



## **Non-Technical Summary**

**Enerjisa CapEx Investments for Electricity Distribution Companies  
(Bařkent Elektrik Dağıtım A.ř., İstanbul Anadolu Yakası Elektrik Dağıtım A.ř.  
and Toroslar Elektrik Dağıtım A.ř.)**

**November 2021**

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## **Glossary**

AESR: Annual Environmental and Social Report

EBRD: European Bank for Reconstruction and Development

EHSS: Environment, Health & Safety and Social

EMRA: Energy Market Regulatory Authority

ENERJİSA: Enerjisa Enerji A.Ş.

ESAP: Environmental and Social Action Plan

ESDD: Environmental and Social Due Diligence

GIP: Good International Practice

IT: Information Technology

kV: Kilovolt

NGO: Non-Governmental Organisation

NTS: Non-Technical Summary

OHS: Occupational Health and Safety

PR: Performance Requirement

SEP: Stakeholder Engagement Plan

TEDAŞ: Turkish Electricity Distribution Corporation

TEİAŞ: Turkish Electricity Transmission Corporation

# 1 INTRODUCTION

## 1.1 Background

Energy is an indispensable source that accompanies us in all aspects of our daily lives, allowing us to lead a comfortable and modern life. Electricity distribution network is the final stage in the delivery of electricity to end users.

A distribution system's network carries electricity from the transmission system and delivers to its load centres from where the end users are provided with electricity. According to the Electricity Market Law of Turkey (Law No: 6446), electricity distribution is defined as “the conveyance of electricity through 36 kilovolts (kV) or lower voltage lines”; while electricity transmission is defined as “the conveyance of electricity through lines with voltage level of over 36 kV”. While electricity distribution in Turkey is conducted in 21 service regions by private distribution companies under the supervision and authority of Turkish Electricity Distribution Corporation (Türkiye Elektrik Dağıtım A.Ş. – TEDAŞ); electricity transmission is under the responsibility of Turkish Electricity Transmission Corporation (Türkiye Elektrik İletim A.Ş. - TEİAŞ).

The electricity distribution services are fully regulated and are subject to Energy Market Regulatory Authority (“EMRA”) regulations.

