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Significant Developments and Regulations in Türkiye

Threshold Values Regarding the Scope of Application of the Türkiye Sustainability Reporting Standards Have Been Redetermined

With the Board Decision on the Redetermination of Threshold Values Regarding the Criteria Used in Determining the Scope of Application of the Türkiye Sustainability Reporting Standards ("Decision"), published in the Official Gazette dated 16.01.2026 and numbered 33139, the threshold values regarding the criteria set out in the Board Decision on the Determination of the Scope of Application of the Türkiye Sustainability Reporting Standards ("TSRS") dated 29.12.2023 and numbered 21634 were redetermined.^[1]

In this context, the Decision stipulates that, excluding banks, rating agencies,

financial holding companies, financial leasing companies, factoring companies, financing companies, asset management companies and savings finance companies, the Turkish Sustainability Reporting Standards (TSRS) shall apply to the preparation of sustainability reports of entities that exceed at least two of the following thresholds for two consecutive reporting periods: (i) total assets of TRY 1 billion, (ii) annual net sales revenue of TRY 2 billion and (iii) a workforce of 500 employees.

The above-mentioned threshold values shall apply to accounting periods starting on or after 01.01.2025.



Kick-off Meeting Held in Istanbul Within the Scope of Preparations for COP31

To initiate the preparation process for the 31st Conference of the Parties (“COP31”) to the United Nations Framework Convention on Climate Change (“Convention”), the COP31 Kick-off Meeting was held in Istanbul on 11–12 February 2026 under the chairmanship of the Minister of Environment, Urbanization and Climate Change and the COP31 President^[2]. The said meeting was organized with the aim of initiating the preparatory works for the COP31 conference to be held in Antalya on 9–20 November 2026, hosted by Türkiye.

Within the scope of the two-day meeting, in the sessions held, the COP31 presidency vision, the determination of the conference’s action agenda and the

negotiation topics to be addressed at COP31 were evaluated. In this framework, emphasis was placed on strengthening emission reduction policies in line with the targets of the Paris Agreement, accelerating the transition to renewable energy, increasing access to climate finance, policies on adaptation to and resilience against climate change, and international mechanisms aimed at addressing loss and damage arising from climate change.

The meeting is of importance in terms of initiating the international coordination and preparation process regarding the COP31 conference, which will be hosted by Türkiye for the first time.

The Project on Strengthening National Climate Finance Capacity Has Been Launched

The kick-off meeting of the “Project on Strengthening National Climate Finance Capacity” was held on 9 March 2026, hosted by the Climate Change Directorate.^[3]

The said Project was launched with the participation of the Climate Change Directorate, the European Union (“EU”) Delegation, the Directorate General for EU and Foreign Affairs, and the Contractor Consortium partners. During the meeting, reference was made to

the ongoing preparations for the COP31 process to be hosted by Türkiye, and it was emphasized that the outputs of the Project would make significant contributions to Türkiye within this process.

The Project, which will last for two years, aims to strengthen institutional capacity in the field of climate finance, to ensure more effective access to national and international climate finance, and to increase awareness regarding the management and mobilization of such finance.

Regulation Amending the Regulation on the Environmental Management of Dredged Material Entered into Force



With the Regulation Amending the Regulation on the Environmental Management of Dredged Material (“Amending Regulation”), published in the Official Gazette dated 04.02.2026 and numbered 33158, amendments were made to the Regulation on the Environmental Management of Dredged Material published in the Official Gazette dated 14.01.2020 and numbered 31008^[4].

With the Amending Regulation, certain provisions regarding the environmental management of materials generated as a result of dredging activities were updated. In this context, the hazard analysis, characterization processes and

sampling principles regarding dredged material planned for beneficial use were reorganized. In addition, it was stated that, in the evaluations made in relation to the samples taken, the hazardous properties and limit values set out in the Waste Management Regulation published in the Official Gazette dated 02.04.2015 and numbered 29314 shall be taken as a basis. It was addressed that, in cases where the material is determined to have hazardous properties based on the analysis results or where the options of beneficial use or disposal at sea are not deemed appropriate, such material shall be considered as waste and managed within the scope of the relevant legislation.

