

Niksar Hydroelectric Power Plant, Turkey

VALIDATION REPORT SOCIALCARBON Standard - Point Zero -



Document Prepared By TÜV Rheinland Energie und Umwelt GmbH

Project Title	Niksar Hydroelectric Power Plant, Turkey
Client	Niksar Enerji Üretim Ltd. Şti.
Report Title	SOCIALCARBON VALIDATION of Niksar HPP – Point Zero
Report ID	SC-21221381
Version	1.2
Date of Issue	26. April 2013
Pages	32
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Project Information

Indicators	Hydro indicators version 4.1, Modified for Niksar HPP
Project Name	Niksar Hydroelectric Power Plant (Niksar HPP)
Year - Point of Project	2013 - Point Zero
Monitoring period (SOCIALCARBON)	24 May 2012 to 31 March 2013
Corresponding Monitoring Report (Carbon Accounting Standard)	24 May 2012 to 30 June 2013 (VCS Version 3.3)
Location	Niksar, Tokat, Turkey

Table of Contents

1	INTRODUCTION	4
1.1	SCOPE AND CRITERIA	4
1.2	PROJECT DESCRIPTION	4
2	METHODOLOGY.....	5
2.1	DOCUMENT REVIEW	6
2.2	ON-SITE INSPECTION AND INTERVIEWS	7
3	VALIDATION RESULT.....	8
3.1	EVALUATION OF CONSISTENCY AND COMPLETENESS OF INDICATORS	8
3.2	ASSESSMENT OF INDICATORS.....	10
3.2.1	<i>Social Resource.....</i>	<i>10</i>
3.2.2	<i>Human Resource</i>	<i>15</i>
3.2.3	<i>Financial Resource.....</i>	<i>17</i>
3.2.4	<i>Natural Resource</i>	<i>19</i>
3.2.5	<i>Biodiversity Resource.....</i>	<i>24</i>
3.2.6	<i>Carbon Resource.....</i>	<i>26</i>
4	VALIDATION STATEMENT	28
5	ANNEX: LIST OF CORRECTIVE ACTION REQUESTS (CAR) AND CLARIFICATION (CL)	29

1 Introduction

1.1 Scope and Criteria

This report represents the initial (Point Zero) SOCIALCARBON validation of the project Niksar Hydroelectric Power Plant, Turkey. The Social Carbon validation was commissioned by the project owner Niksar Enerji Üretim Ltd. Şti. and TÜV Rheinland Energie und Umwelt GmbH has been contracted as an independent validation/verification body to validate the project against the Social Carbon standard in order to demonstrate the social and environmental benefits of the project in relation to its surroundings.

SOCIALCARBON is a holistic assessment of the impact of a project on its surroundings and takes into consideration (voluntary) actions taken by the project owner to maximize positive side-effects and mitigate against adverse ones. The criteria assessed are categorized into six groups: social, human, natural, biodiversity, financial and carbon. The guidelines “SOCIALCARBON – Indicators for Hydroelectric Power Plants, v4.1” (modified for Niksar HPP) have been applied to evaluate the score of the index for each category. The auditing process is limited to the information described in or required by the indicator (as specified in the SOCIALCARBON standard) to avoid the scope of validation to become “virtually unlimited”.

The project has been assessed against the SOCIALCARBON standard version 4.2 and the guidelines presented in the document “SOCIALCARBON - Introduction to criteria and procedures for certification”. To ensure compliance with the SOCIALCARBON standard TÜV Rheinland Energie und Umwelt GmbH evaluated if:

- The report contains all information required by the template and guidance for elaborating SOCIALCARBON reports;
- The information disclosure in each indicator is relevant and true;
- The score is in accordance with the described scenario for the indicators published in the document “Indicators for the Hydroelectric Power Plants Version 4.1” (modified for Niksar HPP).

The report assesses the criteria against the conditions present during the period of 24 May 2012 to 31 March 2013, which covers the entire monitoring period for the first VCS verification of this project.

The Social Carbon Report has been developed by Dr Aslı Sezer Özçelik, Ekobil Ltd, who acts as the carbon consultant to the project owner.

1.2 Project Description

The Niksar Hydroelectric Power Plant (HPP) project is located on the Kelkit stream, part of the Yeşilırmak catchment, in the Black Sea Region of the Republic of Turkey. The HPP is about 50 km from Tokat City and 10 km from Niksar Town. The nearest villages are Arpaören, Yarbaşı, Hacılı, Kumçiftlik, Camidere and Korulu.

Niksar HPP operates as a diversion type run-of-river project with a 12 km long water conveyance canal that transports the water from the weir structure to the powerhouse where the turbines are located. Niksar HPP uses two vertical axis Francis turbines resulting in a total installed capacity of 40.16 MW_e. The reservoir surface area is 164,710 m².

Following an update in Turkish regulations that determined the minimum amount of lifeline water of 10% to be released, the initial water usage agreement was amended to reflect this change in its final version. The expected annual gross electricity production has been identified as 247,650 MWh in the

feasibility report. Based on this value the annual net electricity production has been calculated as 237,025 MWh using the TEİAŞ net/gross production ratio (0.957) at the time of investment decision. As a result of the increase in the amount of lifeline water and the consequent decrease in the water availability for electricity production purposes, the expected annual net electricity production has been lowered to 215,203 MWh. A number of documents showing the calculations for the revised expected electricity production based on the values in the final, DSI approved water usage agreement were presented to the validation team, who deemed the evidence as credible.

The project owner entity has undergone a number of structural changes throughout the project development phase. The licence was initially issued to Selen Elektrik Üretim A.Ş., part of the IC İçtaş group. The final production licence identifies the current project owner of Niksar HPP as Niksar Enerji Üretim Ltd. Şti.

At the time of the on-site visit Niksar HPP was completed and operational. It started supplying electricity to the Turkish national grid on 24 May 2012 via 36 kV transmission lines to the transformer substations.

No EIA regulatory procedures had to be observed because the project was exempt from the regulations. The EIA exempt certificate has been provided to TÜV Rheinland Energie und Umwelt GmbH. However, an EIA project identifier file has been submitted to the environmental directorate as part of the standard procedure. The fact that the project owner holds all necessary approvals suggests that the project is fully in line with legal requirements.

