



**Relations of SOCAR Türkiye with Non-Governmental Organizations and Public
Sustainability Processes Thereof**

Newsletter for Developments in the 1st Quarter of 2023

January-March 2023

Government Relations Department

Office of Chief Communications and Government Relations Officer

Introduction

NGO processes included in the intense field of activity of SOCAR Türkiye are carried out under the umbrella of the Public Relations Group Directorate under the Office of Chief Communications and Government Relations Officer of SOCAR Türkiye ("Office of Chief Officer").

NGO management processes include coordination of participation in processes as regulatory opinion submissions, events, seminars, workshops and webinars, which are organized by the institutions and which are carried out together with the internal stakeholders, and performance and management of the award processes organized by the NGOs and the public institutions and organizations, and performance of any and all financial processes (contributions, additional payments, etc.), and member appointments, new memberships and membership cancellation procedures with the NGOs.

In the January-March period of 2023, the number of NGOs, of which SOCAR Türkiye group companies are members, is 50, and the number of representatives, which represent the group companies in the relevant NGOs, is 89.

You can find our detailed list of NGOs [here](#).

Our newsletter summarizes the sustainability processes carried out by the Public Relations with the NGOs and the public institutions for the January-March 2023 period, and we will continue to share the prominent developments, regulatory processes and current news with you in quarterly periods each year.

Public Relations NGO Management Process Road Map

CONTINUOUS FEEDBACK

1 Government Relations Group Directorate

NGO management process is one of the main areas of activity of the Public Relations, and the management process is carried out with all our stakeholders based on the principle of "continuous feedback and sharing".

2 Public Relations Coordination Meetings

The meetings are held with all our internal stakeholders in each quarterly period based on our principle of continuous sharing.

SOCAR Türkiye Requests

Requests received from our internal stakeholders are assessed, and the processes with the relevant NGOs are managed.

3 Necessary Information and Documentation Processes

The bureaucratic processes, as required by our internal stakeholders and representatives with the NGOs, are carried out.

NGO Payment Processes

As part of the NGO process management, contribution payments are performed digitally.

4 Regular Participation and Representation in NGO Activities

The regular information exchange is performed through the agency of our internal stakeholders and representatives.

Outstanding Developments

<p>Through the ceremony held in January as part of the "Stars of Export" awards, which we follow regularly every year, and for which we apply for and on behalf of our subsidiaries, Petkim has become the company that exports the most in the Aegean Region.</p>	<p>The 19th Ordinary Shareholders' General Assembly Meeting of the Turkish Chemical Manufacturers Association ("TKSD") has been held in Istanbul on Monday, February 20, 2023. Petkim, which is one of the SOCAR Türkiye group companies, is represented on the Board of Directors of TKSD, and Ali Semih Sansal, Petkim Production Executive Director, has represented our company at the congress.</p>	<p>Through the announcement that has been performed us as part of the "Women Energizing Türkiye" award applications to be organized by the Ministry of Energy and Natural Resources, our female employees, who are reported to our Petkim, STAR Refinery, Bursagaz, SOCAR R&D and SOCAR Insurance subsidiaries have completed their applications in the relevant categories.</p>

<p>As part of the 12th Presidential Development Plan Study, we have submitted our opinions to the Chemical Industry Action Plans for and on behalf of SOCAR Türkiye in January.</p>	<p>As part of the Climate Change Action Plan (2023-2030) studies, we have prepared the opinions and evaluations of SOCAR Türkiye with respect to the "Draft Actions for Industrial Policies" together with our internal stakeholders, and we have submitted the same in March.</p>	<p>Thanks to the capacity increase studies, which are carried out by EMRA as part of Petkim RES, we have changed our electrically installed power from 38 MWe to 43.8 MWe, together with our relevant internal stakeholders.</p>

