



MAG PROJECT E&S GOVERNANCE DOCUMENT

1. Purpose

Purpose of this document is to identify E&S aspects, assessment and management through out the Loan Duration for related parties (Borrower, Buyer, Operator and Contractor) for Mersin-Gaziantep High Standard Railway Project.

2. Definitions

Borrower	: Ministry of Treasury and Finance
Buyer	: Ministry of Transport and Infrastructure
Contractor	: REC
EIA	: Environmental Impact Assessment
E&S	:Environmental and Social
ESAP	:Environmental and Social Action Plan
ESIA	:Environmental and Social Impact Assessment
ESMMFP	:E&S Management and Monitoring Framework Plan
IESC	:Independent Environmental and Social Consultant
NTS	:Non-Technical Summary
Operator	: AYGM for Construction Phase, TCDD for Operational Phase
RAP	:Resettlement Action Plan
SEP	:Stakeholder Engagement Plan

3. Project Details and Key Stakeholders

A national Environmental Impact Assessment (EIA) study was carried out for the Project back in and the EIA Positive Decision was secured in between 2011-2015.

To meet the environmental and social (E&S) requirements of the Lenders, Assystem Envy has been retained by the Contractor to carry out an E&S Impact Assessment (ESIA) study for the construction and operation phases of the Project in line with the national environmental, health and safety (EHS) legislation including international conventions and treaties and the related international standards.

The Project is considered as “Category A” and the ESIA study for the Project has been designed to include the following deliverables:

- Scoping Report
- ESIA Disclosure Package including:
 - ESIA Report
 - Resettlement Action Plan (RAP) (carried out by CE Consulting)
 - Non-Technical Summary (NTS)
 - Stakeholder Engagement Plan (SEP)
 - Project E&S Management and Monitoring Framework Plan (ESMMFP) (establishing the roles and responsibilities of the Employer (AYGM), Operator (TCDD) and the Contractor for



the management of construction and operation phase E&S topics, to be agreed between the Employer/Operator and the Contractor)

The ESIA Disclosure Package will be reviewed, and the E&S Action Plan (ESAP) will be prepared by the Independent E&S Consultant, Ramboll (IESC) acting on behalf of the Lenders'. The ESIA Disclosure Package will be disclosed to public by the Contractor (on behalf of the Employer/Operator) and the Lenders for 30 days. As per the relevant requirements of the international standards, NTS, SEP and the ESMMFP will also be disclosed in Turkish language by using appropriate disclosure methods.

The ESIA Report has been prepared by Assystem Envy based on the outcomes of the Gap Analysis and Scoping Study (finalised in April 2021) and built upon the existing technical Project documentation (reflecting the latest status of approved Project design) provided by the Contractor, information relevant to the Project in the publicly available resources, outcomes of the consultations conducted with the key stakeholders, findings of the baseline field surveys carried out by qualified specialists and assessment of potential Project impacts and/or risks in accordance with internationally accepted methodologies as part of the ESIA process. The ESIA Report assesses both the construction and operation phase E&S impacts.

Mersin-Adana-Gaziantep (MAG) High Standard Railway Project

Section	Sub section	Section Description	Section KM Information		Number of Lines			Length (km)				Scope of Work (per Contractor)						
			Start KM	End KM	Existing (Conventional - in Operation) to be Renovated			Open (km)	Route	Tunnel (km)	Total (km)	Tunnelling (incl. Superstructure)	Infrastructure	Superstructure	Electrification	Signalisation	Telecommunication	Renovation of Existing Conventional Lines
Section 1	1a	Mersin-Adana	0+000	380+818	2	2	4	68	0	68	N/A	Nuhoglu (80%)	REC	REC	REC	REC	H&C (1st Line+ 2nd Line)	
	1b	Cukurova CR			0	2	2	10	0	10	N/A	KGM	REC	REC	REC	REC	N/A	
Section 2	2a	Adana-Ceyhan	380+818	447+000	1	1	2	49	0	49	N/A	REC	REC	REC	REC	REC	REC (1st Line)	
	2b	Ceyhan-Toprakale			1	1	2	30	0	30	N/A	Celikler	Celikler	REC	REC	REC	Celikler (1st Line)	
Section 3	(-)	Toprakale-Bahce	0+000	57+000	0 (*)	2	2	49	8	57	Demir	REC	REC	REC	REC	REC	REC (*)	
Section 4	(-)	Bahce-Nurdag	0+000	17+000	0	2	2	7	10	17	Intekar	Intekar	Intekar	Intekar	REC	REC	N/A	
Section 5	5a	Nurdag-T6	78+000	131+438	0	2	2	23	17	40	Fernax	Fernax	Fernax	REC	REC	REC	N/A	
	5b	T6-Baspinar			0	2	2	14.75(**)	1.25	16	Fernax	REC	REC	REC	REC	REC	N/A	
Gaziray		Baspinar-Gaziantep		0	2	2	0	25.5	25.5	N/A	Kolin-Kalyon-Gulermak						N/A	