2 Methodology

The methodology for the validation of the Social Carbon Report (SCR) included the collection of all relevant information to confirm statements made in the SCR through a combination of a document review, an on-site assessment and interviews with the relevant stakeholders.

The SC methodology requires validating the information related to socioeconomic aspects based on the matrix evaluation grid of the indicator documentation. Therefore, the collated information was used to assess the project parameters against the indicator definitions and checked against the index scores assigned by the carbon consultant. The validation team's findings either confirmed the initial score or illustrated any inconsistencies in which case the score was revised. The best possible match of the actual on-site situation with the least deviation from the reference scenario shall represent the awarded score. Where a direct match could not be identified, information was not available or insufficient or the indicator was not applicable, it is mentioned explicitly.

Upon receipt of the draft SCR a list of CAR/CL was forwarded to the responsible party derived from the desk review of the draft SCR and available supplementary information. Additionally the (interview-)records drafted during the on-site assessment were considered during the validation. Where documentation was still insufficient the document request was included in the CAR/CL and eventually by providing all requested documentation, TÜV Rheinland Energie und Umwelt GmbH was able to validate the assertions made in the draft SCR.

2.1 Document Review

Table 1 outlines the documentation reviewed during the validation process.

Table 1: List of reviewed documents

No.	Document	Date submitted
1	SOCIALCARBON Standard, v4.2	
2	SOCIALCARBON – Indicators for Hydroelectric Power Plants, v4.1	
3	SOCIALCARBON – Introduction to criteria and procedures for certification	
4	SOCIALCARBON – Additional information for auditors of SOCIALCARBON Reports, v2.2	
5	UNFCCC ACM0002 “Consolidated methodology for grid-connected electricity generation from renewable sources”, v.13, EB67	
6	UNFCCC “Tool to calculate the emission factor for an electricity system”. V.03.0.0, EB 70 Annex 22	
7	SOCIALCARBON Report (SCR) for Niksar HPP v1.0	26/03/2013
8	Niksar SocialCarbon Data v1.0	26/03/2013
9	VCS Project Description for Niksar HPP v2.1 (final version)	17/04/2013
10	VCS Validation Report for Niksar HPP v1 (final version)	18/04/2013
11	SOCIALCARBON – Indicators adapted for Niksar HPP	12/04/2013
12	Niksar employment data and training plan – xls overview	06/04/2013
13	QA: Risk analysis & OSHA procedure for Niksar HPP (2012)	09/04/2013
14	Environmental impact assessment sheet for Niksar HPP (Dec 2012)	09/04/2013
15	Environmental risk action plan for Niksar HPP	09/04/2013
16	Waste management procedure documents	09/04/2013
17	Training attendance records of Niksar staff	05/04/2013
18	SOCIALCARBON Report (SCR) for Niksar HPP v2.0	12/04/2013
19	Niksar SocialCarbon Data v2.0	12/04/2013
20	SOCIALCARBON Report (SCR) for Niksar HPP v2.1	26/04/2013

2.2 On-site Inspection and Interviews

An on-site inspection was conducted with the purpose to interview relevant stakeholders, review documents and assess the situation in order to validate the statements determining the indicator scores. The site visit took place on 05/04/2013, 08/04/2013 and 10/04/2013, and included visits to offices of relevant governmental institutions as well as the project site itself.

Table 2: Audit plan for the SOCIALCARBON validation visit incl. interviewees:

Audit, 05 April 2013			
15:00 – 18:00	Bilkent Hotel, Ankara	Ms Fatma Adıgüzel, IC İçtaş Energy, Director	History of project development, financial resources, human resources, sustainability, environmental management, project performance, local stakeholder meeting.
		Mr Ufuk Akbulut, Hydro Engineering Manager	
		Dr Aslı Sezer Özçelik, Ekobil Ltd.	Primary contact for Social Carbon.
		Mr Murat Özçelik, Ekobil Ltd.	
Audit, 12 April 2013			
10:00	Niksar Forestry Operations Directorate	Mr İlhan Yazıcı, Director of the Niksar Forestry Department	Population displacement, acceptance, natural resources.
11:00	Quaimakam, Niksar Town	Mr Yusuf Gökhan Yolcu, Quaimakam	Social resources, population displacement, acceptance.
13:00 – 16:00	Niksar HPP, Office	Mr Tekin Erdem, Operations Manager at Niksar HPP	Operations of HPP, human resources, financial resources, sustainability, environmental management.
		Mr Faruk Özyurt, Muhtar of Arpaören Village	Social resources, acceptance, social demands and benefits, expropriation.
		Mr Mustafa Dalkılıç, Muhtar of Yarbaşı Village	
		Mr Baki Aksoy, Citizen of Yarbaşı Village	
		Mr Osman Şahin, Citizen of Yarbaşı Village	Human resources, trainings, staff benefits, HSE.
		Mr Murat Çubuk, Niksar Enerji Üretim Ltd. Şti. employee	
		Mr Halil İbrahim Şahin, Niksar Enerji Üretim Ltd. Şti. employee	
		Mr Mahmut Şerbet, Niksar Enerji Üretim Ltd. Şti. Employee	
16:00 – 17:00	Niksar weir	Onsite visit	Natural and environmental resources.
Audit, 10 April 2013			
10:00	DSI office, Samsun District	Mr H. İbrahim Yavuz, DSI Hidroelectric Energy Department Manager	Water resources, environmental impacts, social resources, expropriation.

3 Validation Result

3.1 Evaluation of Consistency and Completeness of Indicators

As a first step of the validation of the Social Carbon Report (SCR) the completeness and consistency of the initial SCR with the standard indicators of the applicable document “Approved Indicators for Hydroelectric Power Plants Version 4.1, June 2011” has been evaluated (see table 3). If indicators have been excluded or are inconsistent with the above mentioned document, the reason has to be clearly stated in the SCR and the approval from Ecologica Institute provided.