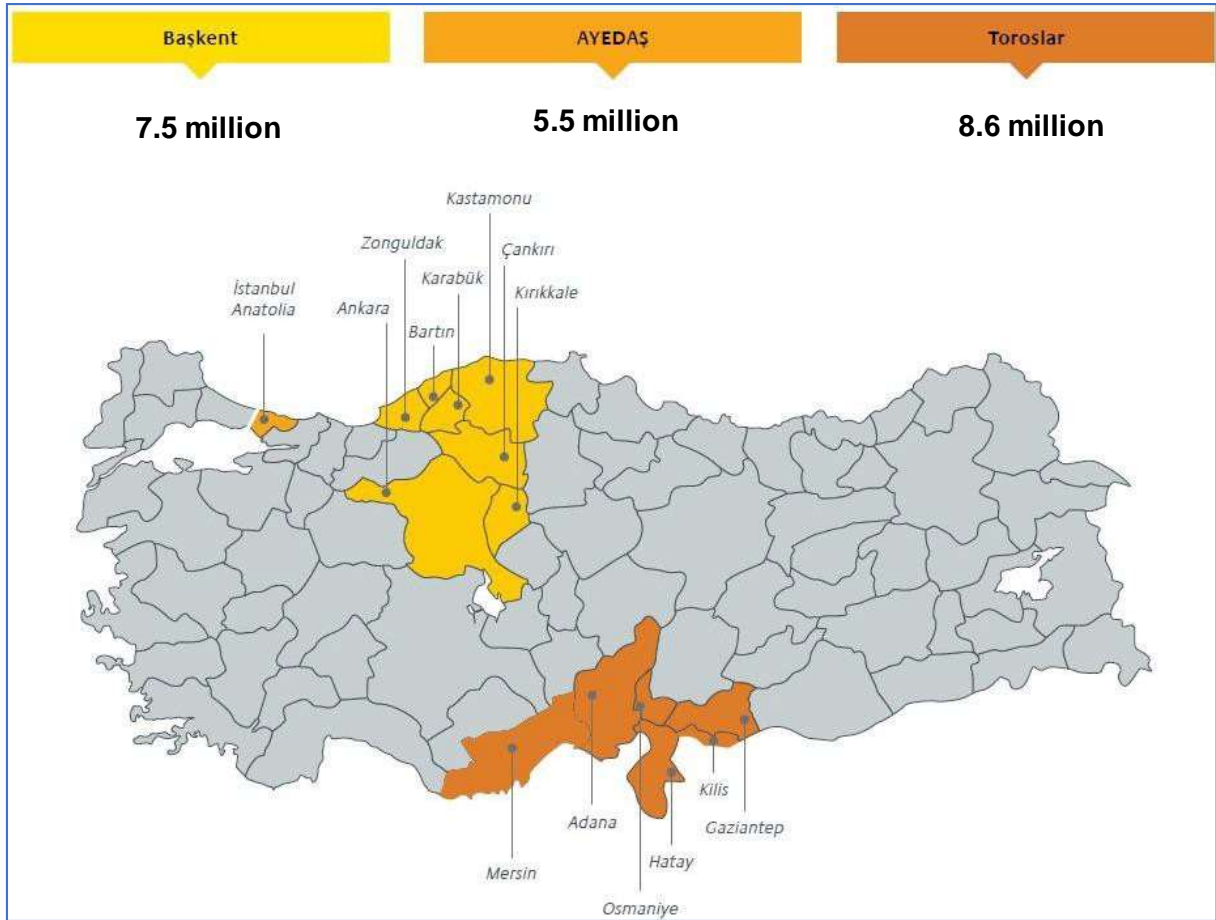
## 1.2 Enerjisa

Enerjisa Enerji A.Ş. (“Enerjisa” or “the Company”) is the leader electricity distribution and retail company in Turkey. As Enerjisa, we are engaged in electricity distribution operations through Başkent Elektrik Dağıtım A.Ş. (“Başkent EDAŞ”) in the Başkent region which covers the provinces of Ankara, Zonguldak, Kastamonu, Kırıkkale, Karabük, Bartın and Çankırı; through İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş. (“AYEDAŞ”) in the AYEDAŞ Region, which covers districts on the Asian side of İstanbul; and through Toroslar Elektrik Dağıtım A.Ş. (“Toroslar EDAŞ”) which covers the provinces of Adana, Gaziantep, Mersin, Hatay, Osmaniye and Kilis (**Figure 1**).

We reach out to a population of around 21.6 million in 14 cities with a team of around 10,000 employees. As of September 30, 2021, we have around 11.4 million network connections, approximately 26% of all network connections in Turkey and 10.3 million retail customers, about 22% of the retail electricity market. We distribute electricity in 14 provinces spanning across approximately 110,000 square kilometres.

As of 2021, the characteristics of the electricity distribution lines we operate are as follows:

