



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

Newsletter for Developments in the 2nd Quarter of 2023

Government Relations Department

Office of Chief Communications and Government Relations Officer

April - June 2023

Introduction

The sustainability means that the companies balance their activities in environmental, social and economic aspects, and that they intended to leave a better world to the future generations. For such purpose, our company adopts and implements the principle of sustainability.

In our bulletin, which we, as Public Relations, have drawn up for the April-June period of 2023 in line with such purpose, we provide you with the summaries of the sustainability processes, which are carried out by the Public Relations with the NGOs and public institutions, and the outstanding developments in the quarterly periods each year, and the meetings, conferences, symposiums and webinars attended on sustainability, and the regulatory processes and current news.

It is very important to be involved in the specialized working groups, which are established by the public institutions, and to directly contribute to the SOCAR Türkiye Group Companies' sustainability processes, which are carried out by the public institutions, and to take an active role in the regulatory studies.

Therefore, as SOCAR Türkiye, we have participated in the specialized working groups with the public institutions as part of the sustainability and effective NGO management, with respect to the Carbon Border Adjustment Mechanism ("SKDM"), national carbon pricing, financing of National Circular Economy Action Plan European Union projects and clean energy.

Such specialized working groups are coordinated by the following public institutions:

- Ministry of Trade
- Ministry of Environment, Urbanization and Climate Change
- Ministry of Energy and Natural Resources,
- Ministry of Foreign Affairs

Our colleagues from the Public Relations, Sustainability, Strategy, R&D, Project, OHSE and Trade teams participate in the specialized working groups, representing SOCAR Türkiye. The details are provided on the next page.

Specialized Working Group (ICG)	ICG Coordinator Institution	SOCAR Türkiye Participants
Specialized Working Group for Carbon Border Adjustment Mechanism of the EU	Ministry of Trade	<p>Through the SKDM, which is one of the main tools to achieve the goals set by the EU based on the European Green Deal, it is intended to preserve the competitiveness of Europe against the costs, which will be caused by the green conversion, on one hand, and to increase the effort for anti-climate change at the global level, on the other hand.</p> <p>The meeting of the Specialized Working Group for SKDM has been attended by Vasif Vali, the Sustainability Senior Specialist, and Mervener Cosgun, the Strategic Planning Senior Specialist, and Secil Kirsan Dogan, the Environmental Manager, and Mevlut Cetinkaya, the Marketing Manager.</p>
National Carbon Pricing Specialized Working Group	Ministry of Environment, Urbanization and Climate Change, Department of Climate Change	<p>As part of the studies for transition of our country to an appropriate carbon pricing mechanism, it is intended to determine the position of the EU with respect to the carbon pricing, by taking into account the carbon border adjustment mechanism of the EU.</p> <p>The meeting of the Specialized Working Group for National Carbon Pricing has been attended by Vasif Vali, the Sustainability Senior Specialist, and Mervener Cosgun, the Strategic Planning Senior Specialist, and Secil Kirsan Dogan, the Environmental Manager.</p>
Specialized Working Group for National Circular Economy Action Plan	Ministry of Environment, Urbanization and Climate Change	<p>As part of the circular economy, it is intended to determine the priority industries, and to perform the detailed impact and needs analysis studies with respect to the industries.</p> <p>The meeting of the Specialized Working Group for National Circular Economy Action Plan has been attended by Basar Yilmaz, the Public Relations Senior Specialist, and Gunter Kulesoglu, the Strategic Planning Group Manager, and Elchin Ashurov, the Sector Research Group Manager, and Vasif Vali, Sustainability Senior Specialist, and Hilal Birkan, the Environmental Executive, and Mevlut Cetinkaya, the Marketing Manager, and Feridun Senol, the Customer Solutions Executive.</p>
Specialized Working Group for Sustainable Final Consumption	Ministry of Trade	<p>The meeting of the Specialized Working Group for Sustainable Final Consumption, which has been established under the chairmanship of the Directorate General of Protection of Consumers and Market Surveillance of the Ministry of Customs and Trade, has been attended by Basar Yilmaz, the Public Relations Senior Specialist.</p>
Specialized Working Group for Financing of European Union Projects	Department of EU of Ministry of Foreign Affairs	<p>The meeting of Specialized Working Group for Financing the EU Projects of the Ministry of Foreign Affairs has been performed. During the meeting, it has been emphasized that the Green Financing is one of the most important dimensions of decarbonizing the economy, and that it is required to increase and enrich the resources in order to complete the conversion, and that a joint protocol is required to be executed with the banks in order to finance the green conversion.</p> <p>The meeting of the Specialized Working Group for Financing the EU Projects has been attended by Tugce Zengil, the Project Management Office Manager, and Vasif Vali, the Sustainability Senior Specialist, and Basar Yilmaz, the Public Relations Senior Specialist.</p>
Specialized Working Group for Clean Energy	Ministry of Energy and Natural Resources,	<p>As part of the European Green Deal Action Plan, the first two of the meetings of the ICG for Clean Energy, in which the Ministry of Energy and Natural Resources is the ICG Coordinator, have been held in April and May, under the headings of "Energy Efficiency" and "Renewable Energy", and the third meeting of the ICG for Clean Energy is planned to be held in September under the heading of "Energy Storage".</p> <p>The meeting of Specialized Working Group for Clean ENERGY has been attended by Aysenur Karli Seyhun, the Technology Services Manager.</p>