(*) Only the existing conventional railway line between Toprakale and Bahce (18 km) will be renovated.

(**) As per the information received by the Contractor from the AYGM, the infrastructure works in Section 5b will potentially be conducted by Fermax as Fermax has started the tunnel construction in this section.



4. Roles and Responsibilities

The Project will be executed under Public Tender Law, where the Republic of Turkey – Ministry of Treasury and Finance is the Borrower and the Directorate General of Infrastructure Investments (AYGM) of the Ministry of Transport and Infrastructure is the Employer and the Project Owner.

Under the Construction Contract, the Republic of Turkey – Ministry of Treasury and Finance is the Borrower and the Directorate General of Infrastructure Investments (AYGM) of the Ministry of Transport and Infrastructure is the Employer and the Project Owner. The Construction Contract includes a Project financing mechanism in which the Contractor also arranges the financing for the Project, through its relationships with international financing institutions. This said, the Contractor is



not a party to the loan agreement. The Contractor of the Project is the REC Uluslararası, a subsidiary of Rönesans Holding.

Regarding the funding for the Project, J.P. Morgan is acting as Mandated Lead Arranger and Agent. At this stage, the banking syndicate includes ICBC, ING, BNP, DZ. Export credit agencies (ECAs) include UKEF (with reinsurance from SERV), EKN/SEK.

Mitigation of the potential operation phase impacts will be under the responsibility and control of the Employer/Operator.