Table 3: Comparison of the “Approved Indicators for Hydroelectric Power Plants (Version 4.1)” with the indicators included in the submitted SCR

Indicator	Included in the SCR [Yes / No]	If not, state justification from project proponent
Social Resource: The working networks, the social duties, social relations, relationships of trust, affiliations, and associations.		
Population Displacement	YES	-
Communication with Stakeholders	YES	-
Acceptance	YES	-
Social Demands	YES	-
Social Programs	YES	-
Social Benefits	YES	-
Human Resource: The skills, knowledge, capacities for work and good health that people have. Taken together, these become fundamental for the successful pursuit of different strategies.		
Capacity Building Initiatives	YES	-
Health & Safety	YES	-
Benefits	YES	-
Transfer of New Technology	NO	The Project is using two vertical axis Francis type turbines (as also indicated on the 1st chapter of government approved 3rd party Feasibility study). This kind of technology is not new and the contribution of the project will be limited to training of the staff and some added experience to the project operators. Therefore this indicator is not applicable.
Involvement of Employees in the Project	YES	-
Financial Resource: The basic capital in the form of cash, credit/debt and other economic goods which are available or potential.		
Economic Performance	YES	-
Market	YES	-
Sale of Credits	YES	-
Natural Resource: The stock of natural resources (soil, water, air, etc.) and environmental services (soil protection, maintenance of hydrological cycles, pollution sinks, pest control, pollination, among others), from which resources for livelihoods are derived.		
Sustainability Principles	YES	-
Environmental Management	YES	-
Environmental Legislation	YES	-

Indicator	Included in the SCR [Yes / No]	If not, state justification from project proponent
Legal Procedures	YES	-
Environmental Impacts	YES	-
Environmental Risk Management	YES	-
Reservoir and Marginal Areas Management	YES	
Erosion, landslides, silting and floods	YES	-
Water Resources	YES	-
Biodiversity Resource: the combination of species, ecosystems and genes which form the biological diversity. Relevant aspects of this component are: the integrity of natural communities, the way people use and interact with biodiversity, the degree of conservation, pressures and threats imposed on native species and the existence of high priority areas for conservation		
APP and Legal Reserve	NO	There are no APP and Legal Reserve within the project area or around it. This is also indicated on the 7th chapter of third party Feasibility study that was approved by DSI.
Recovery of Degraded Areas	YES	-
Biodiversity Conservation	YES	-
Ichthyofauna	YES	-
Carbon Resource: The type of carbon project developed, encompassing the methodologies utilized and project performance.		
Additionality	YES	-
Emissions Reductions Calculations & Monitoring	YES	-
Validation & Verification	YES	-
Project Performance	YES	-

3.2 Assessment of Indicators

3.2.1 Social Resource

3.2.1.1 Population displacement

Statement in SCR

The project didn't cause people to leave their houses. The majority of the land used to belong to the forest authority. The land with forest status was acquired by the project after completing necessary permits, and upon an agreement. In addition to that some private land has undergone the expropriation process but the local inhabitants explained that the compensation was satisfactory.

Validation Opinion to the statement of TÜV Rheinland

The majority of the land required for the construction of Niksar HPP was owned by the Forest Authority. Residents from two villages (Arpaören and Yarbaşı villages) were affected. The expropriated land was used for agricultural purposes. The muhtar from Arpaören village was involved in setting the price for the land. Most of the compensation has been paid out and the villagers are satisfied. During the local stakeholder meeting the PO explained all options to the villagers, including the option to go to court to determine the final price, should they not be satisfied with the initial price offered. All interviewees (Muhtars, villagers, Forest Authority, Quaimakam) confirmed that the process has gone smoothly, no complaints were made and the affected people are satisfied.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
5	Participatory Relocation Program, including negotiations with different actors (owners, public agencies, and civil society organizations).	No target assigned.	Based on the available information the chosen index is considered to be correct.

3.2.1.2 Communication with Stakeholders

Statement in SCR

The project owner is open to dialogue with stakeholders. They welcome the visitors. A security post controls access to the power plant. This is to make sure that the visitors are met at the entrance and necessary precautions for their safety are taken. In addition to this the mobile numbers of the technical staff is made available to the village heads and to the local authorities. In summary they have an unstructured but warm relation with the stakeholders. The Muhtars also admitted that they can get information as they want to or need to learn anything.

Validation Opinion to the statement of TÜV Rheinland

All the stakeholders (Muhtars, Forest Authority, Quaimakam, DSI) confirmed that they have good communication with the PO. The Muhtars have the mobile phone number of the plant manager and can contact him at any time.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
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3	During the planning and operation stages, the entrepreneur has communication with local stakeholders.	For the following years, establish a systematic information forum, where the communication of information will be more systematical.	Based on the available information the chosen index is considered to be correct.
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3.2.1.3 Acceptance

Statement in SCR

Original version:

The government officials, and the villagers from the nearest settlement mentioned that in general the community was happy with the project, but there were minor problems that were waiting attention of all the stake holders, related to the old irrigation canals that they were having seasonal problems. They have also admitted that the project operations manager helped them solve their problems partially and temporarily but they were seeking a better and permanent solution with the help of local government authorities.

Revised version:

The government officials, and the villagers from the nearest settlement mentioned that in general the community was happy with the project, but there were minor problems that were waiting attention of all the stake holders, related to the old irrigation canals that they were having seasonal problems. They have also admitted that the project operations manager helped them solve their problems partially and temporarily but they were seeking a better and permanent solution with the help of local government authorities. Due to lack of support from villagers from Yarbaşı, one can say that there is a little opposition, but this is rather expressed in terms of lack of support.

Validation Opinion to the statement of TÜV Rheinland

In general the project seems to be accepted by the local stakeholders. During the early construction phase a complaint was made due to waste being dumped on private land, but this has been solved and no further complaint has been made as the Forest Authority and the Qaimakam stated. While the Muhtar from Yarbaşı village confirmed their support for the project, the Muhtar and villagers from Arpaören explained that they neither support nor oppose the project.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
Original score: 5	Support from local stakeholders and little opposition.	No target assigned.	Given the lack of support from Arpaören village, a lower score is more appropriate for the current situation.
Revised score: 4	Support from local stakeholders, but some opposition still exists.	Look for ways of improving support by improving your support to locals and communicate with locals.	Based on the available information the chosen index is considered to be correct.

