

Answer to up-dated response by Euler Hermes, 11th of May, 2021, published on BHR webpage.

Euler Hermes' updated response to our Grievance letter unfortunately further substantiates the gross negligence and clear failure of EH's due diligence procedures; initially as a result of the applicant's misrepresentation and failure to disclose crucial project details, but later as a result of the conduct of Euler Hermes while monitoring and investigating our claims. EH have not only disregarded their own Code of Conduct, the OECD Common Approaches and ESG – Environment Social & Governance, but are also breaching the UN BHR Guiding Principles as well as Germany's own National Action Plan on BHR.

1) Euler Hermes claims:

“Before a guarantee is granted, projects have to be evaluated according to the strict and comprehensive requirements of The OECD “Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence”.

and

“The information that WP Çeşme is located within a 1st- and 2nd-degree Natural Protected Area was neither available via IBAT nor provided by WP Çeşme during our review of the project. Hence, we classified the project as a Category B project. According to our assessment, the guarantee holder sufficiently fulfilled their duty of care when providing the required project information. Hence, we see no way to withdraw the guarantee.”

This planning for this project was done on 1st and 2nd degree National Protected Area. It's not a secret, it is official information fundamental to any ESG review and assessment. The status of the land in Turkey is easily retrieved from the authorities and it is compulsory to be included in the company's Project Presentation File. What Euler Hermes described in its response is confirmation of their recognition that ABK RES / Vega Enerji and Nordex SE jointly withheld crucial information regarding the classification of the land status as part of the guarantee application process - this clearly misrepresented the project and is a material breach under the applicants disclosure requirements. Breaching the disclosure requirements and misrepresentation of the project directly led Euler Hermes to misclassify the project as a B project and to undertake incorrect and inadequate due diligence procedures should be ample justification to **cancel the ECA guarantee.**

Normally, we should expect this failure of disclosure of such a material fact to be caught by simple checks under EH's Due Diligence procedures. Such checks undertaken by any competent due diligence professionals would know not only the IBAT database but also the National databases. IBAT themselves also confirm that their database is focused on globally designated sites and may not include all nationally important sites, such as the one evident here. Given the misrepresentation and failure to disclose crucial project details by the applicant and beneficiary, it is very surprising and highly unusual to see EH actively defending an applicant.

Other facts such as the transmission line being over 15 km, the huge amount of very valuable and fertile private property, as well as treasury land that was included in the project are further subjects why the project, according to the Best Practices and the "OECD Common Approaches" should be classified as an A project and NOT a B project.

Furthermore, the court case regarding the exemption of an EIA requirement was filed in 2014. After being exhausted in both the Administrative and the Supreme Court where judgement in favor of the locals and the environment was made twice, the case is presently in trial at the Constitutional Court of the Republic of Turkey. This is another important and relevant fact that has failed to be considered by all the international entities involved (like EH) when conducting the Due Diligence.

2) Euler Hermes claims:

"WP Çeşme provided sufficient evidence that it had informed the public about the project",

We still have not had any confirmation of what evidence EH is basing this claim on. NO information to the landowners and NO stakeholder meetings have ever been conducted. This was even confirmed by the findings of the investigation conducted by the International Carbon Credit Supplier, Goldstandard. This public report was published 16/03/2020.

"The investigation found non-conformity issues, including that the project failed to inform Gold Standard of ongoing cases proceedings and did not fully comply with the Gold Standard Stakeholder Consultation requirements. The project's registration status has been suspended."

(It should be mentioned that in December 2019, this Gold Standard report was also the report we were informed by EH that they had to wait for before they could answer our Grievance letter dated November 2019)

3) Euler Hermes claims:

“...that the project fulfilled all local legal requirements, and that it had been granted the relevant local permits....”

and

“In case local authorities should halt the project, the German Federal Government will respect such decision and fulfil its obligations under the guarantee, e.g. in the event of a payment default it will reimburse the policyholder for the outstanding credit amounts. Also for this reason, we continue to monitor developments in connection with the complaints and the project.”

Already on January 22, 2014, a verdict to halt the expropriation was ruled by the Supreme Court in Ankara. One year later, the Administrative Court in Izmir ruled to halt due to the planning, and it was also ruled that this project was NOT in the Interest of the Public, which together with the legal planning are fundamental to expropriation of private property for such projects. In 2018, the Supreme Court cancelled the Expropriation decision, and the Administrative Court cancelled the planning, as expected.

While we acknowledge that despite the court verdicts against this project have for unknown reasons NEVER been executed by any authority, in the world of business and insurance contracts, the threshold for cancelling this guarantee has more than been exceeded. Our claims based on hard evidence, which were validated by several competent courts, confirm that the project did NOT, in fact, fulfill all local requirements, nor had the project been granted the relevant local permits. It should be highlighted that the court verdicts were shared with the Federal Government of Germany as well as EH (via our grievance letter), throughout 2014 to 2019 numerous times.