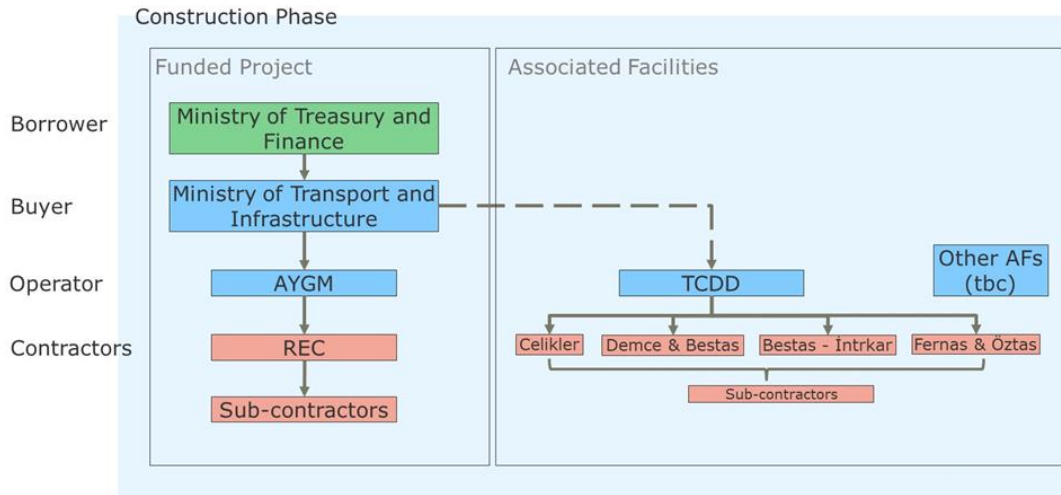


Figure 1.E&S Delegation and E&S Responsibility for Construction Phase

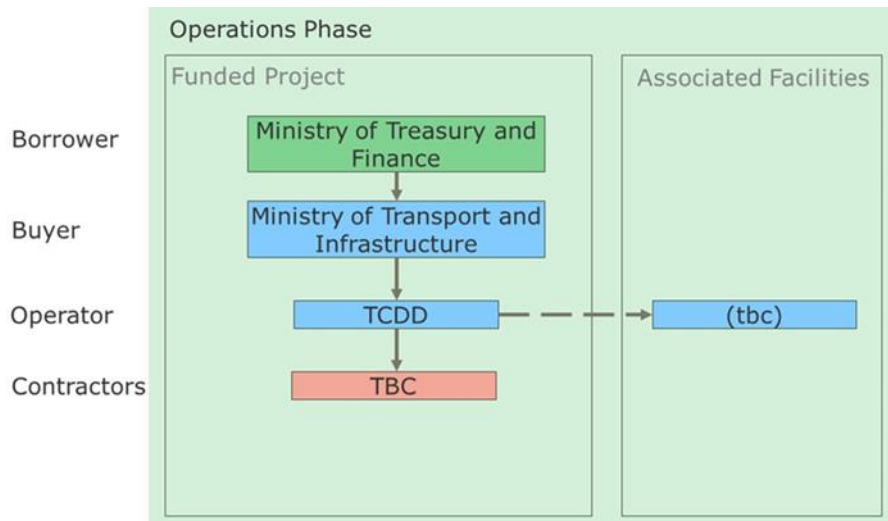


Figure 2.E&S Delegation and E&S Responsibility for Operation Phase

Ministry of Treasury and Finance (Borrower): Within the scope of the Construction Contract, the Borrower is the Republic of Turkey – Ministry of Treasury and Finance, and the Employer and Project Owner is the Ministry of Transport and Infrastructure, General Directorate of Infrastructure Investments (AYGM). The Construction Contract includes a Project financing mechanism through which the Contractor also regulates Project financing through its relations with international financing



institutions. The Contractor of the Project is REC International, a subsidiary of Rönesans Holding, and is not a party to the loan agreement.

Regarding the financing of the project, J.P. Morgan serves as the Authorized Chief Organizer and Representative. At this stage, the banking association includes ICBC, ING, BNP, DZ. Export credit institutions (ECAs) include UKEF (with SERV reinsurance) and EKN/SEK. The Construction Contract of the Project was signed between the Contractor and AYGM on 14 August 2020. Commencement of Construction Contract, Financial Closure (total time for completion of works according to FC Construction Contract is 34 months. Contractor's responsibility will extend up to 2 years (defect liability period) after provisional acceptance of the Project by the Project Owner (Employer). Construction Contract is a unit price contract based on the Public Procurement Law. As signed, this Contract does not have any provisions for Environmental & Social requirements. Any change in the scope of work arising from Environmental and Social requirements is the responsibility of the Employer (AYGM).

Ministry of Transport and Infrastructure (Buyer): After the construction of the project is completed, the railway will be commissioned in stages for the operation phase and all its related components and infrastructure will be delivered to TCDD (Operator) by AYGM (Employer), a state institution affiliated to the Ministry of Transport and Infrastructure. will be transferred. The detailed planning of operation and maintenance activities will be done by the Operator when the time comes in accordance with the institutional system and mechanisms. Most of the land acquisitions within the project expropriation corridor have been completed by TCDD in accordance with the Expropriation Law (Law No. 2942, 1983).

AYGM (Employer): As the Project Owner, we have the following Environmental & Social responsibilities:

- Completion of the national EIA process for the railway route (finalized) and carry out the EIA process of the relevant facilities
- Obtaining permits and licenses of relevant facilities.
- To carry out the remaining expropriation procedures and to make all expropriation payments in accordance with the Expropriation Law.
- To operate the Project in line with all relevant international and national environmental, health and safety legislation and commitments as detailed in the ESIA and EIA reports.
- To prepare policies, procedures and plans within the scope of national and international legislation and standards to which the project is subject, to ensure their implementation and to inform all relevant parties.
- To create funds for the compensation amounts determined within the scope of the Resettlement Plan (RAP) and to ensure that they are paid to the relevant parcel owners.

