include development of risk assessments
Construction Equipment Usage	• Ladders, lifting vehicles, telescopic platforms and frequently used by employees, sub-contractors during network maintenance • operations.	High	• Regulatory periodic test records are retained by the owners.
Working conditions	• Risks due to noise, vibration, illumination, thermal comfort, and air quality measurements create risks in the work environment and Covid 19 pandemic conditions	High	• Conduct noise, vibration, illumination, air and thermal comfort measurements • Ensure COVID-19 transmission mitigation measures are taken. •
Human Resource Policies and Working Relationships	• Risks due to inadequate implementation of HR procedure and policy information dissemination •	Medium	• Implement corporate HR policy and procedures and implemented by all its subsidiaries including EMC and Esarj. • Design and implement a training plan to all direct employees in the company and in its effectiveness. Ensure similar training about workers' rights are provided to indirect employees by the contractors. • Deliver a training programme on social requirements (including Company policies on human rights, labour, land acquisition and resettlement, gender/GBVH, retaliation policy, etc) and train all employees in line with Bank requirements at all operations including EMC and Esarj. • Communicate the company freedom of association policy with workers during orientation programmes and through other regular employee communication mechanisms.

Impact Topic	Potential Impact/Source		Proposed Remedial Measures
	Source	Significance	
			• Develop and implement a Security Management Plan specific to Toroslar that includes alert level procedure and security risk assessment. • Conduct for all contractors/subcontractors
Wages, benefits, and conditions of work and accommodations	• Noncompliance of workers work schedule with • the Turkish Labor Laws and ILO Conventions	Medium	• Keep track of employee's overtime hours within legal limits. • Ensure that subcontractors have a tracking system for overtime and related payments to their own workers. • Establish framework for improved wages.
Grievance Mechanism	• Lack of awareness in grievance mechanism and • its use by direct and contracted workers	High	• Continue implementing the existing Grievance Regulation for permanent and subcontracted employees and provide them information on channels for internal communication and raising grievances • Provide training on awareness-raising of the company's grievance mechanism and employee representation system to all employees in the company.
Land acquisition and economic displacement	• Landowners and users: Lack of access to information, loss of land and crops, loss of income	Medium	• Revise the existing Land Acquisition Procedure as per updated EBRD PR5 • Damage to crops shall be avoided where possible by re-scheduling the construction period. • Social risks and impacts related to land acquisition are integrated and addressed through the entitlement matrix and compensated accordingly • Compensation for unintentional damage to cultivated areas shall be a mandatory provision in contractor contracts. Payment records for the damages shall be provided by the contractor as an evidence that no issues left behind upon request of the Enerjisa Enerji. • Continuous engagement with affected people with a special attention to vulnerable people and timely information disclosure mechanisms are identified. Information about parcels subject to expropriation is disseminated through notices posted on bulletin boards at mukhtars' offices. • Ensure affected landowners/users are informed about the land acquisition process and their rights against the laws.

Impact Topic	Potential Impact/Source		Proposed Remedial Measures
	Source	Significance	
			• Information material such as community leaflets, brochures, and posters shall be distributed during information disclosure and engagement activities/meetings. These should include at a minimum information on the process, valuation, FAQs, grievance mechanism and contact details. • Proper grievance channels are established and integrated into the corporate grievance mechanism and communities are informed about these grievance mechanism through notices/brochures posted on bulletin boards at mukhtars' offices. • The land acquisition process is monitored, and necessary corrective actions are informed to authority (TEDAŞ) for them to take corrective actions in line with the national laws. • Ensure that landowners/users are consulted, and their consent sought prior to land entry by the contractor to the extent possible.
Stakeholder and Information Disclosure	• Affected communities • NGOs • Local authorities and regulative agencies • Internal stakeholders, employees: Lack of access to information, lack of access to a • grievance mechanism	High	• Implementation of stakeholder engagement plan • Information disclosure and engagement activities; especially in an inclusive way for vulnerable groups • Continuous engagement with affected people and timely information disclosure mechanisms are identified and implemented •
Gender-Based Violence	• Affected communities • Clients: mistreatment, harassments	Medium	• Strengthen and implement the dedicated GBVH policy framework in line with the Bank requirements and cascade down to all energy distribution companies, as well as EMC and Esarj. • Conduct GBVH based risk assessment and determine company capacity and resources to address such risks. • Introduce GBVH Code of Conduct for all employees and contracted workers. • Communicate strengthened GBVH policy and Code of Conduct to contractors, sub-contractors and core suppliers through trainings and regular refresher communications. • Appoint and train the GBVH focal points to address GBVH issues at all sites, including receiving and coordinating the response to GBVH complaints, and providing support to