Meetings, Conferences, Symposiums and Webinars Participated

<p>Symposium on Measures to Reduce Greenhouse Gas Emissions in Maritime Transportation</p> <p>The Symposium on Measures to Reduce Greenhouse Gas Emissions from Maritime Transportation, in which inclusion of our country in the anti-climate change, the necessary steps to be taken by the international maritime and the measures to be taken have been discussed, has been attended by Hilal Yagci Guzelocak, the SOCAR Terminal HSE-S Director, and Didem Velioglu, the SOCAR Terminal Environment Manager, and Tugce Acar, the Public Relations Senior Specialist, and Ferhat Uzun, the R&P BU Transit Sales Manager, and Cagdas Elbil, the R&P BU Maritime Operations Manager, for and on behalf of the Company. During the relevant symposium, any information has been provided about the use of green energy, the green port requirements (alternates to fossil fuel use, cold ironing studies, etc.), and the inspections carried out and to be carried out on ships as part of the carbon neutral targets of Türkiye. During the symposium, it has been underlined that the target is to reduce CO2 emissions in the maritime transportation by 40% in 2030 and 70% in 2050 compared to 2008.</p>	<p>Water Efficiency Mobilization Promotion Meeting</p> <p>The meeting, in which the Water Efficiency Mobilization Action Plan that will initiate the concept of total mobilization, the more efficient use of water resources, and water saving have been discussed, has been attended by Koray Koyuncu, the Consultant of the CEO, and Ulas Muslu, the R&P BU Auxiliary Enterprises Director, for and on behalf of our company. It has been pointed out that it is possible to save half of the water in production through the new techniques as proposed through the clean production and efficiency technologies in the industry, and that the sectoral water efficiency guides, which include the best available techniques and clean production technologies, have been prepared to be presented to the industrialists.</p>
<p>Climate Change Action Plan Preparatory Studies Meeting</p> <p>The workshop, which has been held on January 10, 2023 in the field of industry in order to consult the draft strategic targets and action sets in a manner to form the basis for the preparatory studies of the Climate Change Action Plan in terms of the size of production volume of our company as well as in terms of the separate assessment of our group companies, has been attended by Mervenur Cosgun, the Strategic Planning Senior Specialist, and Vasif Vali, the Sustainability Senior Specialist, and Secil Kirsan Dogan, the R&P BU Environmental Manager, and Hilal Birkan, the R&P BU STAR Environmental Manager.</p> <p>As part of the long-term climate change strategy (2053) and the national climate change action plan (2030) of Türkiye, what actions are required to be taken in the energy sector and whether changes are required to be performed in the strategies and policies determined, or not, have been discussed. It has been stated that the energy is required to be stored, or that the network flexibility is required to be provided. It has been emphasized that the current regulations with respect to the subject matter will be further deepened in a manner to include the technical infrastructure in the future.</p>	