Based on the ESIA study, an independent Project Environmental and Social Management and Monitoring Framework (ESMMFP) has been prepared for the construction and operation phases to ensure that the obligations of the Employer/Operator and the Contractor are clear. The Project ESMMFP reflects, inter alia, the responsibilities of the Employer/Operator and the Contractor based on the contractual framework set out above. Based on the ESMMFP, specific E&S management/action plans and procedures will be developed and implemented for the management of specific E&S impacts and/or risks throughout the Project construction and operation phases.



TCDD (Operator): As an operator, we have the following Environmental & Social responsibilities:

- To ensure the necessary coordination between other subcontractors within the scope of cumulative impact assessment in order to complete the relevant assessments (flora, fauna, archaeological, social impact, etc.) within the scope of MAG Project Environmental and Social requirements.
- To ensure compliance of other subcontractors working in the relevant parts of our project (These projects are not subject to international credit) with the environmental and social requirements within the scope of Turkish legislation.

REC International (Subcontractor): During the construction activities and warranty period, all Environmental and Social requirements to which the project is subject will be planned and implemented in all works/services to be performed by the project team, subcontractors, sub-subcontractors and major suppliers within the supply chain. It is our commitment that it will be controlled and continuously improved.

5. Applicable Standards

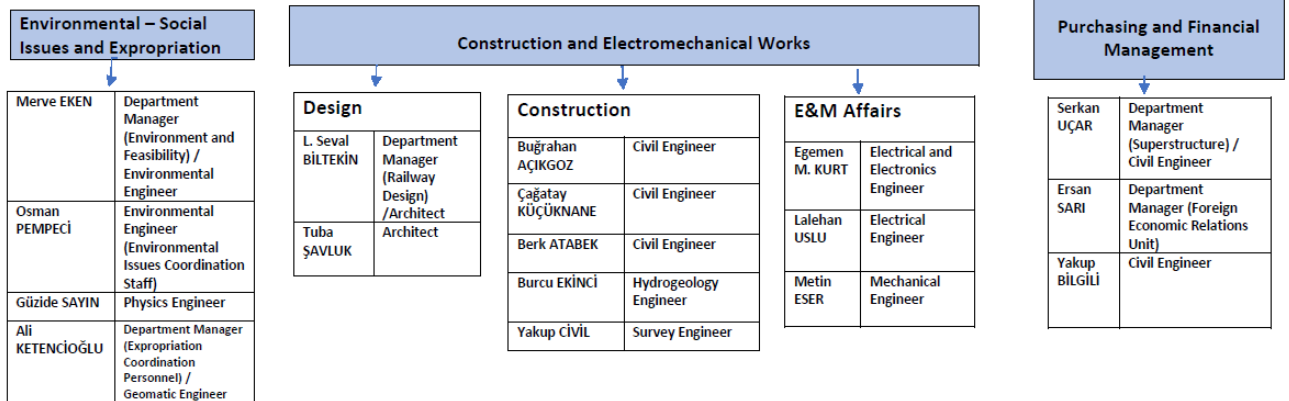
- National Legislation
 - Environmental Law (Law No:2872, 1983)
 - Agricultural Law (Law No. 5488, 2006)
 - Cadastre Law (Law No. 3402, 1987)
 - Expropriation Law (Law No. 2942, 1983)
 - Forestry Law (Law No. 6831, 1956)
 - Groundwater Law (Law No. 167, 1960)
 - Highways Traffic Law (Law No. 2918, 1983)
 - Labour Law (Law No. 4857, 2003)
 - Land Registry Law (Law No. 2644, 1934)
 - Law on Supporting the Development of Forest Villagers, Valuation of Areas Taken out of Forest Area
 - Borders on behalf of the Treasury and Vending of Agriculture Lands Owned by the Treasury (Law No. 6292, 2012)
 - Law on the Conservation of Cultural and Natural Property (Law No. 2863, 1983)
 - Law on the Protection of Cemeteries (Law No. 3998, 1994)
 - Law on Protection Against Flood Waters and Floods (Law No. 4373, 1943)
 - Law on Soil Conservation and Land Use (Law No. 5403, 2005)
 - Mining Law (Law No. 3213, 1985)
 - Municipality Law (Law No. 5393, 2005)
 - National Parks Law (Law No. 2873, 1983)
 - Occupational Health and Safety Law (Law No. 6331, 2012)
 - Pasture Law (Law No. 4342, 1998)
 - Public Health Law (Law No. 1593, 1930)
 - Settlement Law (Law No. 5543, 2006)
 - Turkish Civil Code (Law No. 4721, 2001)
 - Village Law (Law No. 442, 1924)
- International Agreements, Conventions and Protocols
 - United Nations Air Quality and Climate Change Related Conventions, Protocols and Agreements