Meetings, Conferences, Symposiums and Webinars Participated

	<p>As part of anti-climate change, the United Nations Framework Convention on Climate Change ("UNFCCC"), in which our country participated on May 24, 2004, is one of the most important steps. Accordingly, the Paris Agreement has been adopted at the 21st Conference of the Parties to the UNFCCC that has been held in Paris in 2015. Our country have executed the Paris Agreement with 175 country representatives at the High Level Signing Ceremony, which has been held in New York on April 22, 2016, and the Agreement, which has been approved by us on October 6, 2021, has been entered into force on November 10, 2021, and our country's 2053 carbon-neutral target has been explained during such process.</p>
	<p>A Working Group has been established at the level of Deputy Minister with the participation of the relevant Ministries/Institutions under the coordination of the Ministry of Trade.</p>
	<p>In consequence of the studies, a road map, which will enable our country's adaptation to the European Green Deal Action Plan, has been determined, and an action plan has been drawn up with the contributions of the relevant institutions. The Presidential Circular Letter Nr. 2021/15 regarding the Working Group and the European Green Deal Action Plan ("Action Plan") has been promulgated on the Official Journal, dated 16 July 2021.</p>
	<p>The meetings are held in order to monitor implementation of the Action Plan, and to direct the work by taking into account the global policy requirements, and to ensure that the works, as required to improve the scope of the Action Plan and to increase its effectiveness, are carried out. The last one of the four meetings, which are held up to today, has been held with the relevant Deputy Ministers and the representatives of the private industry umbrella organizations under the coordination of the Ministry of Trade in July 2022.</p>
	<p>The Presidential Circular Letter Nr. 2021/15 regulates that the specialized working groups may be established in order to assist the Working Group. Accordingly, the 20 Specialized Working Groups have been established under the coordination of the Ministry of Trade.</p>

Outstanding Developments

<p>The presentations have been performed by Shamil Guluzade, the Public Relations Group Coordinator, and Oguzhan Kurt, the Public Relations Senior Specialist, with respect to the SOCAR Türkiye Sustainability studies, with the contributions of our internal stakeholders as the Strategy, R&D and Communication divisions of the Ministry of Environment, Urbanization and Climate Change, Department of Climate Change. The Regulatory Bulletin for Energy Conversion has been updated and distributed to the relevant public institutions by Elchin Ashurov, the Sector Research Group Manager, and Celal Guvenc Ogulgonen, the Sustainability and Decarbonization Manager, and Mervenur Cosgun, the Strategic Planning Senior Specialist, and Vasif Vali, the Sustainability Senior Specialist, in order to support the regulatory studies in Türkiye.</p>	<p>A hybrid (physical and online) meeting, in which the project specialists and SOCAR Türkiye stakeholders have participated, has been held with the companies, whose beneficiary have been selected by the relevant public institution on March 22, 2023, under the DEEP (Technical Support for Assessment of Potential of Türkiye to Transit into a Circular Economy, financed by the EU and the Republic of Türkiye) Project in coordination with the SKD (Business World and Sustainability Development Association and also DEEP project consortium partner), of which we are a member with the companies selected by the Department of Circular Economy and Waste Management Department of the Ministry of Environment, Urbanization and Climate Change as part of the Circular Economy Studies. Thereafter, the Sectoral Impact Analysis - Impact Consultation Survey has been consolidated and forwarded to the relevant parties by our Strategy department with the contributions of our internal stakeholders. First of all, we would like to thank Sultan Garayev, the Corporate Strategy and Development Group Director, and Gunter Kulesoglu, the Strategic Planning Group Manager, and our other colleagues for their contributions.</p>
<p>As part of the Green Conversion project incentives in the Industry, a meeting has been held with the participation and contributions of the Ministry of Industry and Technology, TUBITAK and our Company's Public Relations, R&D, Communication, Incentive, R&P BU Marketing, Strategy, Financial Affairs departments and our internal stakeholders.</p>	

Outstanding NGO Developments regarding the SOCAR Türkiye Public and NGO Sustainability Current Developments

<p>The Turkish Chemical Industry Assembly of the Turkish Union of Chambers and Exchange Commodities ("TOBB") have convened through the online conference on March 25, 2023. Many issues, especially the decrease in the competitiveness of Türkiye in the sector, and the current situation in the European Union ("EU") exports, and the changes in the regulations on Registration, Assessment, Authorization and Restriction of Chemicals ("KKDİK"), have been discussed in the assembly, of which Petkim, our Group Company is a member. The fact that there are difficulties to access the finance, and the fact that such situation reduces the competitiveness of Türkiye, and the fact that the EU exports are currently dominated by the Indian origin products with a low price policy, and the fact that there is a 10% decrease in the exports due to the demand shrinking compared to the first 4 months of the previous year, have been scrutinized. It has also been brought into the agenda that the sector representatives have been negatively affected by such situation, since the registration period will end on December 31, 2023 as part of the Regulation on Registration, Assessment, Authorization and Restriction of Chemicals ("KKDİK"). It has been stated that many sector representatives have experienced problems with respect to such matter, and the opinions have been shared about postponing the registration period in terms of the sustainability of the exports.</p>	<p>TOBB Plastic, Rubber and Composite Industry Assembly has convened on March 6, 2023. The Turkish Plastics, Rubber and Composite Industry Assembly meeting has been held in Ankara under the leadership of Yavuz Eroglu, the Chairman of the Assembly, with the participation of Ayhan Zeytinoglu, the TOBB Deputy Chairman of the Board of Directors, through the video-conference. In respect of the solar power projects as part of the clean energy for green conversion, the financing, transformer capacity problem and solution suggestions have been discussed. The Green Growth Technology Road Map, Plastics Sector Report and assessment of the technologies to be supported in the sector within such framework have been on the agenda. It has been attended by Mevlut Cetinkaya, the Marketing Manager, for and on behalf of our company.</p>
<p>TOBB Energy Assembly has convened on May 18, 2023, and it has been attended by Cumhur Canacik, the Public Relations Group Coordinator, for and on behalf of our Company. The agenda items of the meeting have consisted of the hybrid projects, integrated battery systems, capacity increase processes of the installed power plants, and licensed and unlicensed renewable energy resources projects. The regulatory practices, which are experienced in the energy sector, have also been discussed.</p> <p>The Turkish Wind Energy Association ("TUREB"), which is a member of the European Wind Energy Association (Wind Europe) and the Global Wind Energy Council (GWEC), has been visited. TUREB, which is an umbrella organization in the field of wind energy in Türkiye, covers the entire wind value chain, and it actively participates in any and all statutory regulations in relation to the sector. Accordingly, the negotiations have been held about our business processes, possible collaborations and regulatory contributions.</p> <p>The Quality Management Association ("KALDER") has been visited in Ankara together with Omer Ozkan, the Business Processes and Quality Management Systems Manager. A negotiation has been held with Sanem Guner, the General Coordinator, about the Quality Circles Sharing Conference, which will be held on October 26, and for which SOCAR Türkiye has also applied for an award, as well as about our processes and possible collaborations.</p>	