3. Social Demands 2.1.4

Statement in SCR

Original version:

The social demands reach the operations manager via the village or district heads or the members of the city council. We have communicated with the two different village heads one said their social demands was satisfied, the other said they expected things that were not satisfied. However, within the same conversation he also admitted that when they need something they can rely on the project management.

Revised version:

The social demands reach to the operations manager via the village or district heads or the members of the city council. Among these demands was rearrangement of a plot of land of 100,000 m2 area to be used in the future as a meadow for Yarbaşı village, 3 to 4 truck full of ready cement for Arpaören village. We have communicated with the two different village heads, namely Yarbaşı and Arpaören village heads, as they were the ones that were affected most and interacting most with the project: One of them said their social demands was satisfied, the other one said they expected things that were not satisfied. However, within the same conversation the one who claimed unsatisfied demands also admitted that when they need something they can rely on the project management. We have observed actions that surpass compulsory activities.

Validation Opinion to the statement of TÜV Rheinland

During the interviews conducted during the onsite visit, it could be confirmed that the project owner fulfilled all the requests that they were legally required to, such as the reclamation of impacted land and the improvement of the irrigation system (ongoing work) for Yarbaşı village which has been affected by the changed water levels.

Although the Muhtar from Yarbaşı village stated that not all of their requests during the construction site have been fulfilled (cement requested for cemetery wall), the PO has provided cement for other construction purposes and has installed water taps and a mini-bridge in Arpaören village.

Therefore, the VVB deems it appropriate to say that the PO has surpassed its compulsory activities.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
4	The entrepreneur takes actions that surpass compulsory activities.	The entrepreneur is developing a policy that will cover the rules and other criteria to address voluntary social actions. Within one year the project owner is going to prepare an internal document that will outline the standard operating procedures to respond the social demands.	Based on the available information the chosen index is considered to be correct.

3.2.1.5 Social Programs

Statement in SCR

The project management has good relations with the local inhabitants, but they have not considered such programs earlier. However the project owner is keen to organize more extensive social programs that will benefit more people in the region. Some examples of such programs include organizing an animal husbandry course in the region, or as suggested by the forestry department, promoting plantation of berry trees such as goji berry or raspberry, that could then be collected and sold by the villagers for extra income.

Validation Opinion to the statement of TÜV Rheinland

The project owner is open to hear ideas from local stakeholders as to what programs could be implemented in the future, but none of these are in planning stage, yet, with concrete programs, goals or activities defined.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
Original score: 2	Actions are in planning stage with high uncertainty that benefits can be delivered.	The Entrepreneur is going to be identifying such activities together with the local stakeholders. They will assess the situation taking into account socio economical characteristics of the area.	The actions are not yet in planning stage.
Revised score: 1	No actions were taken		Based on the available information the chosen index is considered to be correct.

3.2.1.6 Social Benefits

Statement in SCR

Original version:

The project owner already helped with the villages to build or help build some of the important infrastructures. The villagers are also able to identify these social benefits, such as a bridge, a spring water place, some retaining wall constructions etc.

Revised version:

The project owner already helped with the villages to build or help built some of the important infrastructures. The villagers are also able to identify these social benefits, such as a small bridge, a spring water place, some retaining wall constructions etc. In addition to that they have dug a drinking water canal, the villagers installed their pipes and they have covered the canal to complete a portion of the tap water system of Yeşilçam village. For the same village they have repaired a 6 km piece of village road and they have covered its top by gravel to avoid dust and mud formation. Also the forest authority admitted that the project eased their access to the forest and shortened their way up to 30 km up to the point they would reach the last point they would go by vehicle and another 5 km in the point where they had to walk. The project helped them reach the forest and act on fires quicker than before. Also, In our site visits we have observed that, for the tree plantation activities, project management chose fruit trees and bushes such as rosehip, that may be a benefit to the local

inhabitants if they will be willing to collect and sell them in the local market.

Validation Opinion to the statement of TÜV Rheinland

The stakeholders confirmed that the PO has added a mini bridge and water taps to their village. One of the villagers has been employed for the shuttle service of the power plant. Furthermore, the PO stated that they have improved the gravel road and keeps it clear of snow during the winter. In addition, the project owner has decided to plant fruit trees etc around the project site as part of the reforestation, which enables locals to use the fruits for their own benefits.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
4	Project delivers benefits in more than one of the major areas to a limited number of local stakeholders.	The project owner will identify the social needs together with the stakeholders and local authorities and will determine actions that will benefit more people.	Based on the available information the chosen index is considered to be correct.

3.2.2 Human Resource

3.2.2.1 Capacity Building Initiatives

Statement in SCR

The employees are qualified for the job and they are receiving regular trainings to keep them not only up to date, but help them improve their abilities in their career life. The entire operations team has already attended more than one training.

Validation Opinion to the statement of TÜV Rheinland

During the onsite visit, it could be confirmed that the employees were sufficiently experienced to undertake their job and were receiving regular comprehensive training. An overview of the training events for each staff member and the respective attendance sheets / certificates were provided to the VVB, demonstrating that the training ranged from first aid courses to SAP training and operation & maintenance of technical equipment seminars.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
6	Operations and Maintenance: Employees of the project have experience and have participated in more than one training or course in intervals of one year or less.	No target assigned but it will be monitored that the project owner will be continuing in house and external trainings to maintain the high qualification level of their employee.	Based on the available information the chosen index is considered to be correct.

3.2.2.2 Health and Safety

Statement in SCR

The project owner has its own construction and operational HSE management system in place. They continue regular trainings for HSE.

Validation Opinion to the statement of TÜV Rheinland

A basic HSE training is provided to all employees, as was confirmed by the interviewed members of staff. The mother company has ISO 9001, ISO 140001 and OSHA certifications. These procedures are being practiced at Niksar HPP, even though no formal certification has been gained at for Niksar HPP specifically.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
5	Existence of an Occupational Health and Safety Management System or satisfactory safety program.	No target assigned. The situation will be well-maintained.	Based on the available information the chosen index is considered to be correct.

3.2.2.3 Benefits

Statement in SCR

The project employees are provided with lunch money. Also they are provided with free transportation to their houses. The core staff is also provided with an annual bonus payment that is dependent on their performances. Also they are provided with holiday money. We can conclude that all the employees are offered three benefits.