- United Nations, UNESCO, CITES, CMS, EUROBATS, FAO and Council of Europe Biodiversity Related Conventions, Protocols and Agreements
- UNESCO and Council of Europe Cultural Heritage Related Conventions and Protocols
- United Nations Environmental Protection Related Conventions
- ILO Conventions Relevant to the Project (Safety Health in Construction Convention, Occupational Safety and Health Convention, Forced Labour Convention, Human Resources Development Convention etc.)
- International E&S Standards and Guidelines
 - UN Guiding Principles on Business and Human Rights.
 - Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The “Common Approaches”) 2016.
 - Equator Principles (EP) 4 (2020)
 - IFC Performance Standards 1-8 (updated version dated January 1 2012).
 - Relevant World Bank Group EHS Guidelines, including but not limited to:
 - General Guidelines (2007) including environmental issues; community health and safety; occupational health and safety; construction and decommissioning.
 - Industry specific guidelines for Infrastructure: Railways (2007).
 - IFC EBRD Note on Workers’ Accommodation: Processes and Standards.

6. Principles of Cooperation for Ongoing Works with Third Parties (Project Implementation Unit) (Official organization chart is attached)

Mersin - Adana - Osmaniye -Gaziantep High Standard Railway Construction Project Implementation Unit
Serdar ÜNSAL – PIU Manager (Deputy General Manager)
Ahmet TUNÇSOY -Deputy PIU Manager (Head of Department)
Serkan UÇAR - PIU Coordination Personnel