The **Turkish Cogeneration Association** has been visited, and a negotiation has been held with Yavuz Aydin, the Chairman, and Yagmur Bozkurt, the Coordinator, and our business processes and possible collaborations have primarily be discussed. It has been also discussed about the 27th ICCI International Energy and Environment Fair Conference, in which the energy sector has been brought together by the Sectoral Fair Organization and Kojenturk Association with the support of the Ministry of Energy and Natural Resources and EMRA on 24-26 May 2023, and the participation of our Company as a speaker with respect to the certain matters have been assessed with the contributions of our Communications department.

We have come together with the TOBB sector councils in which we are involved as SOCAR Türkiye. (Chemical Industry Assembly, Liquefied Petroleum Gas ("LPG") Assembly, Energy Assembly, Petroleum and Petroleum Products Industry Assembly)

The headquarters of the **Turkish Chemical Manufacturers Association ("TKSD")** has been visited, and it has been discussed with the relevant parties about our Responsible Care processes, which are under the coordination of the Public Relations Group Directorate, and our KKDİK processes, which are carried out by us under the coordination of the commercial party.

The **Chemicals Management meeting**, which has been organized by TKSD, has been attended by Ali Semih Sansal, the Petkim Production Executive Director, Baris Altug Acar, the REACH Compliance Manager, and Basar Yilmaz, the Public Relations Senior Specialist, for and on behalf of our company. Attention has been drawn to the matters in relation to the problems, which are experienced by the sector as part of the registration obligation of the KKDİK regulations, and the reasons for the failure of the registration process to proceed, and the expectations of the sector, and the solution suggestions. The invitation for the "consultation meeting regarding the KKDİK regulation, dated 24 May 2023", which is sent to the associations by the Directorate General of Environmental Management of the Ministry of Environment, Urbanization and Climate Change, has also been assessed. The meeting has been attended by Ali Semih Sansal, the Petkim Production Executive Director, and Javid Badalbayli, the Strategic Marketing and Commercial Support Executive Director, and Murat Cilligol, the Regulations and Reporting Manager, and Baris Altug Acar, the REACH Compliance Manager, for and on behalf of our company.

The **General Assembly of the Petroleum Industry Association ("PETDER")** has been held on April 13, 2023. Ahmet Erdem, representing The Shell Company of Turkey Ltd., has been elected as the president of the association. Our company has been represented by Ilker Yukselir, the Domestic Sales and Marketing Director, and Murat Cilligol, the Regulations and Reporting Manager, at the general assembly.

The iftar meal, which has been organized by the **Packaging Manufacturers Association ("ASD")** at The Grand Tarabya on Friday, March 31, 2023, has been attended by Muhammet Bayram Cihan, the Public Relations Specialist, for and on behalf of our Company.

The iftar meal, which has been organized between our and **Aegean Region Chamber of Industry ("EBSO")**, has been attended by Shamil Guluzade, the Public Relations Group Coordinator, and Ebru Sulhan, the Public Relations Group Manager, and Basar Yilmaz, the Public Relations Senior Specialist, Hatice Agac, the Public Relations Specialist, and Iclal Yanasik, the Public Relations Assistant Specialist, for and on behalf of our Company.

The meeting, which has been organized by the **International Investors Association ("YASED")** in Ankara on Friday, April 14, 2023, has been attended by Mehmet Burak Ulusoy, the Public Relations Executive, for and on behalf of our Company. During the meeting, Mine Ergun Bakdur, the YASED Chief Economist and Ankara Representative, has performed a presentation about the current economic outlook and the agenda of YASED. You can find the presentation [here](#).

Petlim's membership to the **Marine Clean Association ("TURMEPA")** has been terminated, and a membership application has been filed for and on behalf of SOCAR Terminal.

