

Etlik Integrated Health Campus Project

Supplementary Pre-Investment Studies to the Environmental & Social Impact Study (ESIA), October 31st, 2014

The Project Company has undertaken the following post-ESIA studies/reviews prior to Lender's Board discussion on the Project and are summarised in the following.

Environmental Studies:

1. Finalise EIA process for Concrete Batching and Tri-generator plants if the authority requires so:

In accordance with Turkish Environmental Impact Assessment (EIA) Law, the concrete batching and tri-generator plants required for the Project are subject to the Turkish EIA screening, respectively. As part of the EIA screening requirements, the Project Information File (PIF) for the batching plant has been prepared and submitted to the Provincial Directorate of the Environment and Urbanization. Noise Model results for day and evening are in line with pertaining standards. Only for night time, the noise level predicted at the nearest receptor is exceeding the limit values by 0.9 dBA. Thus, noise barrier has been proposed as the mitigation measure. This measure has also been incorporated into the ESIA Report as a commitment. Regarding the PIF for the tri-generation plant, the client has prepared the necessary design data for the final air quality modelling to be incorporated into -- the PIF.

However, the design data itself proved that air quality modelling work is not required under the national requirements. Meantime, the latest air quality modelling report based on the latest design data was integrated into the final version of the ESIA (February 10, 2014). The PIF for the tri-generation plant itself will be submitted to the Provincial Directorate of the Environment and Urbanization in October or November 2014.

2. Finalise the status of the soil contamination at the Project site and develop remediation actions if applicable:

The Environmental and Social Impact Assessment (ESIA) for the Etlik Integrated Health Campus confirmed that the site is not contaminated as the result of soil and ground water contamination testing.

3. Life and Fire Safety Audit:

Implement a third party life and fire safety audit : The sponsor must hire an L & FS expert: acceptable to the Lenders is to be appointed to oversee the preparation and implementation of an L & FS master plan. The plan will ensure that the project must be designed, constructed and operated in compliance with local building code, local fire department regulations, and local legal/insurance requirement and in accordance with internationally recognized L & FS code.

As the time of writing this, the lenders and the client are communicating on the subject. The lenders' Technical Advisor has prepared a Technical Due Diligence Report based on the available information defined by the stage of the Project. The Report confirms that the Etlik Integrated Health Campus buildings are designed to comply with Turkish life and fire legal requirements as well as international life and fire safety bench marks such as National Fire Protection Association (NFPA).

4. A New Medical Waste Incinerator:

The ITC company which is operating two landfills in Ankara, namely Mamak and Cadirtepe (i.e., the location where a new medical incinerator is currently being built for the entire Ankara city). They confirmed that their design is in compliance with the Directive on Industrial Emission Control 2010/75/EU. Turkish Regulation on Incinerator Emissions was issued on October 6, 2010 right after the EU Directive on Industrial Emissions which made significant changes in the EU Directive on Incinerators. The Turkish Regulation on Incinerator Emissions had managed to incorporate such EU changes before it was issued. The Turkish Regulation and the pertinent limits (directly related to the incineration and co-incineration of wastes) are compatible with the EU Directive on Industrial Emissions. ITC represented to the client's environmental consultant that the new medical waste incinerator to be built will comply with those limits both in Turkish and EU legislation.

5. Noise to Sensitive Receptors During the Construction

The existing maternity hospital and the polyclinics at the Project site were considered in the noise calculations made in the ESIA since they are the closest sensitive receptors. The Noise impact on the maternity hospital and polyclinics calculated in the ESIA indicated that the construction noise at these receptors are not significant with prescribed noise mitigation relative to the background noise. There are two educational institutions (a high school and university) in the Project's neighbourhood separated by a road from the Project site. The high school is located in the same direction with the maternity hospital and polyclinic. Although the university is located in different direction, it is further away from the campus as compared to those hospitals. For this reason, it can be stated that the high school and university have also been taken into consideration in noise impact assessment and the noise impact on them is negligible.

6. Traffic Impact:

The traffic assessment study by the Project design team identified that the traffic density is already high (ESIA p.39). The study indicated that traffic density can be decreased if there are changes to the existing near-by traffic light sequence (ESIA p. 162). Meantime, the Ankara municipality is carrying out a larger study with Gazi University to prepare the Main Transportation Plan (MTP) for Ankara. This study is taking traffic impacts of the future developments in the city such as the two health campuses (Etilik and Bilkent) into consideration. The MTP is reportedly to adopt significant mitigation measures to reduce negative impacts of the Project (and other proposed developments) on the local traffic (ESIA pp.116). The Metropolitan Municipality of Ankara is responsible for developing transport infrastructure. Currently, transportation to the Project area is available through public buses and mini buses as well as subway. These buses provide services from the city centre and also from the national bus station to the Project area. There is a subway station, İvedik, to the southwest of the Project site. Furthermore, the Metropolitan Municipality is also constructing a new subway station to the Southeast of the Project area.