Further, it was envisaged that the processes regarding dredged material brought ashore for beneficial use shall be carried out within the scope of the Dredged Material Environmental Management Plan, that institutional academic reports to be prepared by the relevant departments of universities regarding appropriate use options shall be annexed to the plan, and that the scope of the information and documents required to be included in the content of such plan shall be expanded.

The above-mentioned Amending Regulation enters into force on 04.02.2026.

Significant Developments and Regulations in the EU

The Council of the European Union Adopted the 2040 Climate Target by Amending the European Climate Law

The Council of the European Union adopted the amendment to the European Climate Law and determined a new intermediate climate target for 2040.^[5] With the regulation adopted on 05.03.2026, it was envisaged that the European Union's net greenhouse gas emissions will be reduced by 90% by 2040 compared to 1990 levels.

With the regulation, it was stated that at least 85% of the emission reduction must be achieved within the European Union. It also allows, as of 2036, the use of high-quality international carbon

credits to contribute to the 2040 target, with such use capped at a maximum of 5% of the European Union's net emissions in 1990.

The 2040 target is intended to establish a new intermediate milestone between the European Union's 2030 emission reduction target of 55% and its climate neutrality target for 2050. The regulation will enter into force 20 days after its publication in the Official Journal of the European Union and will be directly applicable in all Member States.

GRI Published a New Guide on Reporting Companies' Impacts on Biodiversity

The Global Reporting Initiative ("GRI") published a new guide titled *"Decoding biodiversity impacts: A practical guide to corporate reporting with the GRI Standards"* on 16.02.2026.^[6] The guide aims to assist companies in assessing their impacts on biodiversity and in conducting more effective reporting within the scope of the GRI Standards.

The guide provides methods for companies to assess their impact on biodiversity throughout their operations and

supply chains; it includes practical examples on issues such as the integration of biodiversity data into governance and decision-making processes, the importance of using location-specific data and the challenges encountered in data collection processes in supply chains.

In addition, the guide includes case studies based on the experiences of GRI community members and aims to contribute to companies' better assessment of nature-related risks and opportunities.

The European Commission Adopted New Rules to Prevent the Destruction of Unsold Clothing and Footwear

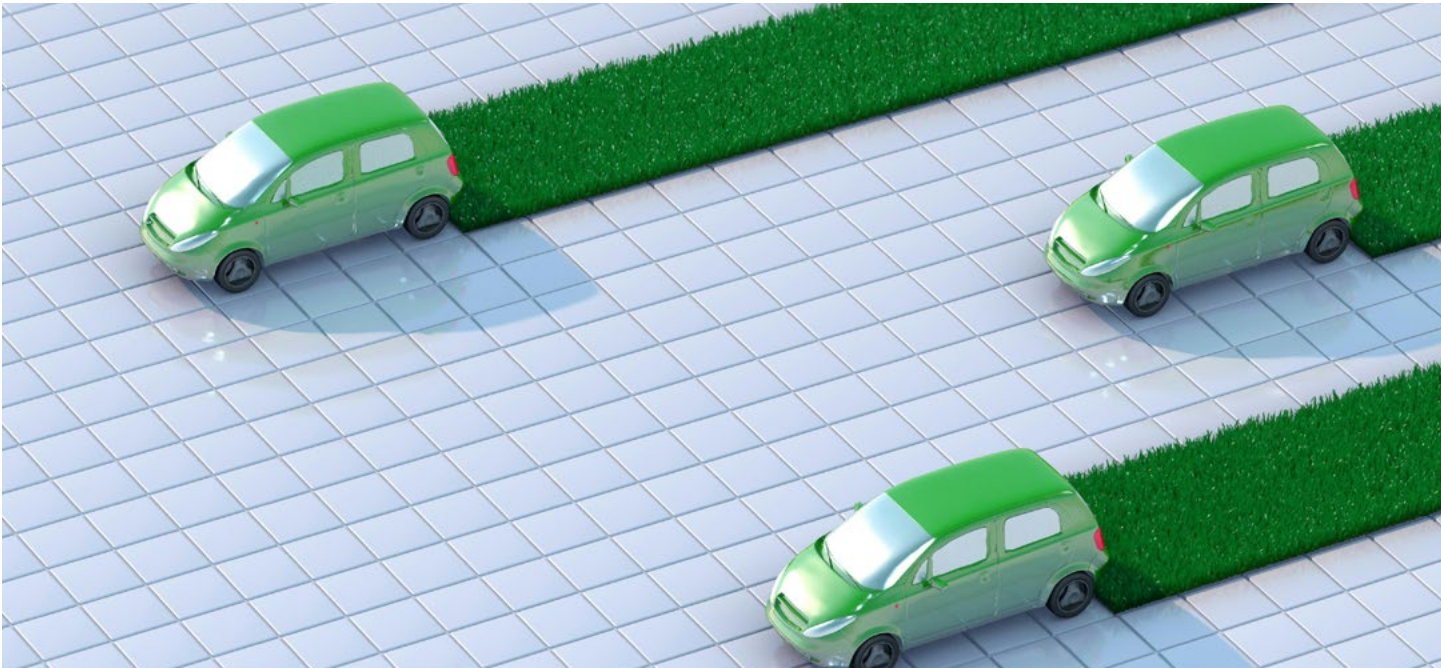
On 09.02.2026, the European Commission adopted new implementation and empowerment rules under the Ecodesign for Sustainable Products Regulation (“ESPR”) aimed at preventing the destruction of unsold apparel, clothing accessories and footwear^[7] ESPR aims to reduce waste generation in the textile sector and to strengthen circular economy practices.