Meeting, Conferences, Symposiums and Webinars attended

ICCI International Energy and Environment Fair and Conference

Many issues have been discussed during the ICCI Conference for 2023, with the main theme of Sustainable and Smart Conversion in Energy. The significant topics include the sustainable supply security in energy, and new technologies in energy, and decarbonization and European Green Deal, and financing solutions and incentives in energy investments, and recent agenda discussions with respect to the environment and climate, and operation and maintenance in energy production, and domestic technology leaders in energy. The 27th ICCI International Energy and Environment Fair and Conference, which has been organized on 24-26 May 2023 under the coordination of the Turkish Cogeneration Association, has been attended by Ulas Muslu, the Utility Enterprises Director, Neslihan Tok, the Communication and Sustainability Group Manager, and Burak Ukis, the Energy Production Manager, and Erdal Tufan, the Electricity Distribution Chief Engineer, for and on behalf of our Company.

TUBITAK Stakeholder Participation Meeting (Zoom Meeting) for Green Conversion Project in Industry

The World Bank offers the grant and repayable financing, amounting to 450 million USD, to the companies with respect to the activities, which will guide the same during the green conversion processes, and the technological support needed for technological conversion (in the production and trading of the chemicals and plastics), and the R&D activities. 175 million USD of such incentive is coordinated by TUBITAK. Accordingly, a zoom meeting has been held in order to discuss from which incentives would be optimal to benefit to what extent as part of our company's activities and the projects carried out by us. In addition to the participants of the Public Relations, R&D, Communication, Incentive, R&P BU Marketing and Strategy teams within our company, TUBITAK and the Ministry of Industry and Technology have attended.

The grant and repayable financing provided to companies are summarized under 3 subheadings. These are summarized as follows:

- *Green Innovation Mentorship Program/Grant amounting to 20 million USD: The mentoring activities, which will guide the companies during their green conversion processes (include the services to receive technical assistance with respect to the activities such as service procurement and technology consultancy, capacity/situation analysis in order to meet the requirements as per the compliance with the Green Conversion regulations);*
- *Industrial R&D and Innovation Program/Repayable Financing amounting to 127 million USD: The Green R&D activities, and the activities that will contribute to more environmentally friendly production and high energy efficiency;*
- *Industrial R&D and Innovation Networks/Repayable Financing amounting to 25 million USD: The R&D activities for the purpose of developing the high value-added products.*

Women Energizing Türkiye Awards

The applications have been filed in the category of the Model Company in Energy Award for and on behalf of Betül Sarıkaya, the Vice President, Finance, GAS BU, and Tuba Acartürk, the Gas Operations Manager, under the coordination of the Public Relations, in three separate categories, as provided below, as part of the Women Energizing Türkiye awards, which are organized by the Ministry of Energy and Natural Resources:

- Women Energizing Türkiye – Professional Award Category;
- Women Energizing Türkiye – Business World Award Category;
- Women Energizing Türkiye - Model Company in Energy Award Category.

TUREB Investor Member Meeting

During the TUREB Investor Member Meeting, which has been held in Istanbul with the participation of Burak Ukis, the Energy Production Manager, for and on behalf of our company, it has been reported that the escalation works have been carried out for YEKDEM on the public side. In respect of the new investments, rather than coal, natural gas and hydroelectric resources, the importance of the investments in the wind and energy storage between 2030 and 2035 have been emphasized. It has been stated that Türkiye will take a big step in the sustainable energy under the energy field project, which has been carried out in the Taseli Plateau under the leadership of TUREB, with the areas of production of 10,000 MW wind and 10,000 MW solar and 5,000 MW hydrogen.

Industry Innovation Network Mechanism Green Conversion Call (SAYEM)

In addition to establishment of an inclusive and sustainable growth, the green conversion of the economy and industry in our country is an area that is deemed to be essential in order to maintain and strengthen the competitiveness of our country in terms of exports to any third country, especially the EU. Accordingly, a new call program named "TUBITAK 1704 SAYEM Green-Conversion-Focused Call" has been launched, and it has been intended to contribute to the targets, which are set under the European Green Deal, through the projects to be supported as part of such call program.

8th Istanbul Carbon Summit

The following matters has been discussed: understanding the place of the carbon management in terms of sustainable production; and learning what needs to be performed for a climate-resilient industry; and understanding the importance of the energy and waste sectors for a climate-resilient Türkiye; and correctly relating and implementing the carbon management and the fight against the climate crisis; and learning the global developments of the Emission Trading System ("ETS"); and defining the present and future of the carbon markets; and learning the carbon management good practices of the organizations; and understanding the interaction between the European Green Deal and carbon management; and monitoring the climate finance and green banking developments; and monitoring the regulations regarding Türkiye-EU and the United Nations developments. It has been attended by Buket Erbil, the Environmental Executive, and Hilal Birkan, the Environmental Executive, and Arzu Akdag Kerimov, the Senior Environmental Specialist, and Merve Ozelmas, the Senior Environmental Specialist, for and on behalf of our company.

YASED International Loans and Financing Resources Webinar

As part of the "Deep Tech Enhancer (Deep-TE)" project supported under the Grant Program of the United States Embassy, the webinar, which has been organized by YASED, has been attended by Celal Guvenc Ogulgonen, the Sustainability and Decarbonization Executive, and Duygu Okesli, the Digital Ecosystem Executive, along with the external stakeholders, for and on behalf our Company. The purpose of the project is to create the synergies between the start-ups and ecosystem partners in our country, and to contribute to their development. As part of the webinar, the information has been provided about the access to finance, internationalization and overseas accelerator support programs for the institutions and start-ups.