(i) During the operation of the Etilik Integrated Health Centre, the Client will arrange bus services for their employees to the hospital complex, meantime the MoH will

arrange the transportation of their own personnel. It is common practice that the governmental institutions provide such shuttle services for their personnel. In addition, the Metropolitan Municipality plan to operate bus services between the existing station (Ivedik subway station and the health complex as well as may consider increasing the number of buses and bus lines serving the health campus area in due course.

(ii) The Metropolitan Municipality is constructing a new subway station (Diskapi subway station) at the Southeast corner of the Project site. The construction is part of the subway construction to connect Tandoğan and Keçiören subway lines. The new station will be one of the closest subway station to the Project site and approximately 1,5 km away. At the moment, there are no estimates as to how many of the hospital complex staff will use the subway. However, it is believed that the new subway station will attract many staff besides the outpatients and visitors. The on-going subway station construction in the Project area is expected to be completed/operational - prior to the commencement of the hospital comp. The Metropolitan Municipality is also considering to develop connection lane to the site as referred in the ESIA report.

(iii) The latest status of the on-going Main Transport Plan (MTP) for Ankara is that the questionnaire survey, covering 35,000 residents in the city of Ankara was completed in the end of June 2013. The Plan was finalized in March 2014 and a press meeting was made in April 2014 to announce that the plan was prepared and submitted to the Metropolitan Municipality. The client will continue to co-ordinate with the Metropolitan Municipality to devise the traffic load mitigation measures associated with the Project.

Social Studies

- 1. Review and assess the existing laws, standards and practices related to the operation of the high security forensic hospital which will be under direct supervision of the Ministry of Health and Ministry of Justice. The review includes relevant Turkish legislation inclusive of prisoner and patients' rights.**

Currently there are no forensic psychiatric hospitals in Turkey although Article 57 of the Turkish Criminal Code (2004) states that psychiatric prisoners are sent to high

security hospitals for treatment and protection. The Etlik Project will likely be the first hospital complex in Turkey to have a designated high security 100 bed psychiatric hospital.

Overall, there is an acute shortage of psychiatric beds and specialised forensic psychiatric services. As a response, the National Mental Health Action Plan (NMHAP) was announced by the MoH in 2011, prepared in line with the principles and international standards as per World Health Organisation (WHO). The Plan takes into account findings from a joint study by MoH and WHO conducted in 2010. The planned PPP hospitals, including Etlik, thus include specialised forensic psychiatric hospitals in accordance with the MNHAP increasing the total forensic psychiatric hospital beds from the current count of 668 to 2,400. Furthermore, the creation of forensic psychiatric hospitals is also a part of the course of progress towards accession to the European Union whereby in response to the obligations of the acquis of the EU and its Member States, the Turkish government is following a National Programme for the adoption of the acquis. As such, some major amendments have been made in the Penal Code, the Penal Procedural Code and the Penal Enforcement Code. There is also a parallel prison reform process in Turkey.

There is currently no separate legal regime applicable to psychiatric hospitals or patients in those hospitals. As such, psychiatric hospitals are subject to the general principles applicable to public health institutions. Principles applicable to health institutions are regulated under the Basic Health Services Law. This Law provides that the standards of the public and private health institutions are determined by way of regulations to be adopted by the MoH. As such, there are several general legislative regulations that apply to health institutions as well as psychiatric hospitals. For instance, the Regulation on Patient and Personnel Security (2011) establishes the rules and principles in order to provide a secure environment for the patients and personnel within health institutions. The Regulation on the Operation of Inpatient Treatment Institutions (1983) includes provisions as to the standards of the patient rooms, the companion conditions, support services as well as the duties of the medical staff. In addition to laws applicable to health institutions, the Law on the Execution of Penalties and Security Measures 5275 (2004) describes high security

health institutions and prescribes separate wards for men, women, and for those under 18.