Impact Topic	Potential Impact/Source		Proposed Remedial Measures
	Source	Significance	
			complainants in line with a survivor centred approach. • Develop and implement a GBVH grievance handling mechanism in line with survivor centred approach. • Provide training to all Enerjisa (including its subsidiaries) staff and managers on the upgraded GBVH policy, GBVH Code of Conduct and GBVH grievance mechanism, including confidentiality and non-retaliation requirements. • Provide targeted GBVH training for all staff who play a role in GBVH grievance handling (including HR, Internal Audit, managers, customer care) • Appoint external expert advisor to provide support on policy roll-out, training, and investigations to GBVH focal points, HR and Internal Audit. • Strengthen internal record-keeping and monitoring procedures for GBVH, mobbing, bullying complaints, underpinned by enhanced confidentiality protocols • Ensure that there is gender diversity in Internal Audit team (or GBVH grivieance committee) and expertise to lead or participate in GBVH investigationsincluding (e.g., legal, HR, operations, HSE) • Conduct publicity campaign targeted at affected communities and customers to raise awareness of GBVH and Enerjisa reporting mechanisms. • Establish partnerships with civil society organisations to participate in public awareness raising campaigns regarding GBVH in the workplace. • Send immediate notification to EBRD on GBVH complaints using the GBVH inident memo and support the Bnak's GBVH incident review process as demed necessary. •

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	• Lack of information disclosure and engagement • Missing out vulnerable groups and informal users	• Implementation of revised Land Acquisition Procedure • Carrying out information disclosure activities • Provision of information disclosure documents especially for reach out to vulnerable groups	• Grievance Mechanism • Prioritization of mukhtars for call center contact
Investment areas-rural or land-based areas	Land acquisition	On-going	• Loss of land and income	• Implementation of revised Land Acquisition Procedure • Provision of compensation for losses • Grievance Mechanism	• Grievance Mechanism
Investment areas-rural or land-based areas	Construction activities	Planned to start	• Damages to crops, agricultural products	• 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	• Damages to irrigation channels, utilities.	• 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	• Complaints on cuts, maintenance, and services • Lack of access to information	• Grievance management • Stakeholder Engagement Program	• Grievance management • Stakeholder Engagement Program
Stakeholders	Stakeholder Engagement Plan Implementation	Will be on-going during construction and operations	• Lack of access to information	• Stakeholder engagement activities • Website and social media posts	• Stakeholder engagement activities • Website and social media posts

8 What is Enerjisa Enerji approach to stakeholder engagement?

The Company 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. Enerjisa Enerji and Toroslar EDAS have developed a Corporate and Regional Stakeholder Engagement Plan which provides details of the approach to stakeholder engagement and their planned meetings and commitments.

9 How will Enerjisa Enerji and Toroslar communicate and engage with stakeholder?

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

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

The Company 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 and contacting its units are provided below:

Corporate Address:

Enerjisa Enerji A.Ş. Barbaros Mah. Begonya Sok. Nida Kule Ataşehir,
Batı Sitesi No:1/1 Ataşehir 34746 Istanbul. Phone: 444 4 372
Website: www.enerjisa.com.tr

Enerjisa Müşteri Çözümleri A.Ş.
Email: emctalep@enerjisa.com

Toroslar EDAS Address:

Toroslar EDAŞ Genel Müdürlük Cemalpaşa,
Cevat Yurdakul Cad. 4 A, 01120 Seyhan/Adana
Phone: 0322 455 60 00
Website: www.toroslaredas.com.tr
Email: musteriiliskileri@toroslaredas.com