Pursuant to the said regulation, companies are required to disclose information regarding unsold consumer products that they dispose of as waste, and a standard reporting format for such dis-

closures is envisaged. In addition, the destruction of unsold apparel, clothing accessories and footwear is prohibited, and the said prohibition shall apply as of 19.07.2026 for large-scale companies and as of 2030 for medium-sized companies.

Under the ESPR, limited exceptions are envisaged in certain cases such as product safety or damage. Furthermore, with the ESPR regulation, companies are encouraged to turn to alternative methods such as inventory management, resale, donation, reuse and recycling.





SBTi Published an Updated Draft on Net-Zero Targets for the Automotive Sector

The Science Based Targets initiative (“SBTi”) opened the updated draft of the Net-Zero Standard for the automotive sector (“Draft”) for public consultation in February 2026.^[8] The Draft aims to provide a clearer framework on how automotive manufacturers and suppliers should set science-based net-zero emission targets.

The Draft covers organizations operating in the road transport value chain, including automotive manufacturers, automotive component manufacturers, and companies providing logistics and road transport services.

Under the Draft, methods are set out in particular for the reduction of Scope 3

emissions arising from the use of sold vehicles, which constitute the largest source of emissions for automotive manufacturers, in alignment with the 1.5°C target. In this context, it is aimed that companies accelerate their transition to zero-emission vehicles and support the transformation towards the phased-out sale of new internal combustion engine vehicles in major markets by 2035 and globally by 2040 at the latest.

The Draft provides a transitional framework for the automotive sector-specific net-zero standard being developed by the SBTi and sets out sector-specific methodologies and criteria that may be used by companies in the process of setting science-based climate targets.

GHG Protocol Published the Land Sector and Removals (“LSR”) Standard

The Greenhouse Gas Protocol (“GHG Protocol”) published the Land Sector and Removals (Land Sector and Removals – LSR) Standard on 30.01.2026, which sets out the accounting of emissions arising from land use and carbon removals.^[9] The said standard establishes the methods and obligations regarding the measurement and reporting processes of greenhouse gas emissions arising from companies’ land use, land-use change and carbon removal activities.

The standard aims to ensure more consistent and comparable reporting of emissions arising from activities such as agriculture, forestry and land manage-

ment in companies’ greenhouse gas inventories. In this context, the standard provides a framework that complements the GHG Protocol’s Corporate Standard (GHG Protocol Corporate Accounting and Reporting Standard), which sets out the requirements and guidance for preparing corporate-level greenhouse gas inventories. It also forms an integrated structure together with the Scope 3 Standard, which enables companies to assess emissions across their value chains and identify areas to focus on mitigation efforts.

The said standard is envisaged to enter into force on 01.01.2027.

Key Changes Introduced in Italy Regarding Green Claims, Product Durability and Pre-Contractual Information with the Decree No. 30/2026

Italy has incorporated Directive (EU) 2024/825 into its domestic law through Decree No. 30 dated 20 February 2026, introducing amendments in the areas of unfair commercial practices and consumer information aimed at enhancing consumer protection.^[10] The regulation amends the Consumer Code by introducing definitions for “environmental claim”, “generic environmental claim” and “sustainability label”. It also classifies unverifiable or misleading environmental claims and the use of non-certified labels as unfair commercial practices,

and prohibits environmental statements based on carbon offsetting.