<p>Circular Economy and Waste Management Online Working Group Meeting</p> <p>The Circular Economy and Waste Management Online Working Group Meeting has been held with the participation of Basar Yilmaz, the Public Relations Senior Specialist, and Gunter Kulesoglu and Elchin Ashurov, the Strategic Planning Group Managers, and Vasif Vali, the Sustainability Senior Specialist, and Hilal Birkan, the R&P BU STAR Environmental Manager, and Mevlut Cetinkaya, the R&P BU Marketing Manager. It has been emphasized that Türkiye is required to prioritize improvement of the collection mechanism of the plastic waste within the country, and integration of the gradual reduction of the plastic waste imports into its vision. It has been stated, with a forward-looking perspective, that the necessary steps are required to be taken in order to create the chemical recycling capacity in our country, and that any investment to be made with respect to such matter is required to be supported.</p>	<p>Meeting of Specialized Working Group for Carbon Border Adjustment Mechanism (SKDM)</p> <p>The meeting of Specialized Working Group for SKDM, which has been held on January 16 under the coordination of the Department of EU Single Market and Green Deal of the International Agreements and EU General Directorate of the Ministry of Trade, has been attended by Vasif Vali, the Sustainability Senior Expert, and Secil Kirsan Dogan, the R&P BU Petkim Environment Manager, and Mevlut Cetinkaya, the R&P BU Marketing Manager, and Mervener Cosgun, the Strategic Planning Senior Specialist. The purpose of the meeting is to measure the potential economic impacts of the industries as part of the SKDM on the Turkish economy. By blending of the three complementary modeling approaches, such meeting provides an in-depth insight into the costs, which SKDM could trigger under the various carbon pricing scenarios, and what the broader economic repercussions could be in terms of the gross domestic product growth and the evolution of the greenhouse gas trajectory of Türkiye. Based on such results, such study has also stated the possible climate policy intervention options, which Türkiye is required to consider in order to mitigate the impact of SKDM, and the applicability of such policies in order to support the green growth in the context of the targets of the Paris Agreement.</p>
<p>BOTAS Sustainability Energy Summit</p> <p>The leaders of the energy industry have held the 5th BOTAS Sustainable Energy Summit on January 12, 2023 as part of the Energy Efficiency Week events, with the participation of Vasif Vali, the Sustainability Senior Specialist. The sustainability meeting for BOTAS Sustainability Energy Summit has mainly consisted of the panel presentations of the companies which work in cooperation with BOTAS. The presentations have been performed with respect to the regulatory amendment, the wind turbines and the other various subject matters.</p>	
<p>Meeting of Specialized Working Group for Financing the EU Projects</p> <p>The meeting of Specialized Working Group for Financing the EU Projects of the Ministry of Foreign Affairs has been held online on January 31, 2023, and the meeting has been attended by Tugce Oturakkaya, the Project Management Office Manager, and Vasif Vali, the Sustainability Senior Specialist, and Basar Yilmaz, the Public Relations Senior Specialist. During the meeting, which has been opened with the motto "Producing for the World Without Consuming the World", it has been emphasized that the green financing is one of the most important dimensions of decarbonizing the economy, and that we are required to increase and enrich the resources in order to complete the transformation, and that a joint protocol is required to be executed with the banks in order to finance the green transformation.</p>	

2. National Action Plan Preparatory Studies

The meeting, which has been held on January 16, 2023 under the Project for Determination of the "Energy Efficiency Vision and Strategy for 2030 and 2nd National Energy Efficiency Action Plan" (2024-2030) that has been initiated by the Ministry of Energy and Natural Resources as part of the 2nd National Energy Efficiency Action Plan Preparatory Studies, has been attended by Burak Ukis, the R&P BU Energy Production Manager, and Bunyamin Balli, the R&P BU Electricity Production Chief Engineer, for and on behalf of our Company. The current developments with respect to the energy industry has been shared, and the "Türkiye National Energy Plan" and "Turkish Hydrogen Strategy Road Map" reports, which have recently been published by the Ministry of Energy and Natural Resources, have been discussed.

Our Visits to Governmental Agencies

Ministry of Environment, Urbanization and Climate Change, Directorate General of Environmental Impact Assessment, Permit and Audit	Ministry of Environment, Urbanization and Climate Change, Department of Climate Change	Ministry of Environment, Urbanization and Climate Change, Department of Circular Economy and Waste Management, Circular Economy Policies Branch Office
TUCA Turkish Environment Agency	Ministry of Energy and Natural Resources, Department of Energy Efficiency and Environment	Ministry of Foreign Affairs, Department of European Union Affairs, Directorate General of Financial Cooperation and Project Implementation
Ministry of Trade, Directorate General of International Agreements and EU, Department of EU Single Market and Green Deal	Ministry of Industry and Technology, Directorate General of Strategic Research and Efficiency, Department of Program Management	Ministry of Industry and Technology, Directorate General of Industrial Zones
Ministry of Transport and Infrastructure, Directorate General of Maritime Affairs	Ministry of Agriculture and Forestry, Directorate General of Natural Conservation and National Parks	Union of Chambers and Commodity Exchanges of Türkiye ("TOBB"), Department of Industries and Entrepreneurship
Istanbul Chamber of Industry ("ISO") General Secretariat	EMRA Energy Conversion Department Digital Transformation Group Presidency	

Current Developments and Some Important Information from Türkiye and the World

What is a Green Bond?