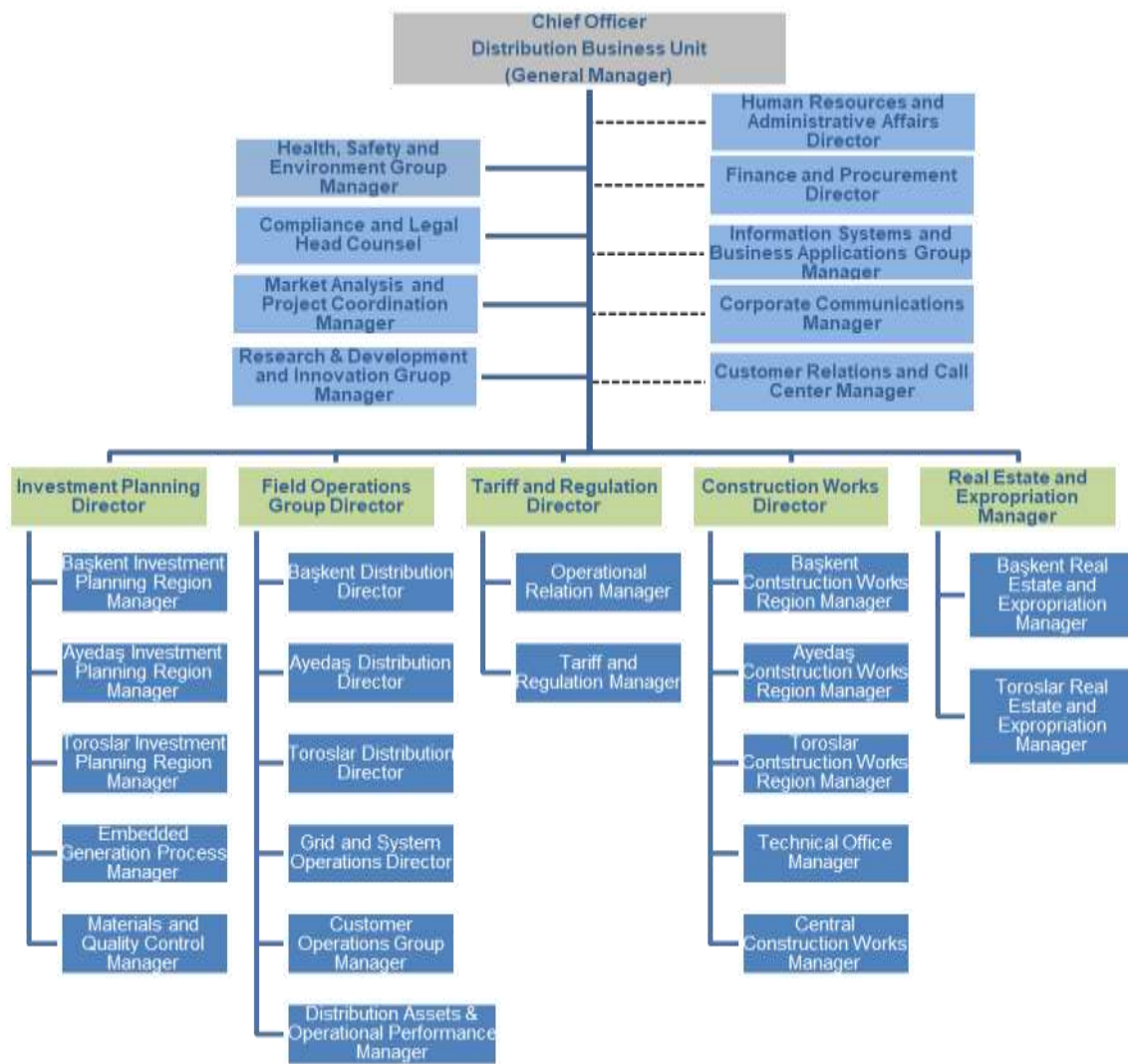
| General Characteristics of Power Lines Operated by Enerjisa |                               |                                  |            |
|---|-------------------------------|----------------------------------|------------|
| Distribution Company  | Length of overhead lines (km) | Length of underground lines (km) | Total (km) |
| Başkent EDAŞ  | 71,206                        | 33,747                           | 104,953    |
| AYEDAŞ  | 8,196                         | 21,336                           | 29,532     |
| Toroslar EDAŞ   | 87,377                        | 24,081                           | 111,458    |



**Figure 1 – Electricity Distribution Regions of Enerjisa**

As part of electricity distribution operations, we perform various technical activities including repair and maintenance of the power lines, construction of new lines (both overhead and underground), index meter reading, connection/reconnection as well as activities related to daily and regulatory functions to ensure smooth implementation of our operations (e.g., human resources, investment planning, customer satisfaction, etc).

Due to the dynamic nature of the electricity distribution business as well as the need to implement daily operations within a well-regulated framework in Turkey, we have an integrated team performing various functions as outlined in the organogram below in **Figure 2**:



**Şekil 2** –General Organisation Diagram of Enerjisa’s Distribution Business Unit

### 1.3 Environmental and Social Management System

Enerjisa and its subsidiaries has the institutional capacity to implement the Bank's Performance Requirements and has put in place various management systems, plans, procedures and associated capacities to appropriately manage the impacts and risks associated with its activities (and obtained ISO14001; OHSAS18001, ISO 45001 certifications). In 2020, the recertification process was carried out in accordance with the most up-to date version of the standards and it demonstrated that the Company's OHS and Environmental Management Systems enabled a transformation that focuses on preventive actions by considering a more effective, more integrated risk and opportunity-based approach in accordance with the principle of continuous improvement. OHS and environmental risk assessment is carried out for potential new projects, non-routine operations, changes in existing operations and new business areas, and ensure OHS and environmental standards are met before launch of new operations. Overall, the Company has implemented good industry practices through implementation of the ESAP actions agreed with EBRD in 2017 and 2019 including development of a corporate human rights policy, social management and monitoring system in line with best practices, stakeholder engagement and complaint management in line with the 2014 Environmental and Social Policy.

The Company has shown great effort to adopt best practices into their own management systems

however additional effort is required to cascade all these E&S requirements throughout its supply chain and capacity building of (sub) contractors. Additional actions have been included in the updated ESAP focusing on the subsidiary companies, along with measures to strengthen their contractor management practices by integrating requirements into (sub) contractor management on labour and working conditions in line with the 2019 ESP/PRs.

The company has an energy efficiency programme and set annual targets however additional efforts are required to improve the technical grid losses and increase energy efficiency including via the upgrade of transmission lines and transformers, which is an ongoing process. Enerjisa will integrate and certify its energy management system to ISO 5001 standards as specified in the ESAP.

