

Host Country	Türkiye / Upper Middle Income
Name of Borrower	Enerjisa Enerji Üretim A.Ş.
Project Description	DFC financing for the development, construction, ownership, operation, and maintenance of a portfolio of wind power plants located in the Republic of Türkiye
Proposed DFC Loan	\$350,000,000
All-Source Funding Total	\$1,124,000,000
Policy Review	
Developmental Objectives	Türkiye imports nearly three-quarters of its energy resources and relies heavily on fossil fuels to power its national grid. The combination of foreign and nonrenewable dependency has hindered Türkiye’s energy security and heightened its greenhouse gas emissions, which have doubled in the past two decades. The Project is expected to have a positive development impact in Türkiye by fueling the government’s energy diversification strategy, helping to decarbonize its grid through wind power, and improving Türkiye’s energy independence. The wind farms are expected to generate approximately 2.51 TWh per year, propelling the Borrower’s wind generation from 3% to 14% of its energy portfolio and boosting renewable energy installed capacity for the entire country by one percent. Given the Project’s characteristics, it is categorized as Highly Impactful per DFC’s Impact Quotient (IQ).
Environment and Social Assessment	<p>SCREENING: The Project has been reviewed against DFC’s July 2020 Environmental and Social Policies and Procedures (ESPP) and determined to be categorically eligible. The Project is screened as Category A because large-scale wind projects are considered to have significant adverse impacts that could be diverse, irreversible, or unprecedented in the absence of adequate mitigation measures.</p> <p>APPLICABLE STANDARDS: DFC’s environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following of the International Finance Corporation’s (IFC) 2012 Performance Standards:</p> <ul style="list-style-type: none"> • PS1: Assessment and Management of Environmental and Social Risks and Impacts; • PS2: Labor and Working Conditions;

- PS3: Resource Efficiency and Pollution Prevention;
- PS4: Community Health, Safety, and Security;
- PS5: Land Acquisition and Involuntary Resettlement;
- PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and
- PS8: Cultural Heritage.

The Project is not anticipated to impact any Indigenous Peoples as confirmed by the Project’s Environmental and Social Impact Assessments (ESIAs) and the lenders’ independent environmental and social consultant (IESC). Therefore, PS 7 is not triggered at this time. Applicable provisions of the IFC General Environmental, Health and Safety (EHS) Guidelines, the EHS Guidelines for Wind Energy, and the EHS Guidelines for Electric Power Transmission and Distribution also apply to the Project.

ESIA Disclosure: The ESIAs on the proposed Project will be posted for public comment on DFC’s website from June 20-August 19, 2024 for a 60-day period. To date, no comments have been received.

Environmental and Social Risks and Mitigation

Measures: Primary environmental and social risks associated with the Project include direct and cumulative biodiversity impacts, occupational health and safety, impacts to community health and safety, labor management, contractor management, resettlement, cultural heritage, and supply chain management.

The Borrower developed Environmental Impact Assessments (EIAs) for the 9 sub-projects comprising the Project and is in process of obtaining environmental approval (three of the sub-project approvals have been challenged and supplemental studies and submissions are being submitted to address this). Supplemental ESIAs were completed for each sub-project to meet lender requirements and associated E&S Management Plans (ESMP) for all sites are currently being finalized. EIAs for the Energy Transmission Lines (ETLs) are underway where applicable with the aim of receiving all required approvals by the end of 2024.

Environmental and Social Management System/ Plans.

At the corporate level, the Borrower has an E&S Governance Framework and an integrated Quality, Health and Safety, Environment and Energy Management System (QHSEE-MS) in place certified to ISO 14001, ISO 45001, and ISO 50001. The Borrower is drafting sub-project specific E&S management plans

and emergency response plans (ESMPs), which are currently under review with the lenders' IESC. The Borrower will be required to provide finalized sub-project ESMPs that reflect the risks and impacts identified in the final ESIA.

The Borrower has established a project team to support the development and construction of the sub-projects. This includes two CLOs and an Environmental Specialist assigned to each of the three main regions of the sub-projects. The Borrower will be required to hire a corporate-level Biodiversity Specialist and ensure adequate staffing and resources to implement site-level plans.

Stakeholder Engagement and Grievance Handling

Substantial stakeholder engagement has been underway with regards to the various EIA and resettlement processes, permitting, and to meet lender requirements. The Borrower has drafted Stakeholder Engagement Plans for each sub-project including a grievance/request mechanism (GRM) to align with IFC PS1.

Biodiversity.

The sub-projects are primarily situated on forested and agricultural terrain, with some located closer to coastal areas and others nestled within mountainous landscapes. While none of the sub-projects fall within protected areas under Turkish or international conservation laws, several sub-projects were found to be located in Key Biodiversity Areas (KBAs).