Validation Opinion to the statement of TÜV Rheinland

The interviewed employees confirmed that they receive shuttle bus service, holiday money and an annual performance bonus payment.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
5	Benefits are offered to all employees involved in the project in to three of the areas.	The project owner will measure employee satisfaction.	Based on the available information the chosen index is considered to be correct.

3.2.2.4 Involvement of the Employees in the Carbon Project

Statement in SCR

The management is aware of the carbon project but the employees at the project site have no idea about the climate change and carbon project related concepts.

Validation Opinion to the statement of TÜV Rheinland

The plant manager has been informed about the carbon project and has a good awareness of climate change and the positive contribution of the HPP towards it.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
2	Only management and employees directly involved in the carbon project are aware.	The project management will include an in-house training addressing climate change and the contribution of renewable energy projects to tackle the climate change issue. This will ensure the involvement of employees to the carbon project.	Based on the available information the chosen index is considered to be correct.

3.2.3 Financial Resource

3.2.3.1 Economic Performance

Statement in SCR

Original version:

The project produced within the expected limits, about 80 % of the amount predicted in the feasibility reports is produced. This can be attributed to the operation being in its first year and is deemed acceptable by the project owners.

Revised version:

The project produced within the expected limits, about 100 % of the amount predicted in the feasibility reports is produced.

Validation Opinion to the statement of TÜV Rheinland

The PO stated that the economic performance, based on the electricity production, is fully achieving the targets that they have set themselves at the beginning of the project, despite the current drought period. This is helped by the special circumstances that another HPP, upstream from Niksar HPP, is emptying their reservoir for maintenance purposes.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
Original score: 4	Adequate Performance. Goals and expectations established with shareholders have been accomplished.	To be able to improve the efficiency of the project maximum care will be spent for the maintenance of the components of the project.	The economic performance needs to be revised according to the updated expected annual electricity production value from the VCS validation report.
Revised score: 5	Good Performance. Goals and expectations established with shareholders have been accomplished and in some cases surpassed.		Based on the available information the chosen index is considered to be correct.

3.2.3.2 Market

Statement in SCR

The carbon asset of the project is developed considering the CDM rules and the project is validated to the Verified Carbon Standard and can only reach to the voluntary markets.

Validation Opinion to the statement of TÜV Rheinland

It has been confirmed during the validation of the project activity to VCS standards that it is eligible for the voluntary market.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
3	Project activities are eligible for the voluntary market.	The project owner is hoping to have an opportunity to bring the project into compliance market. However, this depends mainly on the change of the status of Turkey.	Based on the available information the chosen index is considered to be correct.

3.2.3.3 Sale of Credits

Statement in SCR

Original version:

Evaluates uncertainties regarding the value of commercialized credits generated by the project

Revised version:

The project owner started to probe potential buyers by the help of their carbon finance consultant. However the market conditions were unfavorable by the time this report was prepared.

Validation Opinion to the statement of TÜV Rheinland

The discussions have not reached the negotiation stage.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
Original score: 2	Carbon credits are being negotiated, with little uncertainty regarding its commercialization.	The project owner is targeting to differentiate the project activity from the similar projects in the market and therefore to increase the value of the VCUs.	As there are no ongoing negotiations yet, the index does not accurately reflect the situation.
Revised score: 1	Uncertainties about the commercialization of the carbon credits for the period		Based on the available information the chosen index is considered to be correct.

3.2.4 Natural Resource

3.2.4.1 Sustainability Principle

Statement in SCR

Original version:

The sustainability concept and principles are appreciated and practiced as environmental protection, improved working environments, in-house trainings and improving the quality of life in the vicinity of the project area. These are applied as common sense and as part of the company culture. The mother company has an established company and work ethics rules published at the holdings web site. The concepts of sustainability and sustainable governance are not mentioned in the company outreaching web sites.

Revised version:

The mother company has an established company and work ethics rules published at the holdings web site. The concepts of sustainability and sustainable governance are not mentioned in the company outreaching web sites. However, they have the common sense of caring for nature and protecting the environment.

Validation Opinion to the statement of TÜV Rheinland

The mother company has an established 'company and works ethics page' on their website. But neither overall sustainability principles nor local goals are available or practiced at the project.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
4	Clear sustainability goals and objectives inserted in the values, strategy or principles of the project owner, but difficulties exist in applying them in practice.	The project owner will discuss sustainability concepts in their in house training sessions at the Niksar project site and will set local sustainability goals and monitor achievement towards these goals.	No clear sustainability goals or objectives are available. The mother company, however, has an awareness of the benefits of applying sound work ethics principles in their projects.
2	Limited incorporation of sustainability in the values, strategy and principles of the project owner.		Based on the available information the chosen index is considered to be correct.

3.2.4.2 Environmental Management

Statement in SCR

Original version:

The project is implementing an environmental management system based on the best practice approach.

Revised version:

The project is starting to implement an environmental management system based on the best practice approach. However the system has been recently structured and was not introduced to Niksar HPP employee.

Validation Opinion to the statement of TÜV Rheinland

During the site visit it was confirmed that whilst the mother company has a framework for the environmental management system that includes reporting, it is not yet fully implemented at the project site.

A number of (hazardous) waste management procedures and a respective protocol exist and are being practiced at Niksar HPP.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
Original score: 4	Environmental management and reporting system exists, but with some gaps.	The project owner will ensure the perfection of the Environmental Management system, and do the necessary actions to get the system certified.	The current environmental management procedures in place do not include reporting.
Revised score: 3	Environmental management systems exist, but there is no reporting of performance.		Based on the available information the chosen index is considered to be correct.

3.2.4.3 Environmental Legislation

Statement in SCR

The project complies with the Turkish environmental regulations and rules. All the environmental permits and licenses are valid and up to date. In addition to this they have already integrated a systematic control of the legal and regulatory responsibilities in to their environmental management system.

Validation Opinion to the statement of TÜV Rheinland

Niksar Enerji Üretim Ltd. Şti. has the support of a dedicated safety department at their headquarters who is responsible for anticipating regulations and processes that need to be followed. They are aware of any upcoming actions that need to be taken and act accordingly.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
6	In addition to the items in Index 5, the entrepreneur has systematic control of the licensing process.	No target assigned, the project owner will maintain the situation.	Based on the available information the chosen index is considered to be correct.