Sustainability Association Meeting and Green Business Summit

An online meeting has been held with the Sustainability Association with the participation of the Public Relations and Communication departments. Thereafter, the Green Business Summit, which has been held by the Sustainability Academy in Istanbul on May 10, 2023, has been attended by Cumhur Canacik, the Public Relations Group Coordinator, for and on behalf of our Company.

Efficiency Project Awards

The application process for 2023 has started for the awards given by the Ministry of Industry and Technology for the purpose of encouraging the efficiency increasing projects implemented by the enterprises in the industrial and service sectors in order to increase the competitiveness of our country and to provide the economy with an efficiency-based and sustainable structure. The "Introductory and Information Meeting" has been held online on Wednesday, April 26, 2023 in order to provide the information about the application and assessment process with respect to such competition. As part of the Efficiency Project Awards of the Ministry of Industry and Technology, the Directorate General of Strategic Research and Efficiency of the Ministry of Industry and Technology has been visited by Omer Ozkan, the Business Processes and Quality Management Systems Manager, and Ceylan Ayrim, the Public Relations Group Manager.

Project	Institution
Data Input Data Processing Platform	SOCAR Turkey Dogal Gaz Yatirim Anonim Sirketi
Fuel Gas Consumption Optimization in the Sulfur Recovery Unit	STAR Rafineri Anonim Sirketi Aliaga Branch
DCU Coke Make Reduction	STAR Rafineri Anonim Sirketi Aliaga Branch
Minimizing the Losses During the Process for Commissioning the Ethylene Plant	Petkim Petrokimya Holding Anonim Sirketi
Improving the Product Packaging Equipment and Packaging Quality in order to Reduce the Customer Complaints Arising from the Product Packaging	Petkim Petrokimya Holding Anonim Sirketi
Reducing the STAR Refinery Nitrogen Oxide Emissions	STAR Rafineri Anonim Sirketi Aliaga Branch

PMIF Carbon Market Development Project Stakeholder Engagement Plan Meeting

The main purpose of the Türkiye PMIF Carbon Market Development Project is to support the Republic of Türkiye in the capacity development and launch of the carbon pricing instruments and the mechanisms, as specified under the Article 6, especially ETS. As part of the Partnership for Market Implementation ("PMI") program, The matters for other carbon pricing instruments ("CFA"), such as carbon tax and local crediting mechanism, are supported. The meeting has been attended by Celal Guvenc Ogulgonen, the Sustainability and Decarbonization Executive, and Vasif Vali, the Sustainability Senior Specialist, for and on behalf of our Company.

Industrial Sector Meeting for Climate Change Action Plan (CCAP)

The Climate Change Action Plan (2023-2030), which will be drawn up in order to ensure identification and implementation of the activities in relation to the climate change, covers the targets and actions for management of the greenhouse gas emissions in the 7 sectors which consist of the energy, buildings, transportation, industry, waste, agriculture and LULUCF (Land Use, Land Use Change and Forestry). It has been stated that the studies would determine the greenhouse gas reduction policies and actions with a participatory and inclusive perspective, and that they would contribute to our environmentally friendly growth target. The meeting has been attended by Arzu Akdag Kerimov, the Environmental Senior Specialist, for and on behalf of our Company.

Meeting of Pre-Feasibility Report for Offshore Wind PLANT and Port in TR22 Region

During the project introductory meeting, such matters as determination of the suitable area and turbine types, and settlement configuration, and data with respect to the Southern Marmara region, and assessment of the regional ports, and electricity production, and hydrogen integration, and financial analysis have been assessed. At the meeting, among the external stakeholders, Abdullah Goc, the Secretary General of the Southern Marmara Development Agency ("GMKA"), and Murat Durak, the President of the Offshore Wind Energy Association, and Ibrahim Erden, the President of TUREB, have made speeches. The online introductory meeting of the pre-feasibility report has been held on May 2, 2023, and it has been attended by Aykhan Etibaraglu, the Public Relations Specialist.

Online Introductory Meeting for Pre-Feasibility Report for Offshore Wind PLANT and Port in TR22 Region

HBR Sustainability Summit 2023

During the HBR Sustainability Summit, the sustainability strategies, environmental impacts, social responsibility, climate change, renewable energy, green technologies, financial impacts and similar matter have been discussed. The summit, which has been attended by the different institutions, specialists, academics and business leaders, has provided a platform in order to discuss the recent trends and innovations in the sector, and to the share experiences, and to create the cooperation opportunities, and to introduce the best practices in the field of sustainability. The HBR Sustainability Summit has been attended by Iclal Yanisik, the Public Relations Assistant Specialist.

SUSTAINABILITY SUMMIT 2023

ETS Training

An online training has been held on May 4-5, 2023, specifically with respect to the EU ETS applications and management thereof, carbon pricing tools and net zero relationship and ETS-international carbon market issues, as the first training module of a training program for emission trading system applications, under the Türkiye-EU High Level Climate Dialogue, which has been provided by the Department of Climate Change of Ministry of Environment, Urbanization and Climate Change, and which has been held between our country and the EU.

BEST For Energy Summit Izmir

As part of the BEST For Energy Project, which is carried out by Izmir Development Agency in partnership with the Energy Industrialists and Businessmen Association, the conference, which has been organized in order to bring together the senior managers of the global and local companies, and the national and regional decision makers, the academicians, the start-ups, the students, the NGOs, and the clusters, all of whom constitute the stakeholders of the clean energy sector, has been attended by Emrah Sakarya, the Public Relations Senior Specialist, for and on behalf our Company.

