TREDAŞ and TREPAŞ New Investments and Existing Operations - Non-Technical Summary (NTS)

1. Who is TREDAS/TREPAS?

TREDAS is an electricity distribution company with exclusive distribution rights in the provinces of Tekirdağ, Kırklareli and Edirne (known as TREDAŞ region) and TREPAŞ is an electricity supply company supplying electrical power to eligible customers within and outside of the TREDAŞ region. TREDAŞ presently delivers 24-hour uninterrupted energy distribution services in TREDAŞ region (No: 13 within red circle in map below) to nearly 1 million subscribers serving a population of 1.7 million in 21 towns and 431 villages, within 28 districts within a surface area of 19,139 km^2 through an operating distribution network of 17,617 km.

Electricity Distribution Regions in Turkey - TREDAS Region (No: 13 within red circle)

TREDAŞ was established in 1995 and until late 2011 was a government owned institution (as part of TEDAŞ – Turkish Electricity Distribution Inc.) engaged in electricity distribution operations in Thrace region of north-western Turkey in the provinces of Tekirdağ, Kırklareli and Edirne (TREDAŞ Region), serving to the 13th region among the total 21 electrical distribution regions in Turkey.

TREDAŞ was privatized following a tendering process which was awarded to IC Ictas Energy Investment (ICEI) in December 2011. ICEI presently operates the following fully owned subsidiaries for energy distribution and retail:

- TREDAŞ**:** Electricity distribution company with exclusive distribution rights in its region, covering the provinces of Tekirdağ, Kırklareli and Edirne.
- TREPAŞ**:** Electricity retail company supplying electricity to National Tariff customers in the TREDAŞ region and to eligible customers within and outside of the TREDAŞ region. TREPAŞ was established in January 2013 following the resolution of the Energy Market Regulatory Authority (EMRA), namely 'Procedures and Principles concerning the Legal Unbundling of Distribution Systems and Retail Sales'.

TREPAŞ serves customers within the TREDAŞ region as well as eligible customers within and outside its border through bilateral contracts. TREPAŞ serves 887,236 customers as of 2015

with a total sales volume of 8200 GWh energy. TREPAŞ customer profiles include residential, commercial, industrial, agricultural irrigation and others.

2. What are the planned investments by TREDAŞ?

Planned investments by TREDAŞ for 2016-2020 period are mainly related with the distribution network. Information related to future investments for the year 2016 is given below. A total of 169 projects are planned in four regions.

Tentative information on investment for 2016 – TREDAS

Province	District	Number of projects (urban and rural)	Facilities planned to be installed			
			Total transformer power (kVA)	Total energy transmission line (km)	Total aerial distribution line (km)	Total underground distribution line (km)
Edirne	Center	15	4820	8.2	45.83	-
	Uzunköprü	25	10,690	-	17.15	11.00
	Keşan	9	2100	0.27	8.11	3.87
	İpsala	1	400	-	1.26	-
	Süloğlu	1	-	6.80	-	-
	Havsa	1	250	-	0.30	0.32
Kırklareli	Center	9	5190	-	14.00	7.94
	Lüleburgaz	14	3600	-	33.74	4.58
	Babaeski	2	400	-	4.16	4.51
	Pehlivanköy	1	-	3.47	-	1.26
Tekirdağ	Muratlı	1	-	-	1.70	1.70
	Süleymanpaşa	18	9670	9.97	16.23	3.72
	M.Ereğlisi	1	400	-	0.42	-
	Şarköy	1	400	-	0.75	-
	Hayrabolu	14	1650	4.90	-	4.90
	Malkara	1	2520	-	25.16	-
	Kapaklı	6	1000	-	3.56	1.17
	Saray	5	1680	-	6.07	2.04
	Çerkezköy	21	10,860	-	35.85	3.21
	Çorlu	18	8730	6.00	38.31	8.74
	Ergene	5	-	-	21.10	-
TOTAL		**169**	**64,360**	**39.61**	**273.70**	**58.95**

3. What environmental and social studies have been undertaken?

TREDAS, TREPAS and ICEI are planning to finance a number of new activities. In order to evaluate the proposed financing program (the Project), an Environmental and Social Due Diligence (ESDD) was conducted by ELC Group Consulting and Engineering Inc. (ELC) for the proposed Project. The objective of the ESDD was to identify and assess the potentially significant existing and future adverse environmental and social impacts associated with the Project.