3.2.4.4 Legal Procedures

Statement in SCR

In the past one year there were no such complaints nor there were any judicial actions related to the project.

Validation Opinion to the statement of TÜV Rheinland

All complaints are filed with the legal advisor of the Quaimakam in Niksar town. During the interview the Quaimakam and his legal advisor confirmed that there are no pending complaints or law suits.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
6	The project did not suffer from public civil or judicial action or receive any warnings due to potential risk or effective damage to human health or the environment.	No target assigned, however, the project management will ensure compliance with the rules and regulations to avoid any public lawsuit.	Based on the available information the chosen index is considered to be correct.

3.2.4.5 Environmental Impacts

Statement in SCR

The project has submitted a project description file to the Samsun Province General Directorate of MoEUP. The file is studied and the project received an EIA exemption certificate.

Validation Opinion to the statement of TÜV Rheinland

The Forestry Authority stated that as long as an adequate amount of lifeline water is released, they don't expect any environmental impacts from the project. DSI has installed monitoring equipment to ensure that enough lifeline water is released from the reservoir. They carefully check the situation and confirmed that there were violations regarding the quantity of lifeline water at Niksar weir due to the project owner's fault.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
5	Studies show insignificant environmental impact.	No target assigned. The project owner will ensure to keep the impacts at a minimal level	Based on the available information the chosen index is considered to be correct.

3.2.4.6 Environmental Risk Management

Statement in SCR

The company culture of the project owner has the perception of the environmental risk management concept. They have environmental risk analysis oriented studies and documentation in place, and, there were no environmental risk or emergency situations during the specified validation period. The risk management plans are documented, and distributed to the site manager.

Validation Opinion to the statement of TÜV Rheinland

During the site visit it was confirmed that the environmental risk management plans are in place. Agreements with external companies are in place to ensure that hazardous waste is dealt with in an appropriate manner.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
4	There were no environmental emergency situations during the specified period.	The project owner will ensure the perfection of the Environmental Management system, and do the necessary actions to get the system certified.	Based on the available information the chosen index is considered to be correct.

3.2.4.7 Reservoir and marginal areas management

Statement in SCR

The project owner is protecting the surrounding of the reservoir area and overseeing the critical areas of the canal via surveyance cameras, in order to ensure public safety.

Validation Opinion to the statement of TÜV Rheinland

The extent of the marginal areas is limited. Fences and security cameras have been set up to protect and observe the weir structures and the entire canal. The power house has been separately fenced in to enable local residents to use the road running passed the power house without passing through restricted areas. No invasions have been registered.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
5	Satisfactory plan, but it only contemplates monitoring, safety and control activities.	The project owner will look for ways of implementing actions that consider multiple uses of the reservoir and adjacent areas with evident benefits to the local population. This topic will be assessed from a safety first point of view.	Based on the available information the chosen index is considered to be correct.

3.2.4.8 Erosion, landslides, silting and floods

Statement in SCR

The project owner is in close cooperation with the forest authority. They have already planted trees to protect the marginal areas around the project area, and helped the TEMA, a well-known national NGO to fight erosion in one of their tree planting campaigns.

Validation Opinion to the statement of TÜV Rheinland

The project has been built in a geographically difficult area as it is prone to earthquakes. For this reason all the structures have been built using the highest standards. To avoid erosion, the affected areas (mainly around the 12 km long canal) have been reforested with 40,000 young trees. For this the project owner has collaborated with the NGO TEMA. Officials from the Forest Authority and DSI as well as local residents confirmed that there were no problems with erosion.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
6	Program is supported by external Stakeholders (i.e. regulators, ngos, etc.).	No target is assigned but the continuous re-forestation efforts will be monitored.	Based on the available information the chosen index is considered to be correct.

3.2.4.9 Water Resources

Statement in SCR

The project has no negative impact on the water quality and quantity. The project is releasing the life line waters agreed upon the agreement they have signed with the DSI.

Validation Opinion to the statement of TÜV Rheinland

The Forest Authority stated that as long as the project owner releases a sufficient amount of lifeline water, no problems are expected regarding the water resources. The lifeline water as well as the canal water is carefully monitored (remotely) by DSI. The VVB observed the installed monitoring equipment. DSI confirmed that an adequate amount of lifeline water is being released by the project owner.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
4	Operations either enhance or cause minimal deterioration to Reservoir or downstream water quality.	The project owner is targeting to draft a communication document that will outline their preventive actions to protect the water resource and this will be communicated to the local stakeholders to improve their understanding of the value of the water resource.	Based on the available information the chosen index is considered to be correct.

3.2.5 Biodiversity Resource

3.2.5.1 Recovery of Degraded Areas

Statement in SCR

Original version:

The project is located at a very difficult geography, within the North Anatolian Fault Zone where mass fall is a common problem. During our site visit the villagers also admitted that during the construction phase there were some landslides that have affected some of their lands but these were remedied. In addition to this the project owner is reclaiming the part of the village meadow by moving the top soil to a suitable area and working for recreation efforts.

Revised version:

The project is located at a very difficult geography, within the North Anatolian Fault Zone where mass fall is a common problem. During our site visit the villagers also admitted that during the construction phase there were some landslides that have affected some of their lands but these were remedied. The project owner planted trees and shrubs alongside the canal that disturbed the skirts of the hills. Although this was an action within the project boundaries this was not a legal requirement, as was implied in our conversation with the local forest authority.

Validation Opinion to the statement of TÜV Rheinland

During the site visit, the VVB could confirm that the degraded areas have been replanted. In addition to areas within project ownership, such as the strip long the canal, trees and bushes have also been planted along the government-built road that runs along the opposite bank of the river.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
5	Voluntary recovery of degraded areas, also in areas outside of project ownership.	No target is assigned but the tree plantation efforts will continue and the project owner will monitor establishment of these trees and shrubs.	Based on the available information the chosen index is considered to be correct.

3.2.5.2 Biodiversity Conservation

Statement in SCR

The project owner is safeguarding the project boundaries and watching for illegal hunters and fishers. This way they are supporting the local wildlife.