As part of the national EIA, the Borrower carried out biodiversity surveys from August 2021 through May 2022, which did not encompass a year's worth of baseline data, as required by best practice. Based on the available information, high-level critical habitat assessments (CHAs) were conducted for each sub-project. Across five of the sub-project sites, the presence of four endangered avian species—the Dalmatian pelican, the short-toed snake eagle, the lesser spotted eagle, and the black stork—as well as a critically endangered plant species, *Verbascum hasbenii*, were identified.

To obtain a full year's worth of data, the Borrower enlisted a qualified third party to conduct supplementary flora and fauna surveys across all sub-projects from April to July 2024. The Borrower aims to present the results of these supplementary surveys by August 2024 and update all relevant documentation by the fourth quarter of 2024.

Additional work is underway to: a) verify the presence of species, particularly migratory birds, at each site; b) finalize CHAs for each sub-project and to undertake a cumulative CHA for migratory species that might be affected by several sub-projects; c) enhance the mitigation strategies in the project-specific biodiversity management plans (BMPs) and Biodiversity Action Plans (BAP), if needed; d) develop models for collision risk; and e) determine tailored shut-down-on-demand (SDOD) protocols for each sub-project.

The Borrower will be required to provide updated biodiversity management plans for each sub-project, including updated CHAs, BAPs, and a cumulative collision risk assessment that includes the ETLs and an updated organizational chart. The BMPs are to include commitments to adhere to SDOD protocols, and a timeline for appointing a specialist to develop a comprehensive Post-Construction Fatality Monitoring (PCFM) protocol for birds and bats, including a training program.

Community Health and Safety.

The Borrower has identified the primary community health and safety risks associated with the sub-projects as noise pollution, dust pollution, shadow flicker, blade and ice throw, electromagnetic interference, traffic accidents, and the transportation of abnormal loads. The ESIA's identify mitigation strategies to manage these risks. Some of the strategies include the identification of sensitive receptors, siting of turbines, distance to receptors, scheduled shut down of turbines when shadow flicker estimates exceed limits, and dust suppression. The IESC observed that a few sensitive receptors within 700 meters of the turbines were not adequately considered and therefore the Borrower will be required to update and provide a comprehensive list of sensitive receptors, including specific mitigation strategies (particularly for shadow flicker and blade/ice throw), and to update the traffic management plans to align with IFC PS 4.

The Borrower anticipates using private unarmed security guards and the security risks are considered manageable. Nevertheless, each sub-project and associated ETLs will be required to have in place a security management plan.

Contractor Management.

The sub-projects will require a contracted workforce between 100-600 workers per site during construction, which is estimated to take approximately 10 months to complete. Each sub-project will require 4 or 5 contractors to complete civil works, electrical

works, ETL construction, and turbine installation. The Borrower's human resources department is responsible for managing the labor performance of contractor and subcontractors. The Borrower has drafted a Human Resources and Worker Management Plan that is applicable to contractors. The Project will be required to finalize and fully implement this plan and ensure that contractor management aligns with IFC PS2, including monitoring and developing a code of conduct that is applicable to all contractors' and sub-contractors' workers and addresses Gender-based Violence and Harassment (GBVH).

Resettlement Impacts.

The establishment of sub-projects and the associated ETLs is anticipated to result in primarily economic, not physical, displacement. However, the Project is still assessing eight identified structures that are located near turbines to determine their use and status. Resettlement Action Plans (RAPs) for each sub-project are being developed to meet IFC PS 5 and national requirements. In total, the Project will require 1,257,858.32 m2 of privately owned lands affecting 853 PAPs who will be economically displaced. Land procurement is led by a Land Acquisition Manager while resettlement activities are led by the Social Manager with the support of the CLOs. The Project will be required to implement PS5 compliant RAPs for all sub-projects, including livelihood resettlement plans and ensure that land acquisition processes for ETLs align with IFC PS5.

Cultural Heritage.

The ESIA's indicate that the sub-projects have the potential to impact tangible and intangible cultural heritage. The Borrower is developing a Cultural Heritage Management Plan including a Chance Finds Procedure to mitigate impacts, with the support of a third-party consultant.

Supply Chain.

The Borrower has in place an agreement with Enercon Global GmbH, a German wind turbine manufacturer and service provider, and its Turkish subsidiary (collectively, "Enercon"), whereby Enercon would be the exclusive supplier and servicer of turbines for the Project. Enercon has a Human Rights policy that is reflected in its corporate Code of Conduct and Supplier Code of Conduct, which commits to respecting human rights, upholding anti-discrimination and equal opportunity, prohibiting forced and child labor, and providing adequate wage, working time and grievance mechanisms. The Project's ESMP will include a Supply Chain Management Plan.

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