The Project has been designated as a category B project in accordance with the EBRD's 2014 Environmental and Social Policy as the potential environmental and social impacts are readily identifiable and can be mitigated with an action plan.

4. What is the purpose of this document?

This 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.

This document is a non-technical summary, and it aims to describe the operations of TREDAS and TREPAS as well as the key findings of the ESDD.

5. Scope of ESDD work

The scope of ESDD work comprised the following:

- Environmental and Social (ES) Audit of the corporate management and human resources (HR) practices for existing operations;
- ES Analysis of potential environmental and social issues associated with the proposed investments.

The scope of the ESDD undertaken for the Project included an environmental and social audit through a site visit to selected existing facilities, interviews with TREDAŞ staff, review of available environmental and social documents and an environmental and social management review and analysis for the Project in relation to national regulatory requirements and relevant international standards. As part of the ESDD, a detailed ESDD Report, an Environmental and Social Action Plan and a Stakeholder Engagement Plan were prepared for the Project.

6. 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 TREDAŞ 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. The ESDD has also identified a number of potentially negative impacts, which it will try to minimise, manage, and monitor carefully. In addition, the ESDD determined areas for improvement related to the existing operations. Therefore, TREDAŞ/TREPAŞ 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 impacts and mitigation measures that have been identified is provided in the Table below.

Overview of key potential Project impacts and their mitigation

No	Issue/Finding	ES Risks/Benefits	Mitigation measures
1	Environmental, Health and Safety management systems	Optimization of environmental and social management through a formalized system	a. Appoint Quality Assurance (QA) Responsible with relevant qualifications and authority. b. Extend the scope of Quality Management Environmental Management System (ISO 14001) and Occupational Health and Safety Management System (OHSAS 18001) certifications to cover all operational sites of TREDAŞ c. Develop and implement a Quality Management System (ISO 9001) for TREPAŞ and obtain certification
2	A formal employee grievance mechanism	Improved employee/ contractor relationship and management	a. Establish a "formal employee grievance mechanism" for all direct and sub-contracted employees and provide them information on channels for internal communication and raising grievances. The workers should be informed of the mechanism and procedures at the time of hire in their local language. As a good international practice, options of anonymous grievance mechanism should be established to encourage concerns to be raised freely. b. Conduct employee satisfaction surveys to be able to get feedback on the grievance mechanism and take necessary actions to improve the mechanism.
3	Waste management	Waste management control Compliance with national regulations Waste oil control Asbestos Containing Materials (ACMs) control Ozone Depleting Substances (ODS) control	c. Improve housekeeping related to waste storage, particularly at operational warehouses. d. Ensure that non-hazardous waste storages are stored in designated areas that are properly segregated and have concrete floors and drainage systems as required by relevant regulations; e. Establish new procedures to identify waste types at operational warehouses f. Undertake sampling in the old transformers to analyze the PCB content in transformer oils and develop a relevant phase out plan for transformers, if PCB is identified g. Conduct an asbestos survey to identify those roofing materials that are broken and/or have cracks; and then dismantle and dispose of these roofing materials immediately in line with the regulatory requirements by the authorized experts; make a replacement plan for the rest of the roofing materials h. Make a replacement plan for changing the R-22 containing air conditioning and cooling units
4	Chemical management practices	Hazardous material control Compliance with national regulations	a. Develop an inventory of materials and chemicals used in all operations. Ensure that all MSDS sheets are available in Turkish in accordance with the relevant regulation. b. Ensure that hazardous material handling procedures are improved, including housekeeping and storage conditions. c. Ban the use of pesticides (herbicides and insecticides) in all activities. Use mechanical means to remove pests, plants or eliminate insects.
5	Existing occupational health and safety (OHS) practices	Increased health and safety performance in the workplace	a. Conduct OHS committee meetings on monthly basis in all regions. b. Take necessary measures to reduce the occupational accident rates. Develop an accident investigation/analysis program (including contractors and third parties). Improve the Key Performance Indicator (KPI) system and ensure that it covers all contractors. c. Improve the existing health and safety risk assessment to