The bonds that create resources for the projects, which are climate-related and environmentally friendly, and which contribute to the sustainability, are called as green bonds. The projects for the energy efficiency, biodiversity protection, clean transportation and sustainable water are among the projects financed by the green bonds.

What is Fit for 55 Package?

This package includes the plans, which are submitted by the European Union ("EU") in order to harmonize the EU regulations with the target to reduce the greenhouse gas emissions by at least 55% until 2030. Some issues that concern our companies, such as establishing the Carbon Border Adjustment Mechanism, and reforming the EU Emission Trading System ("ETS"), and the revising the directives for the energy efficiency, renewable energy and energy taxation, and drawing up a regulation on an alternative fuel infrastructure for the sustainable transportation, are included in the package.

What is the Emissions Trading System (ETS)?

Aiming to reduce the greenhouse gas emissions, the ETS is a system, in which an upper limit is set for the greenhouse gas emissions resulting from the facilities within the system.

Impact Analysis for Possible Impacts of EU SKDM on the Turkish Banking Industry Credit Portfolio

The impact analysis study "Possible Impact of EU SKDM on the Turkish Banking Industry Credit Portfolio" has been published by the Banking Regulation and Supervision Agency ("BRSA"). You can find the details of the impact analysis prepared by the BRSA [here](#).

Memorandum of Understanding for Climate Finance

The Memorandum of Understanding ("MOU") has been executed with the World Bank ("International Bank for Reconstruction and Development-IBRD and International Finance Corporation-IFC"), Germany, France, the European Bank for Reconstruction and Development ("EBRD") and the United Nations on October 22, 2021. You can find the assessment note of the Ministry of Treasury and Finance with respect to such matter [here](#).

EU Taxonomy Studies

The EU Taxonomy has been introduced as a classification system for the sustainable green projects in a manner to ensure that the environmental criteria are applied to the economic activities. In order for an economic activity to be considered sustainable based on the EU Taxonomy, it is required to support at least one of the climate goals of the EU, and not to cause any serious damage to the environment. You can find the informational text, as published by the Turkish Chemical Industrialists Association ("TKSD"), [here](#).

Türkiye National Energy Plan

The Türkiye National Energy Plan study is a comprehensive plan covering the period until 2035, based on the 2053 net zero emission target of our country. In the scenario drawn up by the Ministry of Energy and Natural Resources as part of such study, it is intended to reduce the energy intensity by 35.3% during the period 2020-2035. You can find other details of the plan [here](#).

European Central Bank (ECB), EU ETS and Carbon Border Adjustment Mechanism Report

Based on the report, it turns out that Türkiye has an advantage with respect to the exports to the EU in terms of the emissions resulting from the transportation, due to its geographical location. You can find the details of the report [here](#).

European Chemical Industry Transition Roadmap

The European Commission has adopted the Chemicals Strategy for Sustainability in 2020, and such strategy form a basis for the European Chemical Industry Transition Roadmap, including the encouragement of the toxic-free material cycles and clean recycling.

You can find the information provided by the Ministry of Trade about the transition roadmap for the chemical industry, as published by the European Commission on January 27, 2023, [here](#).

World Health Organization and United Nations Framework Convention on Climate Change "Health and Climate Change Türkiye Report-2022"

Based on the report, it is stated that, in case of failure to take any action against the climate change, the temperature increase in Türkiye might reach 4.9 degrees by the end of the century, and the number of "hot" days might increase to 65% of the year.

The air pollution in Türkiye indicates the pollution above the acceptable value (5 µg/m³) as determined by the World Health Organization. You can find the details of the report [here](#).

Türkiye Hydrogen Technologies Strategy and Roadmap - 2023

The "Türkiye Hydrogen Technologies Strategy and Roadmap" document, as published by the Ministry of Energy and Natural Resources, has been published. You can find the details of the report [here](#).