In particular, during the panels, which are held at the conference performed on May 3, 2023, the panels have been organized under the following topics:

- The main factor of the talent and cluster competitiveness;
- The importance of the collaborations in order to accelerate the transition to the clean energy;
- Global clean energy supply chain;
- R&D studies and infrastructures for clean energy.

Our clean energy investments are required to be increased in order to ensure the **fastest transition to clean energy** and to fulfill our "carbon zero" commitment. In particular, in order to ensure that Türkiye reduces the carbon emissions by 35 percent until 2030, the matters of **giving up the electricity generation through the coal**, and **increasing the share of the renewable energy sources** in the electricity generation, and increasing and implementing the **energy efficiency, electrification, and direct use of the renewable energy in almost every field** in industry, service sector and agricultural practices, as well as the steps required to be taken in order to ensure the energy supply security of our country, and to enable our country to become one of the important players of the clean energy worldwide by using the potential of the renewable energy (wind, solar, geothermal, hydrogen) with respect to increasing its competitiveness.

BEST FOR ENERGY SUMMIT

Carbon Pricing Panel

The Carbon Pricing Panel, which includes the international examples with respect to the carbon pricing matters, has been held online on May 17, 2023. In the panel, the information about the practices in China, Indonesia, EU, Chile, Mexico and Argentina, and the carbon pricing practices in such countries have been shared.

Sustainability Cooperation Meeting with Istanbul Chamber of Industrialists (ISO)

In order to ensure that the present companies become prominent by being environmentally and humanly sensitive institutions, in addition to the financial success, which they have achieved through the production and sales, ISO held a meeting on June 6, 2023 with respect to adoption of the "sustainable production" approach, based on the new production approach, in which the environmental and social elements are at the center of the production.

Our Visits to Governmental Agencies

<ul style="list-style-type: none">• Ministry of Environment, Urbanization and Climate Change• Department of Climate Change	<ul style="list-style-type: none">• Ministry of Environment, Urbanization and Climate Change• Directorate General of Environmental Management	<ul style="list-style-type: none">• Ministry of Environment, Urbanization and Climate Change• Directorate General of Environmental Management• Department of Circular Economy	<ul style="list-style-type: none">• Ministry of Industry and Technology• Directorate General of Strategic Research and Efficiency• Department of Efficiency Practices
<ul style="list-style-type: none">• Ministry of Industry and Technology• Directorate General of Importation	<ul style="list-style-type: none">• Energy Market Regulatory Authority• Department of Energy Conversion	<ul style="list-style-type: none">• Directorate General of Civil Aviation	<ul style="list-style-type: none">• The Union of Chambers and Commodity Exchanges of Turkey
<ul style="list-style-type: none">• Turkish Wind Energy Association	<ul style="list-style-type: none">• Turkish Chemical Industrialists Association	<ul style="list-style-type: none">• Turkish Cogeneration Association	<ul style="list-style-type: none">• Turkey Quality Association

Current Developments and Some Important Information from Türkiye and the World

EU Countries To Reduce Their Energy Consumption

The EU institutions have agreed that they will reduce their final energy consumption by 11.7 percent in 2030, compared to the consumption targets in 2020. The EU Council has announced that it has been agreed upon the Regulation on Energy Efficiency during the negotiations performed between the member states and the European Parliament ("EP"). Accordingly, the final energy consumption across the EU will be reduced by 11.7 percent until 2030. You can find the rest of the news, as published by the World Energy Council ("WEC"), by clicking [here](#).

USA Revised Its 2023 Oil Price Forecast Downward

The US Energy Information Administration ("EIA") has revised its oil price forecast downwards for this year, by justifying the increase in global oil stocks. In accordance with Short-Term Energy Outlook Report of EIA for March 2023, it has been estimated that the average barrel price of Brent crude oil will be 82.95 USD for this year. This figure has been 83.63 USD in the report for February. Based on the report, it has been predicted that the barrel price of West Texas Intermediate (WTI) crude oil will be 77.10 USD this year. You can find the rest of the news, as published by WEC, by clicking [here](#).

Türkiye Climbed to be Ranked as 6 in the European Wind League

While the capacity of the wind energy, which has been added in Turkey last year, has been 867 megawatts, the total installed power has increased to 11 thousand 969 megawatts, and Turkey has ranked as 6 in Europe in the installed power ranking, by climbing one step compared to the previous year. You can find the rest of the news, as published by WEC, by clicking [here](#).

5 Percent of the Electricity, As Generated Last Year, Derived from Solar Power Plants

Alparslan Bayraktar, the Minister of Energy and Natural Resources, has stated that 54.5 percent of Türkiye's installed power in electricity has been provided through the renewable energy sources, and he has said that "Last year, 15 terawatt-hours of electricity has been generated from the sun." You can find the rest of the news, as published by WEC, by clicking [here](#).

Risk Predictions of the United Nations in Industrial Facilities

The Report for Climate Risks in Industrial Sectors, as published by the United Nations Environment Program ("UNEP"), emphasizes the importance of the decarbonization and the transition to low-carbon technologies in carbon-intensive sectors, and it states that the governments and companies are required to develop the adaptation strategies and to integrate the environmental, social and governance (ESG) factors into their business models in order to achieve the sustainable growth targets. Also, the report points out that the policy makers and governments around the world are required to follow a more successful and effective process in terms of anti-climate change by providing the appropriate regulations and incentives in order to support the transition to low-carbon economies. You can find the details of the report by clicking [here](#).