The main legislative piece governing patients' rights is the Patient Rights Regulation (1998) including the right to humane and equal treatment, information and privacy, accessibility to health services, physical integrity of patients. Turkey is also a party to a number of international treaties or declarations concerning fundamental human rights and principles that form a binding legislation. The most important is the Universal Declaration of Human Rights. Turkey has also ratified the European Convention of Human Rights and signed the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

2. Review and assess the past and future resettlement and economic displacement requirements and potential mitigation measures associated with the Project

The project site is on public land which has been over the years managed by a number of government ministries and institutions. For example, prior to 2006, the land comprised of parcels owned or managed by the Municipality of Yenimahalle and the Social Security Agency (SGK). From 2006 onwards, the land is owned by the Treasury and the Treasury has granted land use rights to the MoH for the purpose of providing health care services. There are several facilities located on the site and some of them have been closed but not yet demolished (for details, please refer to ESIA pp.168-171). One of these is the SGK housing complex where 72 civil servant families received a 6-month advance notice to vacate the premises. Last residents left the housing in September 2012. The responsible agency for vacating the housing was the Social Security Institution under the Ministry of Labour and Social Security. According to the review, all residents found suitable housing and the process was carried out in accord with national laws. No further relocation of people will be required.

In June 2012, the Etlik Specialized Hospital located on the project site was closed. In addition to the need to reallocate medical staff (please refer to point 3 below for

further details), this hospital also housed a privately managed canteen. As the hospital was under the purview of the MoH, the canteen was closed by the MoH as per the agreed contract terms.

On the project site there is a taxi stand which shall be physically moved by about 10 meters, thus having negligible impact on the business and employees. However, there is also a leisure complex including cafes, a restaurant and sports facilities employing approximately 50 people. These are operated from the buildings owned by the Ankara Metropolitan Municipality and is expected to move to an alternative location within the project site. The SPV shall continue working in coordination with the taxi stand, leisure complex and the Metropolitan Municipality to facilitate the necessary moves.

On the project area there is also a National SGK Archive building which shall be closed. Impacts are expected to be negligible as all the employees will move to a new building currently under construction by SGK.

3. Review and assess potential retrenchment requirements and subsequent processes and procedures associated with the closure of the 6 existing hospitals in Ankara. The review to include the example of the closure of the existing hospital on the Project territory.

In June 2012, the Etlik Specialised Hospital on the project site was closed by the MoH so that the building can be demolished in due course to erect the new health facilities. During the closure of this hospital, medical and other MoH staff were reallocated by the General Directorate of Health Services. Staff were consulted on their preferred options for relocation to new workplaces. They specified their five preferred locations to move to and many were located to their first choice. Some work crews such as theatre teams were moved as units, so this approach was not appropriate for all staff members. It was reported that all staff from this first transition phase had found alternative workplaces. Health Workers' Union was active during this process, especially in guiding those workers employed by sub-contractors, who were also given a choice of which municipal facility they wished to be relocated to. In total, approximately 1,100 workers were affected by this process, 800 of whom were MoH staff.

There will be a similar transition of staff by the MoH but on a larger scale when the remaining hospitals close. A similar process would be undertaken and it is expected

that the process will take between six months and one year. What may complicate labour management issues for MoH is if the transition phases for both Etlik and Bilkent Health Campus – another large scale PPP Health Project very similar to Etlik currently underway in Ankara – coincide. As a result of the Etlik and Bilkent projects, a total of 13 hospitals in Ankara are expected to be closed. All these hospitals are public ones and currently employ 13,090 people. 8,238 of these employees are employed by MoH (doctors and nurses) and 4,807 by private contractors. At the Etlik campus an estimated 10,339 people will be employed, of these 5,760 medical staff by the MoH. Bilkent campus is likely to employ similar numbers of people, thus the new hospital campuses requiring more labour force than currently employed in these 13 hospitals. It is expected that while medical staff will be transferred to the new health campuses, the workers employed by private contractors may face retrenchment. As almost 4,000 (3,919) contracted workers will be hired by SPV at the Etlik campus alone, it is likely that many of these contracted workers from the existing hospitals will find employment either at Etlik or Bilkent campuses. SPV will coordinate and consult with the MoH and workers' unions to manage the complex transfer processes. It will also assure that human resource policies in line with national laws and best international practice are in place for SPV to hire and manage their contracted work force and protect their rights.

5. Cumulative impacts associated with the future development of the Commercial Zone including a shopping mall

Cumulative environmental and social impacts of the project are addressed in the ESIA on pages 194 through 198, including the commercial zone with its planned shopping mall. As the details of the exact scope, size and design are not yet available, the assessment of cumulative impacts at this stage is rather cursory. Expected impacts, however, relate mainly to the factors such as increased traffic, noise, public access requirements, population flow, public safety, occupational health and safety. It is recommended to follow up on these aspects once more information regarding the scale, scope and design of the shopping mall becomes available.