## **1.4 The Project**

Turkey's electricity distribution business requires vast amount of investments due to growing electricity demand. EMRA, in consultation with distribution companies, sets investment targets for a given 5-year implementation period (e.g. for 4<sup>th</sup> implementation period 2021-2025) and monitors investments during each implementation period.

The European Bank for Reconstruction and Development (“EBRD”) currently is to provide a senior unsecured term loan (the “Loan”) to Enerjisa for capital expenditure investments of Başkent Elektrik Dağıtım A.Ş., İstanbul Anadolu Yakası Elektrik Dağıtım A.Ş., and Toroslar Elektrik Dağıtım A.Ş. as required by EMRA to be made during 2021-2025 (the “Project”). In line with investment target set by EMRA and Enerjisa’s investment plan, the proposed Loan will enable Enerjisa to implement a part of the capex investments required by EMRA for the 4<sup>th</sup> implementation period of 2021-2025.

Investments to be made as part of the Project does not include high voltage lines (i.e., power lines with voltage above 36 kV as these are transmission lines under the responsibility of TEİAŞ). The Project will be comprised of network investments; environment, safety and other obligatory investments; grid operating system investments; meter investments; and other (buildings, IT, etc).

This Non-Technical Summary (NTS) provides an overview of the Project to be funded by EBRD.

## 2 ENVIRONMENTAL, HEALTH, SAFETY and SOCIAL RISKS

The Project is expected contribute to increased well-being of the community as a result of increased effectiveness of the existing electricity grid operated by Enerjisa. The Project has been assessed as Category B as the expected environmental and social risks are limited and can be avoided or mitigated by adhering to relevant performance requirements, procedures, and guidelines. Notwithstanding, a number of potentially negative impacts related to the existing operations have been identified during the environmental and social assessment of the Project. To this end, Enerjisa will be implementing certain actions (called “mitigation measures”) to prevent, reduce, or mitigate any potential negative impacts that may be associated with the Project, including the existing electricity distribution operations. These actions, or mitigation measures, are discussed in the next section of the NTS. This section presents an overview of the key Environmental, Health & Safety and Social (EHSS) risks/issues identified.

The current investment program is aimed at increasing efficiency of existing management systems and effectiveness of the electrical infrastructure through investments. The proposed investments to be financed by EBRD will not include any high voltage power lines. As power lines under 154 kV are not covered under Annex 1 and Annex 2 of the national “Environmental Impact Assessment (EIA) Regulation”, operations of the electricity distribution companies are not subject to national “EIA Regulation”. Therefore, environmental impacts associated with the construction of new power lines is regarded as limited. However, if the investments to be made within the scope of the Project is located in environmentally sensitive areas, these will be subject to certain mitigation measures.

The project will not require any physical resettlement of households or businesses and the majority of the investment plan will be carried out on public land where possible. ESDD showed that company is committed not to make investments that will cause resettlement and will try to monitor land acquisition activities as much as possible in order to increase rate of amicable agreements if the authority authorized.

EHSS risks and impacts on human and environmental receptors associated with the nature of the services offered by Enerjisa may relate to construction, repair and maintenance of electricity distribution lines and critical electrical infrastructure such as transformers. A summary of issues considered to have the potential to pose risks per assessment category is highlighted in the following tables:

### Key Social Impacts

| Risk/Issue                                   |
|--|
| External grievances                          |
| Internal grievances                          |
| Land acquisition disputes                    |
| Labour and working conditions in contractors |
| Gender issues                                |
| Stakeholder engagement                       |

### Key Health and Safety Impacts

| Risk/Issue                     |
|--------------------------------|
| Occupational health and safety |
| Community health and safety    |

### Key Environmental Impacts

| Risk/Issue                                   |
|--|
| Bird mortalities, disruption of biodiversity |
| Oil leaks from oil-type transformers         |



### 3 ENVIRONMENTAL AND SOCIAL ACTION PLAN OVERVIEW

A Corporate Environmental and Social Action Plan (ESAP) has been developed in 2017 and this has been updated in 2019 and 2021 to further support Enerjisa's Corporate environmental, social and governance program and implement best practices in line with Enerjisa's aims and ambitions. The implementation of the ESAP and ongoing tracking of action items is under the responsibility of Enerjisa.

In general, Enerjisa has well-structured management systems in place combining overarching policies with specific procedures and plans across all aspects of the business (from corporate level to electricity distribution companies). The management systems, in general, are currently based on achieving compliance with national requirements and as such several actions have been identified during the ESDD to further improve the management systems and align them in line with EBRD requirements. These actions mainly relate to developing a specific component within a management system or development of plans/policies to satisfy specific Performance Requirements (PRs) (e.g., in areas of biodiversity conservation, community health and safety aspects, etc.), and the development of more specific action items to close an identified gap.