No	Issue/Finding	ES Risks/Benefits	Mitigation measures
			ensure compliance with applicable law. Conduct Job Safety Analysis for each task as a part of the existing risk analysis. Ensure that identified corrective and preventive actions are implemented through an 'Action Plan' to be developed. d. Develop a work permit system for non-routine tasks. e. Improve safety conditions at operational sites (including electrical safety, pedestrian/traffic separation, roofing, chemical storage, etc.) f. Improve workers' facilities at operational sites.
7	Risks related to public health and safety	Protection of community health and safety	a. Include public safety issues in the risk assessment process. b. Ensure that necessary safety precautions are taken during construction activities to ensure public safety (e.g., safety cones, warning signs, and community safety awareness trainings). c. Replace lock systems at required facilities to prevent unauthorized entry. d. Renew security fences at facilities located in public areas to prevent unauthorized entry.
8	Land Acquisition Plans	Maintain effective relations with landowners	a. Develop a comprehensive Corporate Land Acquisition and Resettlement Framework (LARF) that sets out the approach, principles, procedures and institutional responsibilities that will be applied in preparation of Land Acquisition Plans for individual project developments. b. Publish a community pamphlet (summary LARF) locally and make available in each affected community in Turkish to allow for meaningful consultations. c. Disclose information on the restrictions for third party crossing projects along the distribution lines and raise awareness on H&S risks and potential legal/financial implications in case of violations of restrictions by third parties. d. Conduct internal monitoring activities on land acquisition and compensation processes for all projects.
9	Biodiversity	Protection of forest areas Minimise bird mortalities	a. Conduct a high level assessment on a site-by-site basis to evaluate the ecological potential of the areas where the distribution lines will pass. b. Prepare and implement an Avian Protection Plan to minimize the impact of power lines operation and maintenance on bird populations. The Avian Protection Plan will include measures identified as a result of the bird research project already iniated by TREDAŞ.
10	Stakeholder engagement	Maintaining good relationships with stakeholders	a. Disclose and implement the agreed Stakeholder Engagement Plan (SEP) in order to ensure effective communication with the stakeholders through publications and corporate websites. Update the SEP on a regular basis to ensure it is valid and effective. b. Develop and implement a formal Grievance Mechanism. c. Inform the stakeholders on the Grievance Mechanism

7. What is TREDAS' approach to stakeholder engagement?

TREDAS 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.

TREDAS has developed a Stakeholder Engagement Plan which provides details of the approach to stakeholder engagement and their planned meetings and commitments.

8. How will TREDAS communicate and engage with stakeholders?

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

9. How can stakeholders make a compliant or make an inquiry?

TREDAS will implement a Grievance Procedure which provides 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.

TREDAŞ's Grievance Procedure provides a channel for individuals, groups and communities to raise any concerns that they have. Any complaint can be lodged:

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

TREDAŞ "Trakya Elektrik Dağıtım A.Ş."
100. Yıl Mahallesi Barboros cd. No:24/1 (A Blok) Süleymanpaşa/ Tekirdağ
E-mail: bilgi@tredas.com.tr
Telephone (Customer Care Department and other departments listed above):
(0282) 258 26 00 - 15
Telephone (Customer Call Center): 'ALO 186'
Fax: (0282) 293 32 13 - 14
Website: http://www.tredas.com.tr