Energy Crisis Drives Europe to Coal and Nuclear

26 coal power plant units, which have been closed in EU countries due to the energy crisis, have been reactivated. The nuclear power plants have ranked first in the electricity production in the EU countries. In respect of the energy crisis caused by the Russia-Ukraine War, the European countries have turned to the coal and nuclear energy, which they have considered negatively and intended to end their use in the past. You can find the rest of the news, as published by the World Energy Council ("WEC"), [here](#).

Clean Energy Companies Make 30 Percent More Profit Than Fossil Fuel Companies

The top 10 performing companies in the Clean200 list, which consists of 200 public companies leading the clean energy transition, are mainly located in China, the USA, South Korea and Sweden. It has been determined that the companies, which operate in the field of clean energy and technology in the world, make 30 percent more profit than their fossil fuel equivalent. You can find the rest of the news, as published by WEC, [here](#).

TUBITAK Industry Innovation Networks Mechanism ("SAYEM") Opened for "Green Transformation", First Call of 2023

SAYEM supports, which constitute the technology ecosystem intending to develop high value-added products or product groups that are the targets of the senior policy documents for the industrial sector by creating the innovation platforms with the cooperation of the private industry, universities and the public, have been presented with respect to the Green Growth Technology Roadmap is primarily presented on the R&D and innovation issues this year, in addition to the headings determined in the Science and Technology Commission of the Council of Climate. You can find the subjects as part of SAYEM Green Transformation [here](#).

European Union Accelerates its Efforts on Clean Technologies

The European Union has replaced 80% of the natural gas, which it has imported from Russia, with the alternative sources. During the period of August-November 2022, the energy consumption in the European Union has been reduced by 20%. The natural gas prices has decreased by 80% in January 2023 compared to August 2022.

Based on the International Energy Agency, the clean technology production capacity will triple compared to today's level, and it will reach 650 billion USD in 2030.

As part of the European Green Deal, 800 billion EUR financial resources have been allocated for green transformation through NextGenerationEU. Similarly, Japan has announced a 140 billion EUR support package for its industrial transformation.

**First Quarter of 2023
Sustainability Regulations**

1. LAW

Draft Climate Change Law

The meetings have been organized with the relevant departments with respect to the draft "Climate Change Law" (Draft Law), which has been drawn up by the Ministry of Environment, Urbanization and Climate Change, as well as with respect to the provisions that might affect SOCAR Türkiye and its group companies. Our opinions for the Draft Law have been consolidated and submitted, in writing, to the Ministry of Environment, Urbanization and Climate Change.

The Draft Law covers the procedures and principles for the legal and institutional framework of the activities with respect to reduction of the greenhouse gas emissions and with respect to adaptation to the climate change, as well as for the planning and implementation tools with respect to perform such activities.

As per the Draft Law, the Emission Trading System will be established during the process for achievement of the net zero emission target. The businesses included in the system will have to obtain a greenhouse gas emission permit, which will be obtained from the Department of Climate Change, in order to continue its activities that cause greenhouse gas emissions.

It will be essential for any and all companies, which will be included in the Emission Trading System, to obtain a greenhouse gas emission permit within a period 3 years after the entry of the law into force.

As per the Draft Law, the National Climate Change Strategy and Action Plans will be drawn up periodically under the coordination of the Ministry of Environment, Urbanization and Climate Change in order to achieve the reduction and adaptation targets. Also, the Local Climate Change Action Plans will be drawn up by the end of 2023, at the latest.

2. REGULATIONS

Regulation on Amendment to the Petroleum Market License Regulation

The term "biodiesel" available in the fuel oil definitions under the Petroleum Market License Regulation has been changed to the "sustainable aviation fuel through biodiesel".

It has been stated that those who take advantage of the Special Consumption Tax Law Nr. 4760 or the Special Consumption Tax exemptions as part of the General Communiqué for Türkiye - European Union Pre-Accession Assistance Instrument Framework Agreement (Sequence No: 1) with respect to the fuel purchases, may also have the off-station fuel supplies carried out by the distributor license holders.