Specific actions have been included in the updated ESAP focusing on the subsidiary companies, along with measures to strengthen their contractor management practices by integrating requirements into (sub) contractor management on labour and working conditions in line with the 2019 ESP/PRs.

Additional actions are included into the updated ESAP including development and implementation of a gender based violence and harassment (GBVH) policy and reporting mechanism, appointment of GBVH focal points, integration of female representatives into both worker and ethics committees, continue training and awareness raising in the workforce and customers/communities on health and safety issues. In addition, the updated ESAP requires that all new investments will be subject to appropriate screening and assessment of environmental and social impacts including those on any protected areas and sensitive receptors as part of corporate review and agreements with Competent Authorities. On the basis of the screenings and assessments, biodiversity mitigation measures will be developed and implemented for all sites (such as bird protectors etc), and for other natural (non-protected) areas, if needed. This will include a list of mitigation measures to be utilized on a case by case basis by contractors undertaking works.

A Corporate Stakeholder Engagement Plan (SEP) has been developed and available in English and Turkish at EBRD website and Client website and the Company publishes sustainability reports, which will be updated on an annual basis. Each subsidiary will need develop and share their own stakeholder engagement plans in line with the updated ESAP.

The Bank will monitor the implementation of the ESAP and the Project through annual reports provided by the Companies and monitoring visits. EBRD will provide technical support to the client to support their gender and inclusion efforts.

A summary of the mitigation measures to be implemented by Enerjisa relevant to the Project are given below:

| Impact/Issue              | Mitigation Measure  | Status   |
|---------------------------|---|--|
| <b>Social</b>             |   |  |
| External grievances       | Enerjisa will implement a corporate stakeholder engagement plan which will be rolled-out to each distribution company and these shall be updated annually as required (based on business risks and needs). The effectiveness of stakeholder engagement practices shall be monitored by Enerjisa.  | In line with its corporate communication procedure, Enerjisa prepared and published a corporate level SEP. Corporate level SEP will be rolled out to the distribution companies to further improve relations with regional stakeholders.   |
| Internal grievances       | Enerjisa will enhance the existing channels to ensure anonymity in collection of worker's grievances by further enhancing existing grievance collection tools and channels.   | Enerjisa employees and other stakeholders can submit their suggestions and grievances through many grievance channels including Ethic line, 186 call centre, mobile 186 application, social media accounts (Twitter, Facebook), 'Şikayetvar' website, the corporate website, e-mail, government offices / open door (Written grievances from public institutions), petitions, dedicated village headmen lines. Details are available in Corporate Stakeholder Engagement Plan. In order to enhance existing internal grievance mechanism to fully ensure worker's anonymity, grievance boxes will be put in locations to protect privacy of complainants, in order to avoid/address any potential retaliation risks to them. |
| Land acquisition disputes | Enerjisa shall consider expropriation through amicable agreements over urgent expropriation to the extent possible during the land acquisition process.<br>Enerjisa shall disclose activities related to land acquisition which will be defined, updated and disclosed in the Stakeholder Engagement Plans to be developed for each distribution company. | Enerjisa has an established land acquisition procedure in place in line with EBRD Performance Requirement 5. The key objective of Enerjisa's land acquisition procedure is to prioritise, to the extent possible, land acquisition through amicable agreements and to avoid involuntary resettlement. Information on land acquisition/expropriation process is published on the web pages of distribution companies, which is also shared with village headmen by mail and posted on the elected village leader's (mukhtar) information boards. Enerjisa will use reasonable endeavours to achieve amicable agreements together with the expropriation agency, to the extent possible, prior to use of urgent expropriation  |