Validation Opinion to the statement of TÜV Rheinland

The actions of the project owner regarding biodiversity conservation are limited to their legal obligations. The project owner ensures that wildlife cannot accidentally invade the project site. Furthermore, they have built underground tunnels underneath the canal to ensure connectivity between habitats.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
3	Limited to legal obligation.	The project owner will look for reasonable ways to support local wildlife in coordination with the forestry department and DSI.	Based on the available information the chosen index is considered to be correct.

3.2.5.3 Ichthyofauna

Statement in SCR

The project is supporting the fish life by preventing illegal fishing in the project area. They have an active fish ladder at the body of the weir. But the state of the fish population or whether the fish ladder is working effectively is not being monitored. They also release the necessary lifeline water to support aquatic life.

Validation Opinion to the statement of TÜV Rheinland

The installed monitoring equipment by DSI is limited to measure the lifeline water quantity. No monitoring activities for aquatic wildlife are taking place.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
Original score: 2	Inefficiency in monitoring.	The project owner is going to look for finding ways of cooperating with local fisherman and/or local universities to monitor and/or support a research to determine the state of the fish population in the river.	There is no monitoring of Ichthyofauna.
Revised score: 1	There is no monitoring.		Based on the available information the chosen index is considered to be correct.

3.2.6 Carbon Resource

3.2.6.1 Additionality

Statement in SCR

The project is validated to the VCS version 3.3 standard and implementing CDM Approved tools to demonstrate additionality the project is under VCS version 3.3 Verification.

Validation Opinion to the statement of TÜV Rheinland

The VVB can confirm that the project activity is additional as per CDM approved tools.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
6	It is considered additional according to criteria stated in a monitoring methodology approved by the CDM Executive Board.	The project is targeting to comply with the VCS rules and will be monitored and verified to be in compliance with CDM approved emission reduction methodology.	Based on the available information the chosen index is considered to be correct.

3.2.6.2 Emissions Reductions Calculations

Statement in SCR

The projects emission reductions are calculated and monitored based on CDM approved Methodology "ACM0002 version13: Grid-connected electricity generation from renewable sources".

Validation Opinion to the statement of TÜV Rheinland

The VVB can confirm that the emission reductions calculations and the monitoring plan are based on a CDM approved methodology.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
6	The project has a methodology to calculate emissions reductions and a monitoring plan based on a methodology approved by the CDM Executive Board.	The project owner is targeting to keep complying with the VCS and CDM rules.	Based on the available information the chosen index is considered to be correct.

3.2.6.3 Validation and Verification

Statement in SCR

The project is validated by a UNFCCC accredited DOE, and another UNFCCC accredited DOE is assigned for the verification of the project.

Validation Opinion to the statement of TÜV Rheinland

The VVB can confirm that the validation and verification of the project activity is conducted by a UNFCCC accredited DOE.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
6	Validation and Verification are conducted by a Designated Operational Entity according to UNFCCC specifications.	The project owner is targeting to keep complying with the VCS and CDM rules.	Based on the available information the chosen index is considered to be correct.

3.2.6.4 Project Performance
Statement in SCR

Original version:

The project performed reasonably; about 74% of the expected reductions are achieved, for the first months that we have assessed.

Revised version:

The project performed very well and nearly 99% of the expected reductions are achieved, for the period that we have assessed.

Validation Opinion to the statement of TÜV Rheinland

The VVB has been provided with an overview table of the expected and realized emission reduction values. The project realized around 99% of the expected VERs and is therefore performing excellently.

Index setting by project owner	Wording by definition	Perspective	Validation Opinion
6	Excellent: More than 95% of carbon credits predicted for the period were effectively generated.	For the next monitoring period, the project is targeting to produce at least 95% of the amount of VERs estimated in the validated PDD.	Based on the available information the chosen index is considered to be correct.

4 Validation Statement

Niksar Enerji Üretim Ltd. Şti.
Çetin Emeç Bulvarı 1364. Sok.
No:4 Balgat
ANKARA
Türkiye

26 April 2013

RE: Social Carbon Validation of Niksar Hydro Electricity Power Plant, Turkey

Niksar Enerji Üretim Ltd. Şti. with a registered office at Çetin Emeç Bulvarı 1364. Sok., No:4 Balgat, ANKARA, Türkiye, has engaged TÜV Rheinland Energie und Umwelt GmbH to review and validate the SCR and all assertions related to the GHG project under SOCIALCARBON Standard respectively. The assertions made in the SCR Version 2.1, submitted 26/04/2013, indicate a Social Carbon performance as follows:

Resource	Average Score	General Performance
Social	3.5	Satisfactory
Human	4.5	Satisfactory
Financial	3.00	Satisfactory
Natural	4.55	Sustainable
Biodiversity	3.00	Satisfactory
Carbon	6.00	Sustainable
Overall Assessment	4.09	Satisfactory

We have conducted the validation of the SOCIALCARBON assertion in accordance with the requirements of the SOCIALCARBON program requirements. The project information validated includes the SOCIALCARBON Report (SCR) delivered to TÜV Rheinland Energie und Umwelt GmbH and all relevant information and evidence acquired during the validation process as stated in the validation report "SOCIALCARBON VALIDATION of Niksar HPP – Point Zero" as of 26/04/2013.

We have come to the conclusion that based on our review and all available documentation the assertions are made in accordance with the requirements of the Social Carbon program, are material correct and fairly represents the socioeconomic parameters without material discrepancies.