Under the said regulation, the scope of environmental information obligations relating to products is expanded, requiring that aspects such as durability, reparability and recyclability be clearly communicated to consumers.

The Decree was published on 9 March 2026 and will enter into force on 27 September 2026.

Germanwatch Published the Climate Risk Index 2026 Report

The Climate Risk Index 2026 report (“Risk Report”) published by Germanwatch analyzes approximately 9,700 extreme weather events that occurred during the period 1995–2024.^[11] According to the Risk Report, more than 832 thousand people lost their lives and approximately USD 4.5 trillion in direct economic losses occurred due to extreme weather events during the relevant period.

The Risk Report reveals that the impacts of climate-related disasters are not distributed equally among countries. The role of economic and geographical factors in the unequal distribution of disaster impacts is highlighted.

In the long-term assessment, Dominica, Myanmar and Honduras are among the most affected countries, while in 2024 alone, Saint Vincent and the Grenadines, Grenada and Chad are identified among the most affected countries.

The Risk Report also states that the impacts of extreme weather events lead to more severe consequences, particularly in low- and middle-income countries with limited early warning systems, infrastructure and adaptive capacity. In this context, it is emphasized that increasing investments in climate change adaptation and resilience plays a critical role in reducing climate risks.

CBAM First Quarter 2026 Carbon Price Announced

As financial obligations under the European Union Carbon Border Adjustment Mechanism (“CBAM”) begin to materialize as of 2026, the European Commission has announced the first carbon price forming the basis for CBAM certificates to be purchased by importers^[12]. In this context, the CBAM certificate price for the first quarter of 2026 has been set at €75.36 per ton of CO₂.

The price is calculated based on the average carbon prices formed in auctions conducted under the EU Emissions Trading System (“EU ETS”) and will be published on a quarterly basis throughout 2026. As of 2027, it is envisaged that prices will be determined and published on a weekly basis.



Significant Developments and Regulations in Other Countries



The United Kingdom Published Sustainability Reporting Standards

The United Kingdom published the United Kingdom Sustainability Reporting Standards (“UK SRS”) in February 2026, which aim to ensure that companies disclose their sustainability- and climate-related financial risks and opportunities more consistently.^[13] The new standards are based on IFRS S1 and IFRS S2 developed by the International Sustainability Standards Board (“ISSB”) and include general requirements for the disclosure of sustainability-related financial information (“UK SRS S1”) and provisions on the reporting of climate-related risks and opportunities (“UK SRS S2”).

The standards have been published for voluntary use. It has been stated that it will be assessed whether these standards will be made mandatory for certain undertakings in the United Kingdom in the future. In this context, it is envisaged that consultation processes will be conducted by the relevant regulatory authorities, in particular Financial Conduct Authority (“FCA”), with a view to introducing new obligations regarding sustainability disclosures for listed companies.

Examples of Cases Filed or Concluded in the First Quarter of 2026

ACCR v. Santos Case

The Australasian Centre for Corporate Responsibility (“ACCR”) filed a lawsuit against the oil and gas company Santos Ltd. on 25 August 2021, alleging that the company’s statements describing natural gas as a “clean fuel” or “clean energy” and its disclosures regarding achieving net zero emissions by 2040 were misleading to investors.^[14] ACCR argued that such statements did not adequately reflect the emissions arising from the production and use of natural gas and that the company’s net zero target relied on technologies such as carbon capture and storage.

In its decision dated 17 February 2026, the Federal Court of Australia dismissed ACCR’s application and held that, when assessed in context, the term clean referred to being cleaner compared to other fossil fuels such as coal and therefore did not constitute misleading or deceptive conduct. The Court also concluded that Santos’ disclosures regarding its net zero targets were supported by reasonable and measurable strategies.

Greenpeace Netherlands v. the State of the Netherlands Case

On 28 January 2026, The Hague District Court rendered its decision in the case filed by Greenpeace Netherlands against the State of the Netherlands.^[15] Bonaire, a special municipality of the Caribbean Netherlands, is facing a severe climate crisis, including rising sea levels, increasing temperatures and climate-related health threats. Due to Bonaire’s status as part of the State of the Netherlands, the Netherlands is obliged to take the necessary measures to protect the island’s residents from these threats.