| Impact/Issue                | Mitigation Measure  | Status   |
|-----------------------------|---|--|
| <b>Health and Safety</b>    |   |  |
| Occupational accidents      | <p>Enerjisa will ensure continuous improvement of existing health and safety practices to guide all Project- related activities during construction and operation to minimise occupational accidents, including (but not limited to) the following actions:</p> <ul style="list-style-type: none"> <li>• Maintain the existing health and safety improvement program;</li> <li>• Continue conducting Occupational Health and Safety (OHS) committee meetings;</li> <li>• Ensure continuous improvement of health and safety risk assessments;</li> <li>• Continue conducting job safety analysis for each task and implement the identified corrective actions;</li> <li>• Provide OHS trainings including working at height, managing electrification risks, road safety trainings (including defensive driving, off road and antiskid) to all employees of the Company. Similar trainings will be required from the core contractors of the Company.</li> </ul> | <p>Enerjisa, through an occupational health and safety management system in place, manages health and safety issues with a constant drive for improvement. Enerjisa will continue providing more effective trainings, improve risk assessments, etc., to minimise risks that may lead to occupational accidents.</p>       |
| Community Health and Safety | <p>Enerjisa will continue to implement Corporate Social Responsibility (CSR) Programmes for Enerjisa Distribution Company including awareness raising activities and trainings on community health &amp; safety and on energy efficiency in the regions of operations</p>   | <p>Enerjisa takes precautions to prevent community from the negative impacts of its operations.</p>  |
| Gender/GBVH                 | <p>Enerjisa will review and update its policies to prevent and address any potential gender based violence and harassment risks at its operations.</p> <p>Additional actions are included into the updated ESAP including development and implementation of a gender based violence and harassment (GBVH) policy and reporting mechanism, appointment of GBVH focal points, integration of female representatives into both worker and ethics committees, continue training and awareness raising in the workforce and customers/communities on health and safety issues.</p>   | <p>A technical cooperation programme has been initiated with the support of EBRD to review policy and procedures and to design trainings addressing gender equality and gender based discrimination risks. In addition, in the Environmental and Social Action Plan (ESAP), there are actions related with GBVH risks.</p> |

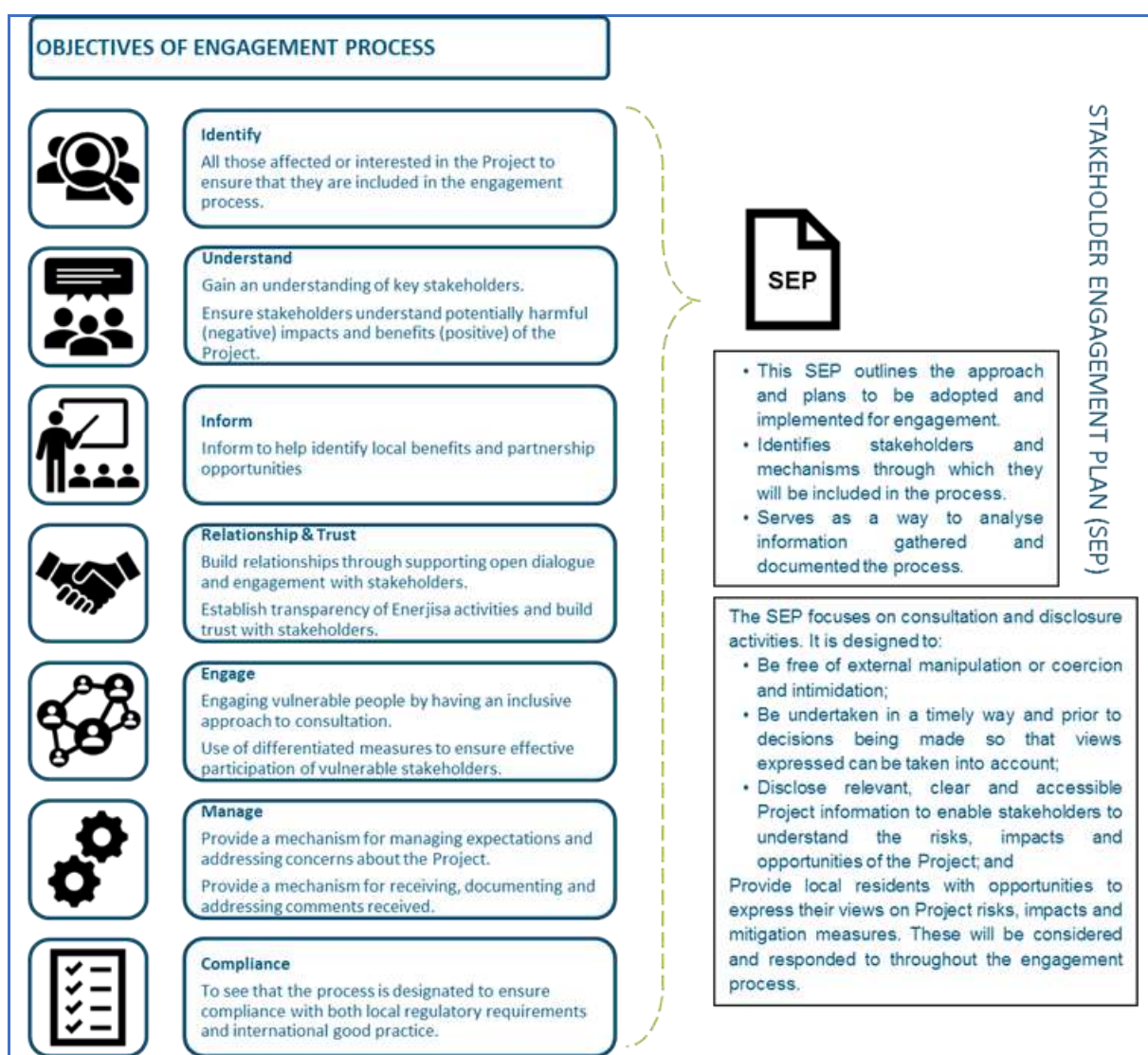
| Impact/Issue                                   | Mitigation Measure   | Status  |
|--|--|---|
| <b>Environment and Biodiversity</b>            |  |   |
| Bird mortalities<br>Disruption of biodiversity | Enerjisa will develop and implement a Bird Protection Plan and an ecological risk assessment procedure and perform ecological risk assessments for construction/maintenance works to be conducted primarily in close proximity of protected areas. | Enerjisa is already carrying out bird protection measures and will develop a program to be implemented on its power lines over the next few years based on relevant risk assessments. |
| Oil leaks from oil-type transformers           | Enerjisa shall continue implementation of maintenance programme for oil type transformers in use and ensure corrective actions are taken for those that do not comply with regulatory requirements.  | Enerjisa has an Maintenance Program in place where oil type Transformers are maintained/replaced to prevent accidental pollution of environmental components.                         |