GEFF Türkiye

The Green Economy Financing Program Türkiye ("GEFF Türkiye") provides financing and advice in order to help the beneficiaries to become more competitive and climate resilient with respect to the housing, public and private sectors. The Green Economy is an economic approach, which minimizes use of the energy, water and other resources with respect to the production and consumption activities, thus, which minimizes the negative impact on the environment and climate. You can find any further information about the GEFF Türkiye by clicking here.

Türkiye's Declaration of Intention for Current National Contribution

Turkey's updated National Contribution Declaration, which includes the greenhouse gas emission reduction targets as part of anti-climate change, and which constitute a milestone in terms of implementation of the Paris Agreement, has been submitted to the Secretariat of the United Nations (UN). You can find the TKSD information note, which has been drawn up as part of this subject, by clicking here.

European Green Deal Working Group's Activity Report for 2022

The European Green Deal Working Group's Activity Report for 2022 has been published by the Ministry of Commerce. You can find the report, as published, by clicking here.

European Parliament Adopted the Regulations in relation to the Carbon Border Adjustment Mechanism ("SKDM"), ETS and Social Climate Fund on April 18

The European Parliament has approved the laws, which include the ETS revision, SKDM for Carbon Border Tax practice and establishment of the Social Climate Fund, in order to achieve the climate targets in the session of the General Assembly. You can find the TKSD information note, as part of this subject, by clicking here.

Corporate Sustainability Reporting ("CSR") and Corporate Sustainability Due Diligence ("CSDD") Directives

In accordance with the European Green Deal, two important arrangement have been performed in the EU in order to make the corporate sustainability a standard with respect to the economic activities:

- Corporate Sustainability Due Diligence Directive
- Corporate Sustainability Reporting Directive

The main purposes of these two regulations may be summarized as the company managements acting more responsibly in terms of sustainability, and continuing their economic activities in accordance with the ESG (environment, social and governance) criteria, and reporting the company activities transparently so that the investors can focus on the correct projects. You can find the information note, which is drawn up by the Turkish Chemical Petroleum, Rubber and Plastic Industry Employers' Union ("KİPLAS"), by clicking here.

Türkiye's Potential for Green Bond

The Report for Türkiye's Green Bond has been introduced at the Green Bond Potential Webinar with respect to Financing Türkiye's Net Zero Carbon Target, as organized by SHURA Energy Conversion Center. The report has stated that Türkiye has a significant green bond potential, and that the foreign financing may be accessed for energy conversion. Half of the energy investments, which have been made in the 2002-2021 period, have been intended for the energy conversion, and 46 percent of the financing has been provided from abroad. In the next period, it is estimated that an average annual investment of 15 billion USD is needed in order to achieve the net zero carbon target.

While the green debt instruments become prominent with respect to the access to financing, the management of the relations between the funders, public institutions, technology and energy service providers and consumers becomes important with respect to the energy transition financing. It is stated that Türkiye has a potential to issue the green bond of 17 billion USD for the next 10 years. You can find the information report, which is drawn up with respect to Türkiye's Potential for Green Bond, by clicking [here](#).

Dictionary of Digital Conversion in Energy

The Dictionary of Digital Conversion in Energy, which includes the concepts, terms and definitions for the digital conversion in the energy sector, has been published. It is intended to update and develop the dictionary, which has been created in order to ensure the linguistic unity by using the concepts in this field correctly, as part of the developing technologies and needs over time. You can find the Dictionary of Digital Conversion in Energy, as published by the EMRA, by clicking [here](#).

Accreditation of the Voluntary Greenhouse Gas Verification Organizations Started

Turkish Accreditation Agency ("TURKAK") has started to accredit the organizations, which verify the greenhouse gas emissions on a voluntary basis (at the organizational level), as part of the TS EN ISO 14064-1 standard, as of 2023. In response to the impacts of the climate change, the international, regional, national and local initiatives are developed and implemented by the public and private sectors in order to reduce the greenhouse gases in the earth's atmosphere and to facilitate the adaptation to climate change. Accordingly, TS EN ISO 14064-1 details the principles and requirements for designing, developing, managing and reporting the greenhouse gas inventories at the organizational level. You can find the announcement, as published by TURKAK, by clicking [here](#).

**Second Quarter of 2023
Sustainability Regulations**

INTERNATIONAL REGULATIONS

UN Environment Assembly for Elimination of Plastic Wastes

In order to increase the amount of the recyclable plastic, the United Nations Intergovernmental Negotiation Committee ("Committee") has held its second meeting in Paris in order to eliminate the plastic pollution at the United Nations Environment Assembly between February 28 and 2 March, 2022. The committee has been assigned to draw up a legally binding agreement for the purpose of elimination of the plastic wastes until 2024. The meeting negotiations have been carried out through the document drawn up by the Secretariat. Accordingly, the opinions of our company with respect to such document have been asked. Our opinions provided by the relevant departments have been consolidated and forwarded to the Ministry of Environment, Urbanization and Climate Change.

The important topics of the meeting are provided as follows:

- - The UN Environment Program ("UNEP") draws up a project as part of reduction of the plastic wastes by 80% until 2040.
- In the event that the recycling becomes a more stable and profitable initiative, and that fossil fuel subsidies are removed, then a 20 percent higher recycling rate may be achieved. In the event that the products, which can be mixed with the nature, are used instead of such products as the plastic packaging and bags, then it may be contributed to reduce the plastic waste by 17 percent.

Revision of ETS

The text, which has been drawn up with respect to the revision, by the European Council, of ETS, and which is agreed upon by the EU Council, the European Parliament and the European Commission, and which is approved by the EP, has been accepted by the EU Council on 25 April 2023.