Unless otherwise requested by the dealers, the existing dealers of the licensed companies or the dealers, which they will include in the dealer organization, have been obliged to carry out the licensing transactions through the electronic systems.

It has been regulated that the dealership license holders will be obliged not to sell the fuel, including the sales performed outside the station, in the event that their distributor's license expires or is cancelled, until they complete any amendment to the license by executing an agreement with a new distributor.

Regulation on Amendment to the Regulation on National Marker Practice in the Petroleum Market

In addition to the biodiesel, the "sustainable aviation fuel" has also been added to the scope of the regulation.

Regulation on Amendment to the Regulation on Technical Criteria to be Applied in the Petroleum Market
<p>The definition of the fuel oil under the Regulation on Technical Criteria to be Applied in the Petroleum Market has been changed to refer to the gasoline types, naphtha (excluding the raw material, the solvent naphtha), kerosene, jet fuel, diesel types, fuel oil types and biodiesel and sustainable aviation fuel. The sustainable aviation fuel is defined as the fuel oil, which is produced from the non-fossil resources, and which can be use by being blended with the jet fuel in the aircraft without the need for any modification, and which complies with the national or international standards with sustainability criteria as determined by the relevant parties.</p> <p>It has been regulated that the Authority may perform any additional regulation with respect to the raw materials, production technology or sustainability criteria, which are used in the production of sustainable aviation fuel.</p> <p>It has been regulated that the process for blending the biodiesel and ethanol may be performed by the refiners and distributors, and that the process for blending the methyl tertiary butyl ether may only be performed by the refiners, and that the process for blending the sustainable aviation fuel may be performed by the refiners and bunker fuel delivery license holders. It has been stated that it is mandatory for the national marker to be present under the condition and at the level, as required, when the fuel, which is blended and mixed, is placed on the market.</p> <p>The sustainable aviation fuel has been added to the products, which may be produced other than the refinery license holders, along with the Biodiesel, HVO diesel and those which are obtained as by-products in the industrial facilities, and those which are produced from the waste under the procedures and principles as determined by the Board.</p>

Regulation on Amendment to the Regulation on Unlicensed Electricity Generation in the Electricity Market
<p>As part of the Electricity Production Regulation, the deadlines for completing the netting procedures for the applications, which will be filed within multiple distribution and/or assigned supply regions, have been extended until 01.07.2023.</p>

Regulation on Amendment to the Regulation on Technical Assessment for Solar Energy-Based Electricity Generation Applications
<p>The procedures and principles for the technical assessments to be carried out under the associate licenses and production licenses, and the terms and conditions and scope of the technical review to be carried out with the Energy Market Regulatory Authority have been determined.</p>

Regulation on Amendment to the Regulation on the Procedures and Principles for Execution of Water Use Right Agreements In Order to Operate the Production Activities in Electricity Market
<p>As part of the Regulation, the values, which are used in the hydroelectric resource contribution calculations performed based on the formula to be used to calculate the contribution payment amount for submitting and updating the hydroelectric resource contribution share offer, have been determined.</p>

3. COMMUNIQUES

Communiqué on Certificate of Qualification for Environmental Impact Assessment

As part of the Regulation on Environmental Impact Assessment, the procedures and principles for the institutions and organizations that will draw up the project introduction file, environmental impact assessment application file, environmental impact assessment report and project progress report, as well as assessment of the applications, and issuance, endorsement, suspension, cancellation and audit of the Environmental Impact Assessment Qualification Certificate have been regulated.

Communiqué on Import Auditing for Chemicals Controlled with respect to Environmental Protection (Product Safety and Audit: 2022/3)

Based on the Communiqué, the procedures and principles for the audit of some wastes, which will enter the Turkish Customs Territory, including the free zones, for conformity in terms of environmental protection have been regulated, and the wastes, which are prohibited from entering the Turkish Customs Territory, have been determined.

You can click on the following photo in order to watch the interview video of Tugce Acar, our Public Relations Senior Specialist, along with Mikayil Yusifov, our Chief Communications and Government Relations Officer.