The Court found that the Netherlands had not established any climate adaptation plan or integrated climate policy for

Bonaire, whereas European Netherlands has had comprehensive adaptation strategies for decades. Ruling that this omission violated Article 8 of the European Convention on Human Rights, which guarantees the right to respect for private and family life, and Article 14, which regulates the prohibition of discrimination, the Court ordered the Netherlands to implement, within 18 months from the date of the decision, legislative measures providing for absolute emission reduction targets covering all interim targets and roadmaps up to 2050, and to prepare and put into effect a comprehensive national climate adaptation plan covering Bonaire by 2030.

Texas “Anti-ESG” Investment Law Found Unconstitutional in the United States

In its decision dated 04.02.2026, the United States District Court for the Western District of Texas found that the State of Texas’s 2021 Senate Bill 13 (SB 13) was contrary to the First and Fourteenth Amendments of the United States Constitution and suspended its enforcement.^[16]

The SB 13 regulation prohibited financial institutions deemed to be “boycotting” fossil fuel companies from receiving investments from Texas state funds and

from entering into contracts with state entities. It also envisaged the creation of a list of such institutions by the Texas Comptroller and the withdrawal of public funds from these companies. The Court held that the regulation was overly broad and vague in scope and suspended the enforcement of the law on the grounds that it could restrict constitutionally protected freedom of expression, including opinions and advocacy activities relating to the fossil fuel industry.

Apple Inc. Case

A lawsuit was filed by consumers against Apple Inc. before the United States District Court for the Northern District of California, alleging greenwashing in relation to the marketing of Apple Watch products as “carbon neutral”.^[17] The plaintiffs argued that the claim was based on carbon offset projects and that these projects did not provide real and additional carbon reductions, and therefore alleged that Apple’s environmental statements were misleading. They further asserted that Apple’s carbon neutrality claim relied on certain carbon

credit projects in Kenya and China, that these projects did not provide sufficient carbon reductions, and that consumers paid higher prices for the products due to these environmental claims.

In its decision dated 20.02.2026, the United States District Court for the Northern District of California granted Apple’s motion to dismiss and dismissed the case, concluding that the plaintiffs’ claims had not been sufficiently substantiated as a matter of law.

Cocoa and Coffee Sellers in the Netherlands Commit to Ending Misleading Practices

As a result of the review and engagements conducted by the Dutch Authority for Consumers and Markets (ACM), major global sellers of coffee and cocoa—Nestlé, Mondelez International and JDE Peet’s—have undertaken to amend their practices^[18] regarding sustainability claims and logos that were considered to have the potential to mislead consumers; within this framework, the use of broad and insufficiently substantiated terms such as “sustainable” or “re-

sponsible” will be restricted, brand-specific sustainability logos will be aligned with clearer and more verifiable information, and consumers will be provided with more transparent and concrete information on the environmental and social impact of products, with the aim of strengthening compliance both with national consumer protection legislation and with European Union rules governing green claims.



Advertising Board Decisions in the First Quarter of 2026



Decisions of the Advertising Board on Advertisements Containing Environmental Claims

The decision of the Advertisement Board dated 13 January 2026 and numbered 2025/3053 concerns the advertisements of companies operating in the cleaning and paper products sector, while its decision dated 13 January 2026 and numbered 2025/3182 concerns the advertisements of companies operating in the water treatment devices and alternative drinking water systems sector. In this context, it was assessed that environmental expressions such as “sustainable”, “environmentally friendly”, and “eco-friendly” used in advertisements created ambiguity regarding the environmental impacts of the products in the perception of consumers.^[19]

The Board determined that such general environmental claims were not supported by concrete, verifiable and scientific data and were used without any explanation. In addition, in decision numbered 2025/3182, it was established that comparative environmental claims such as “providing less use of plastic bottles or carboys” could not be substantiated by accredited institutions or academic studies.

Within this scope, it was evaluated that the said advertisements were contrary to the provisions of the Regulation on Commercial Advertising and Unfair Commercial Practices and the Law No. 6502 on the Protection of Consumers, and it was decided to cease the advertisements.

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