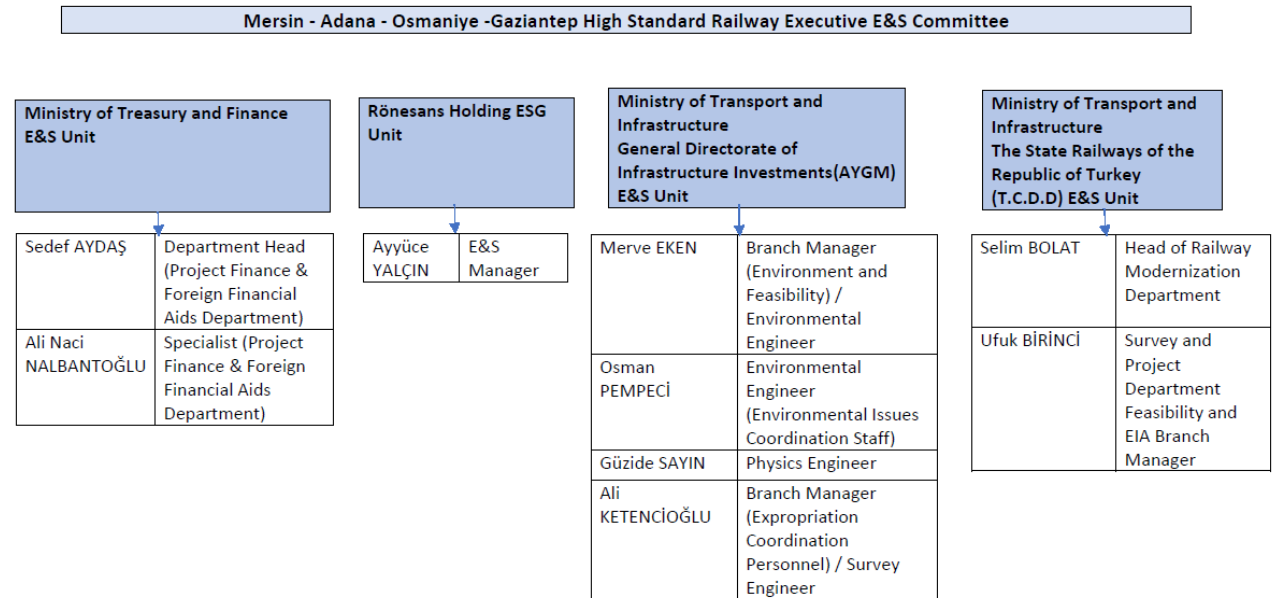


RÖNESANS HOLDİNG

Responsibilities of PIU are stated below:

- To co-ordinate along with Executive E&S Committee for all E&S Requirements in relation to the Project.
- To be responsible and take ownership for the implementation of mitigation measures and management procedures in order to ensure compliance with E&S Requirements. These obligations include but not limited to the implementation and ownership of ESAP, Construction ESMMPF, Operations ESMMPF, Resettlement Action Plan etc.
- To implement the ESMP of Third Party Contractors responsible for other (non REC) segments of the Project and if necessary instruct revisions in order to ensure that they fulfil the E&S Requirements of the Project.
- To be responsible for the overall implementation of the grievance mechanism (including both workers and community) for the Project. It will ensure that all grievances and/or recommendations raised by workers and stakeholders or communities are received, acknowledged and addressed as per the grievance mechanism set out in the Stakeholder Engagement Plan (SEP). REC and the Third Party Contractors will support this implementation.
- To manage stakeholder engagement, external communication and grievance mechanism, ensure and oversee flow-down of HSES management requirements through the contracting chain and associated facilities

7. Executive Environmental and Social Management Committee (Mechanism for reporting and decision making)



Regarding loan agreement, responsibilities of Executive E&S Committee are stated below:

- Act as the decision mechanism for the E&S issues related to the project
- Provide a collaboration for committee members to discuss E&S issues
- Develop ESMP plans or procedures to resolve the identified issues
- Define corrective actions to reduce non-compliances
- Evaluate H&S reports submitted by the third parties
- Address any additional environmental and social issues



Appendix


MERSİN-ADANA-OSMANİYE-GAZİANTEP YÜKSEK STANDARTLI DEMİRYOLU YAPIM İŞİ
Proje Uygulama Birimi

Serdar ÜNSAL-PUB Yöneticisi
(Genel Müdür Yardımcısı)

Ahmet TUNÇSOY-PUB Yönetici Yardımcısı
(Daire Başkanı)

Serkan UÇAR-PUB Koordinasyon Personeli

Çevresel - Sosyal Konular ve Kamulaştırma		İnşaat ve Elektromekanik İşler				Satın alma ve Finansal Yönetim	
		Dizayn	İnşaat		E&M İşler		
Merve EKEN	Şube Müdürü (Çevre ve Fizibilite/Çevre Mühendisi)	L. Savaş BİLİTKİN	Buğrahan AÇIKGOZ	İnşaat Mühendisi	Eğemen M. KURT	Serkan UÇAR	Şube Müdürü (Üst yapı/İnşaat Mühendisi)
Osman PEMİPECİ	Çevre Mühendisi/Çevresel Konular Koordinasyon personeli	Şube Müdürü (Demiryolu Dizayn) Mimarı	Çağatay KÜÇÜKNANE	İnşaat Mühendisi	Lalehan USLU	Ersan SARTI	Şube Müdürü (Dış Ekonomik İlişkiler Birimi)
Guzide SAYIN	Fizik Mühendisi	Tuba ŞAVILUK	Berk ATABEK	İnşaat Mühendisi	Motil ESER	Yakup BİLGİLİ	İnşaat Mühendisi
Ali KETEVCİOĞLU	Şube Müdürü (Kamulaştırma Koordinasyon personeli)		Burcu EKİNCİ	Hidrojeolojik Mühendisi			
			Yakup CIVİL	Harita Mühendisi			

Handwritten signature and initials