Also, the Council has accepted:

- The regulations on inclusion of the greenhouse gas emissions, arising from the maritime sector, in the ETS;
- The regulations on revision of the ETS in the aviation sector, and the regulations on establishment of a Social Climate Fund in order to compensate the damages to the households that might be negatively affected by the second Emission Trading System ("ETS2") to be created for fuel used for building heating and road transportation.

The greenhouse gas emissions that are released during the voyage of the ships of 5,000 gross tons and above, which transport the cargo or passengers for commercial purposes in the maritime sector, from their last port of call to a port under the jurisdiction of a member state, and their voyage from a port under the jurisdiction of a member state to their next call, and their voyage between the ports under the jurisdiction of a member state, have been included in the scope of the EU ETS. As of January 1, 2025, this regulation shall also be applicable to:

- Offshore ships of 5,000 gross tons and above;
- Offshore ships of less than 5,000 gross tonnage but not less than 400 gross tonnage;
- General cargo ships of less than 5,000 gross tonnage but not less than 400 gross tonnage.

After being signed by the Council and the Parliament in the next stage, such texts have been promulgated on the EU Official Journal on May 16, and they have been entered into force on June 5, 2023.

Use of sustainable fuels in the aviation industry

- The EU institutions have set binding targets, which will increase the use of sustainable fuels in order to reduce the carbon emissions of the aviation sector. The EU Council has announced that they have agreed upon the regulation, which is negotiated between the member states and the EP, and which intends to decarbonize the aviation sector based on the climate targets.
- Accordingly, a competitive environment will be provided under the equal circumstances in the aviation sector, and the supply and demand for the sustainable aviation fuels will be increased. The share of the sustainable aviation fuels, which are available at the European airports, will be gradually increased, while the air transport is aligned with the climate targets of the EU for 2030 and 2050.
- 2 percent of the aviation fuels will be required to be supplied from the sustainable aviation fuels in 2025, and the 6 percent thereof in 2030 and 70 percent thereof in 2050.
- A certain portion of such fuels will be synthetic fuels, which are produced by using the renewable energy and the carbon captured from the atmosphere.
- The strict rules will be implemented in order to prevent the aviation companies from avoiding the sustainable fuel supply. After this stage, the new rules will enter into force by being promulgated on the EU Official Journal, after they are officially approved by the member states and the EP.

Carbon Border Adjustment Mechanism entered into force

The regulation on SKDM, which constitutes an important part of the European Green Deal, has been promulgated on the EU Official Journal, and it has been officially entered into force on May 16, 2023.

Accordingly, the SKDM will be implemented as of October 1, 2023. The transition period will continue until January 2026, and the greenhouse gas emissions of the products, which are covered by the SKDM, will be required to be reported by the importers, during such period of time. The first reporting period for importers will end on January 31, 2024. The rules and requirements for reporting the emissions will be determined in detail through a law on the practice to be adopted by the EU Commission.

The SKDM will primarily be applied to the cement, iron and steel, aluminum, fertilizer, electricity and hydrogen sectors, which emit the intense carbon emissions during the production, and which pose the most significant risk of carbon leakage.

After the SKDM enters into full force on January 1, 2026, the importers will be required to report the amount of the products, which they have imported from the third countries to the EU countries in the previous year, as well as the embodied greenhouse gas emissions until May 31 each year, and also to obtain a number of SKDM certificates corresponding to the amount of the embodied emissions. The certificate prices will be calculated in a manner to reflect the prices on the EU ETS system.

In the event that the importer prove, based on the verified information as obtained from the third country producers, that a carbon fee has been paid during production of the products, which they have imported, then they may deduct such fee from their final payment.

NATIONAL REGULATIONS

1. LAW

Law Nr. 7446 on Amendment to the Environmental Law and the Certain Laws and the Decree Law Nr. 375

Accordingly, the fine, which will be imposed in case of discharging the domestic wastewater, detergent water, foam, washing water or solid waste from the tankers, ships and other marine vessels into the sea in the maritime jurisdiction areas, lakes and rivers in Türkiye, has been increased for marine vessels heavier than 5000 gross tons.

2. REGULATIONS

Regulation on Amendment to the Regulation on Protection of Groundwater Against Pollution and Deterioration

Accordingly;

- The requirement for taking measures in terms of the groundwater with respect to the site selection for the facilities, in which the wastes are disposed of by means of incineration, has been abolished.
- Determination of the procedures and principles to be taken as a basis with respect to assessment of the impact of the deep injection waste disposal system on the groundwater has been included in the scope of duty of the General Directorate of State Hydraulic Works.

Regulation on Amendment to the Water Pollution Control Regulation

Accordingly, the nuclear power plants have been excluded from the mandatory deep discharge method, which is required to be implemented with respect to discharge of the industrial cooling water into the sea.

3. COMMUNIQUES

Communiqué on Export of Ozone-Depleting Substances and Fluorinated Greenhouse Gases (Export:2023/4)

Accordingly, the procedures and principles for export of the goods, whose customs tariff statistical positions (GTIP) and definitions are specified as part of the Beijing Amendments to the Montreal Protocol for Ozone-Depleting Substances, which is the result of the studies and activities carried out as part of the Declaration of the United Nations Conference on Human and Environment and Action Plan World Ozone Layer of for the United Nations Environment Program, have been determined.

4. CIRCULAR LETTER

Presidential Circular Letter Nr. 2023/9 regarding the Water Efficiency Strategy Document and Action Plan (2023-2033)

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.