## 4 STAKEHOLDER ENGAGEMENT PLAN OVERVIEW

As Enerjisa we have prepared a Corporate Stakeholder Engagement Plan (SEP) to provide the requirements and applied processes for stakeholder engagement and public consultation, stakeholder identification and grievance mechanism planned by the Company at a corporate level. Corporate Stakeholder Engagement Plan (SEP) is available at:

[https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa\\_Corporate\\_Stakeholder\\_Engagement\\_Plan\\_2021.pdf](https://www.enerjisainvestorrelations.com/Media/Default/pdf/Enerjisa_Corporate_Stakeholder_Engagement_Plan_2021.pdf)

The SEP been designed so that Enerjisa can demonstrate engagement that is effective, meaningful, consistent, comprehensive, coordinated and culturally appropriate, in line with all the relevant legal and regulatory commitments and good international industry practice. As stakeholder engagement is an ongoing process, we see this SEP as a 'living document' that will be updated and adjusted as we continue to grow. The primary objectives of stakeholder engagement are illustrated in **Figure 3** below:



**Figure 3 - Objectives of Stakeholder Engagement Process**

### Stakeholders

We have identified priority areas that will guide our sustainability investments through a participatory stakeholder analysis and in accordance with the AA1000 AccountAbility Stakeholder Engagement

Standard. As part of the analysis, the expectations of Enerjisa employees and the insights of external stakeholders, including international organisations, financial institutions, affiliates, business partners and public institutions, were collected. In addition, we collected employee opinions through a focus group workshop. An online questionnaire was used to get external stakeholders' opinions. Following the collection of data, the responses received from 51% of stakeholders were assessed based on the external trends that lead to the energy and distribution/retail sector.

Based on the stakeholder analysis outlined above, public and private stakeholders who may have interest in the Company and/or affect public perceptions and the Company's reputation include analysts, press, credit rating agencies, think tanks, financial institutions, shareholders, public institutions and regulatory authorities, customers, competitors, unions, Non-Governmental Organisations (NGOs), suppliers and business partners, international organisations, universities, investors, local governments, employees, subsidiaries and senior management.

We have also identified communication platforms and methods, communication strategy, as well as targets and criteria for successful self-evaluation for each stakeholder identified in the SEP.