Cologne, 26 April 2013



Andrea Nüsse

5 Annex: List of Corrective Action Requests (CAR) and Clarification (CL)

CAR	CL	List of Requests for Corrective Action (CAR) and Clarification (CL)			
		Observation (CAR/CL)	Reference	Summary of project owner response	Validation team conclusion
1		The combined margin emission factor of the project is not consistent with the identified combined margin emission factor in the respective Niksar VCS PD.	SC Report v1 – p.12	Updated Please see version 2.00 of the SCR.	OK
	1	The VCS PD for Niksar HPP states “The nearest residential areas include the villages of Yarbasi, Hacili, Kumciftlik, Camidere and Korulu.” For the Social Carbon process, the muthars / villagers from Yarbasi and Arpaören villages were interviewed. Please clarify which villages were affected by the expropriation.	SC Report v1 – p.14	Yarabaşı and Arpaören are the villages that were affected most and they are also the ones that the project operations are interacting most that is the reason why they were involved in the data collecting process.	The PO and FA official confirmed that Yarabaşı and Arpaören villages were the ones affected. OK
	2	Please include further information as to which social demands the PO responds to.	SC Report v1 – p.16 Indicator: Social Demand	In general during the construction period they helped built some little bridges, improved some village roads, and also continuously helping the maintenance of the irrigation channels. They have also improved one area to become a meadow. More and detailed information is given on this topic in version 2.0 of the SCR.	OK
	3	Please include further information on the kind of training that staff has received. Please provide documentation on the qualification of the staff and their attendance in regular trainings.	SC Report v1 – p.17 Indicator: Social Benefits	Please find detailed information on the trainings and qualifications of the employees provided in the excell work book entitled: “Copy of NiksarEmploymentWBv 1 0” And the scanned version of the certifications also forwarded as an e-mail.	OK
	4	Please clarify what you mean by “staff is provided with holidays”. Does this holiday allowance go beyond the statutory claim?	SC Report v1 – p.18 Indicator: Benefits	This is corrected in the version 2.0 of the SCR. This was a typing error. What is meant is the money provided as a gift during religious holidays.	OK

CAR	CL	List of Requests for Corrective Action (CAR) and Clarification (CL)			
		Observation (CAR/CL)	Reference	Summary of project owner response	Validation team conclusion
	5	Please provide further information and documentation on the established sustainability principles within the (mother) company.	SC Report v1 – p.20 Indicator: Sustainability Principles	The wording is revised in version 2.0 of the SCR and documents provided to exhibit the practices and intentions of the mother company.	OK
	6	Please clarify the status of implementation of the Environmental Management System. Does it have a reporting element?	SC Report v1 – p.20 Indicator: Environmental Management	There is an Environmental Management System started to be implemented, the documentation related to it is forwarded via e-mail.	OK
	7	Please provide documentation of the achieved emission reductions. Please justify the Score 5, when the emission reduction performance lies below the indicated limit.	SC Report v1 – p.24 Indicator: Project Performance	Please find attached a calculation related to the project performance. At our final assessments the performance was observed to pass the 95% threshold. So in version 2.0 of the SCR the core is indicated as “6”.	See CAR6. OK
2		The village meadow is not located on a plot of land affected by the construction of the HPP, but rather a plot of unused land that has been improved by the PO upon the request of the villagers. Therefore, this matter is less an issue for the Population Displacement Indicator, but more appropriate to be included in the Social Demand section.	SC Report v2 – p.17 Indicator: Population Displacement	Updated please see version 2.0 of the SCR.	OK
	8	Please complete the “Comments on present situation” for the Acceptance Indicator.	SC Report v2 – p.18 Indicator: Acceptance	Updated please see version 2.0 of the SCR.	OK
3		In the Social Demands Indicator the descriptions includes items (planting of fruit trees and rosehip bushes) that were not requested by the villagers and therefore are more appropriate to be included in the Social Benefit Section.	SC Report v2 – p.18 Indicator: Social Demands	Updated please see version 2.0 of the SCR.	OK
4		In the Social Demands Indicator the descriptions includes “the one who claimed unsatisfied demands also admitted that when	SC Report v2 – p.18 Indicator: Social Demands	Updated please see version 2.0 of the SCR.	The situation is now fairly described by the carbon

CAR	CL	List of Requests for Corrective Action (CAR) and Clarification (CL)			
		Observation (CAR/CL)	Reference	Summary of project owner response	Validation team conclusion
		they need something they can rely on the project management". However, the VVB could gather from the interview with the Muhtar and villagers from Yarbaşı that some of the demands were fulfilled (the meadow), others (during construction period) were not.			consultant and the VVB. OK
5		The description for the Sustainability Principles Indicator does not reflect the situation on the ground. Please revise.	SC Report v2 – p.22 Indicator: Sustainability Principles	Updated please see version 2.0 of the SCR.	OK
	9	Please explain which areas outside the project ownership were voluntarily recovered.	SC Report v2 – p.25 Indicator: Recovery of degraded areas	During the tree plantation campaign that was also supported by the Nationally well-known NGO named TEMA, a land piece that was destroyed by the road construction which is not far away from the project site but also not included to the project area, was also recovered and bushes and trees were planted there. The road construction is nothing to do with the project activity but it is a portion of the state road.	OK
6		Project Performance: Update the comments on present situation to reflect that the project reaches more than 95% of the VERs.	SC Report v2 – p.26 Indicator: Project performance	Updated please see version 2.0 of the SCR.	OK
7		The monitoring period in the Table 6 heading is not consistent with the period defined in the beginning of the report.	SC Report v2 – p.28 Table 6	Updated please see version 2.0 of the SCR.	OK
8		"...the social resource is just as little away from scoring sustainable..." – The Social Resource scores 3.5 and is therefore right in the middle of the scoring range for satisfactory, not close to scoring sustainable.	SC Report v2 – p.28 Last sentence	Updated by removing that sentence, please see version 2.0 of the SCR.	OK
9		It is stated that 67% of indicators obtained satisfactory scores. This is not consistent with the results in table 6, so one of the values	SC Report v2 – p.29 Last sentence in Social Resource Chapter	The correct number should be 56%, the number on page 29 is updated to be in line with the number indicated in table 6. Updated	OK

CAR	CL	List of Requests for Corrective Action (CAR) and Clarification (CL)			
		Observation (CAR/CL)	Reference	Summary of project owner response	Validation team conclusion
		needs to be updated.		please see version 2.0 of the SCR.	
10		Update the Social Demand target in table 7.	SC Report v2 – p.33 Table 7	Updated please see version 2.0 of the SCR.	OK
11		Update the Environmental Management target in table 7.	SC Report v2 – p.34 Table 7	Updated please see version 2.0 of the SCR.	OK
12		Update the Project Performance target in table 7.	SC Report v2 – p.35 Table 7	The results part of the indicator is updated to be in line with table 7 as the wording in table 7 is more reasonable.	OK