Land grabbing valuable private property with funding from Germany

28 (project area) + 68 (transmission line) parcels of private properties have been invaded and abused due to this project. Despite the Supreme court's verdict of halting the expropriation, the private property deeds were fraudulently transferred. This fraudulent act was executed by a very controversial lawyer. This lawyer was brought into this difficult case, where the judge should have issued a hold until the final decision by the Supreme Court had been ruled. It could be of relevance to know that this controversial lawyer has been sentenced to 5 years jail by the Criminal Court of Istanbul, in 2020, for other fraudulent acts.

Despite the evidence that the local investor did NOT even have the project area in its possession, nor a legal plan for its project, in 2013 EH covered an export credit of 24 million € for the export and delivery of Nordex turbines for the project. It should be highlighted that all the business agreements within the supply chain were already signed by then; Nordex even published their press release regarding the sale, and the invasion of our private property by the construction machines already started before January 14, 2014. This was effectively already “a done deal” by then.

The first batch of unfortunate twenty eight landowners, of which we are a part, were legally informed by the local court AFTER the illegal invasion and construction, via a rushed order on January 21, 2014, that our private properties were to be used for this industrial energy project. Some landowners only learnt about this after the construction was completed. This is likely the reason for all the following illegal and criminal activities that the landowners and locals have had to face since 2014, all the way up to now.

And despite all the efforts of the local victims to peacefully reach a resolution, there has been no attempt to establish a dialogue by the perpetrators. Instead we have been ignored, slandered, threatened and financially and morally exhausted in court since 2014. In order to silence and force the locals to give up their rights, several Slapp suits (Strategic lawsuit against public participation) have been filed against them. SLAPPs are used to silence and harass critics by forcing them to spend money to defend these baseless suits. SLAPP filers don't go to court to seek justice. Rather, SLAPPs are intended to intimidate those who disagree or oppose their activities by draining the opponent's financial resources. It is well known that innocent people have even been killed while defending their constitutional rights against wind energy projects.

After undertaking a thorough review of the project's timeline and of those who are financially benefiting from this project, evaluating each of their responses when confronted by the illegal and corrupt nature of the project, it's clear this is all about the money, conquering valuable landareas, marketshare, and ROI (return on investment), with no regard for nature protection, the impacts on the local people, International agreements, business ethics or the law. Given the fact that despite the court decisions and reams of documentary evidence, the continuation of this project can only be possible through willful and active support through gross negligence, connivance, corruption and collusion. However, although we know that the project owners and Nordex are corrupt, we did not expect Euler Hermes, a representative of the German government, would participate and be party to this collusion.

Failure to disclose crucial project details and material facts has resulted in EH misclassifying the project and providing the credit guarantee, and has effectively created a false endorsement of the project. As a consequence, false comfort has been afforded to those who would otherwise not support such a corrupt project. Some further proof: International corporates like DZ Bank & Turkish Yapı Kredi Bank providing long term finances, Norwegian Statkraft signing a “Balance Agreement” with the project owners, German Allianz insuring this wind energy plant, and Austrian Raiffeisen Bank International acting as advisor to sell the project are all examples of transactions that are riding on this false endorsement.

Had the due diligence procedure conducted by Euler Hermes been more robust and fool proof as it should be, then none of these prominent entities would have been on boarded as a “partner in crime”. Clearly, without an ECA covering the export credit, there would have been no finance and therefore no illegal project. At the very least, a different, more appropriate site for such an industrial wind energy project could be investigated by it’s investors. Euler Hermes should never have covered the export credit for a project in a *1st- and 2nd-degree Natural Protected Area* without an EIA/EISA report in the first place. Knowing fully well that when erecting wind turbines, huge amounts of land is needed, and that for this project planned on very valuable and fertile private property in an historical and touristic site such as Çeşme, extensive expropriation would be required, EH should never have approved the coverage they did, just because the manufacturer happens to also be German (Nordex SE).

To mitigate further damage to the victims and their private property, The Federal Government of Germany and Euler Hermes should immediately act accordingly.

The only remedy we see for this horrible situation is that the Federal Government of Germany and Euler Hermes should revisit their due diligence based on the current state of knowledge and re-evaluate the failure to disclose crucial information and misrepresentation of the project by the ABK RES/Vega Enerji/Nordex SE and to cancel the guarantee on this basis without any further delay. The court verdicts should be enforced, the area restored and the deeds transferred back to their real owners. All of the unfortunate locals impacted adversely from this project, who would have been spared years in court, living under constant threat, and all the other negative impacts that comes with an illegal 24 million Euro Wind project being constructed on their private properties, should be returned to living their lives as it was before this project was begun.

Your sincerely, Cesme/Turkey, July 11, 2021

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