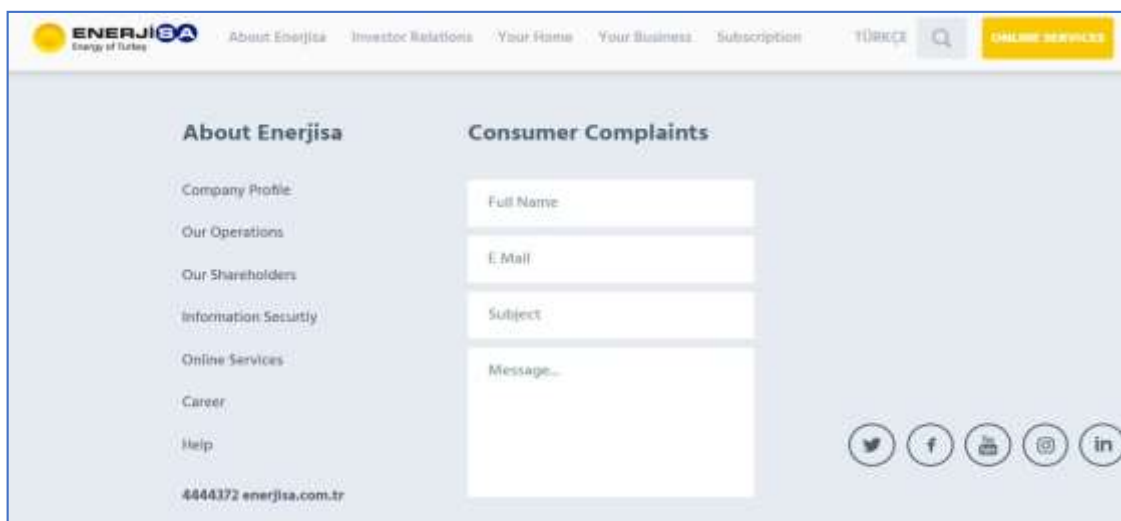
### **Grievance and feedback mechanism:**

The purpose of the grievance and feedback mechanism is to ensure that all requests and complaints from individuals, groups and local communities are dealt with systematically in a timely manner with appropriate corrective actions being implemented and the complainant being informed of the outcome.

Enerjisa has an external grievance mechanism in place which allow the collection of grievances by the stakeholders through one of the existing channels: 186 call centre, mobile 186 application, social media accounts (Twitter, Facebook), 'Şikayetvar' website, the corporate website, e-mail, government offices / open door (Written grievances from public institutions), petitions, dedicated village headmen lines.

Complaints are coded as complaints on behaviour (employees of Enerjisa) and other complaints. Other complaints are evaluated according to the related category and directed to the related unit. Responses are sent to the applicant via the communication channel within 15 working days.

The complaint submission form available at the corporate web site is shown in **Figure 4** below:



The screenshot displays the Enerjisa corporate website's 'Consumer Complaints' section. The header includes the Enerjisa logo and navigation links: 'About Enerjisa', 'Investor Relations', 'Your Home', 'Your Business', 'Subscription', 'TÜRKÇE', and 'ONLINE SERVICES'. The main content area is divided into two columns. The left column, titled 'About Enerjisa', lists links for 'Company Profile', 'Our Operations', 'Our Shareholders', 'Information Security', 'Online Services', 'Career', and 'Help'. The right column, titled 'Consumer Complaints', contains a form with four input fields: 'Full Name', 'E Mail', 'Subject', and 'Message...'. At the bottom of the page, there are social media icons for Twitter, Facebook, YouTube, Instagram, and LinkedIn, along with the contact number '4444372' and the website 'enerjisa.com.tr'.

**Figure 4 – The Complaint Submission Form Available at the Corporate Web Site**

For the purposes of the Project, Enerjisa shall further enhance the existing grievance mechanism to ensure privacy of complainants to address any potential retaliation risks.

## 5 ONGOING MONITORING AND REPORTING

Enerjisa has a well-established corporate level social reporting program in line with Global Reporting Initiative standards. This includes presentation of key performance data and compliance with national legislation best standards. To demonstrate its performance in a substantive, measurable and comparable manner, Enerjisa periodically publishes Sustainability Report providing yearly data for certain areas since 2018. The Sustainability Report of Enerjisa can be found at:

<https://www.enerjisainvestorrelations.com/en/reports-presentations/sustainability-reports>

Additionally, Enerjisa and each distribution company publishes Annual Report that includes stakeholder management activity and performance data on a yearly basis. The Annual Report of Enerjisa is available at:

<https://www.enerjisainvestorrelations.com/en/reports-presentations/annual-reports-menu>

As part of the Company's internal management system and internal audit/inspection procedures, ongoing monitoring will be undertaken for the oversight of EHS performance and implementation of EBRD PRs. Based on the internal audits, Enerjisa will also provide monitoring the progress of actions defined within the environmental and social assessment of the Project through the established mechanisms within the Company and the progress on the Project will be reported to the EBRD on an annual basis through Annual Environmental and Social Reports (AESRs).

Grievance process, with the number of grievances received and addressed/closed, the most frequent types of grievances, and any recommendation or action taken to decrease the number of grievances will also form part of the AESRs and corporate social reporting as appropriate.

## 6 COMPANY CONTACTS

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