



ESG Bulletin

2026
Third Quarter

Ecem Süsoy Uygun
Yiğit Alp Aslan
Orhan Emin Erdem
Yağmur Bayiz
Emre Gürdal

Significant Developments and Regulations in Türkiye

National Green Finance Strategy and Action Plan Published

The National Green Finance Strategy and Action Plan (2026–2029) (“Strategy and Action Plan”), prepared under the coordination of the Ministry of Treasury and Finance, was made public on 4 July 2026^[1]. The Strategy and Action Plan aims to strengthen Türkiye’s green finance ecosystem, facilitate access to international financing and channel financial resources towards sustainable economic activities, in line with Türkiye’s net-zero emissions target for 2053.

In alignment with the financing mechanisms envisaged under Climate Law No. 7552 (“Climate Law”), the Strategy and Action Plan sets out 11 targets and 45 actions under three main objectives: (i) establishing the necessary infrastructure for a transparent and measurable green finance ecosystem, (ii) strengthening institutional capacity and human resources in the field of green finance, and (iii) developing market mechanisms to support the growth of green finance.

Key actions include the publication of the Turkish Green Taxonomy Regulation (“Taxonomy Regulation”), the introduction of regulatory measures to encourage insurance companies to invest in green assets, the wider adoption of the Turkish Sustainability Reporting Standards (“TSRS”), and the strengthening of the assurance framework. The Strategy and Action Plan also envisages the implementation of the Turkish Emissions Trading System (“TR ETS”), the preparation of guidelines on green, sustainable and social capital market instruments, and the development of sector-specific guidelines to prevent greenwashing. Target years, responsible institutions and performance indicators are specified for each action, establishing a framework for monitoring the development of the green finance ecosystem throughout the 2026–2029 period.

Regulation on Local Climate Change Action Plans and Provincial Climate Change Coordination Boards Entered into Force

The Regulation on Local Climate Change Action Plans and Provincial Climate Change Coordination Boards ("Regulation"), published in the Official Gazette dated 4 August 2026 and numbered 33330, entered into force on the date of its publication. The Regulation sets out the procedures and principles governing local climate change action plans (*yerel iklim değişikliği eylem planları* – "YIDEP") to be prepared at the provincial level, as well as the structure and operating procedures of provincial climate change coordination boards (*il iklim değişikliği koordinasyon kurulları* – "Provincial IDKKs")^[2].

Under the Regulation, a YIDEP must be prepared for each province to reduce greenhouse gas emissions and ensure

climate change adaptation. The plans include climate risk assessments, greenhouse gas inventories, mitigation and adaptation targets, and actions to achieve these targets. YIDEPs are prepared under the coordination of the governor, with the participation of the relevant local administrations, and are approved by the Provincial IDKKs. The implementation of YIDEPs is monitored annually.

Provincial IDKKs must be established by 31 December 2026, while the first YIDEPs, covering the 2028–2032 period, must be approved by 31 December 2027. Where deemed necessary, the Ministry of Environment, Urbanization and Climate Change may extend the deadline for approving YIDEPs by up to one year.



Capital Markets Board Adopted New Guidelines on Green, Sustainable and Social Capital Market Instruments

The Capital Markets Board (“CMB”) adopted the Guidelines on Green, Sustainable and Social Capital Market Instruments (“Green and Social Instruments Guidelines”) and the Guidelines on Sustainability-Linked Capital Market Instruments (“Sustainability-Linked Instruments Guidelines”) through its Decision dated 13 August 2026 and numbered i-SPK 128.29 (49/1500) (“Decision”)^[3]. The Guidelines were prepared by expanding the scope of the Guidelines on Green Debt Instruments, Sustainable Debt Instruments, Green Lease Certificates and Sustainable Lease Certificates, adopted under the CMB’s earlier Decision dated 24 February 2022 and numbered i-SPK 128.18^[4].

The Green and Social Instruments Guidelines bring the financing of projects aimed at delivering social benefits within the regulatory framework, alongside green and sustainable debt instruments

and lease certificates, thereby enabling the issuance of social capital market instruments. The Sustainability-Linked Instruments Guidelines set out the principles governing the issuance of sustainability-linked capital market instruments. In this context, issuers are encouraged to establish measurable sustainability targets and key performance indicators and to ensure external assessment of their performance. The Guidelines also allow changes to coupon payments or other financial or structural features of capital market instruments depending on whether the specified sustainability targets are achieved.

The Decision provides for a 50% discount on CMB fees payable in connection with the issuance of capital market instruments covered by the Guidelines. For lease certificates, this discount applies in addition to the existing discount introduced under the Decision dated 24 June 2016 and numbered 20/710.

TR ETS Regulation Entered into Force

The TR ETS Regulation was published in the Official Gazette dated 27 August 2026 and numbered 33353 and entered into force on the same date^[5]. The TR ETS Regulation sets out the principles governing the scope of the TR ETS, the monitoring, reporting and verification of greenhouse gas emissions, the allocation of allowances and market operation. It also regulates the duties and powers of the

Carbon Market Board (*Karbon Piyasası Kurulu* – “KPK”), which is responsible for making key decisions concerning the operation of the TR ETS^[6].

The TR ETS covers Category B and Category C installations carrying out activities specified in the TR ETS Regulation, with annual greenhouse gas emissions exceeding 50,000 tons of

carbon dioxide equivalent, calculated based on their installed capacity. Operators of these installations are required to obtain greenhouse gas emission permits valid for five years, submit verified emission reports for the preceding year by 30 April each year, and surrender allowances corresponding to their emissions by the last business day of November of the compliance year.

The TR ETS Regulation allows allowances to be allocated free of charge or sold

through auctions, as well as traded on secondary markets. Operators within the scope of the TR ETS are required to obtain greenhouse gas emission permits within three years from 9 July 2025, while operators covered by the pilot phase must submit their first Monitoring Methodology Plans by 27 October 2026, unless the deadline is extended. Breaches of the TR ETS Regulation are subject to the administrative sanctions stipulated under the Climate Law.

Taxonomy Regulation Entered into Force

The Taxonomy Regulation was published in the Official Gazette dated 24 September 2026 and numbered 33380 and entered into force on the same date^[7]. The Taxonomy Regulation sets out the principles governing the Turkish Green Taxonomy with the aim of supporting sustainable economic activities, promoting sustainable investments and preventing greenwashing.

Activities listed in the annex to the Taxonomy Regulation are classified as “eligible economic activities”. To qualify as “aligned economic activities”, they must (i) substantially contribute to at least one of the six environmental objectives,^[8] (ii) do no significant harm to the other objectives, and (iii) comply with minimum social safeguards. Compliance with these requirements is assessed

against the technical screening criteria determined by the Directorate of Climate Change (“Directorate”).

While institutions and businesses carrying out economic activities within the scope of the Taxonomy Regulation may report voluntarily, mandatory reporting requirements apply to banks, intermediary institutions, investment companies, portfolio management companies, and insurance, reinsurance and pension companies. However, financial institutions are exempt from these requirements until 1 January 2029. Reporting is based on key performance indicators relating to revenue, capital expenditure and operating expenditure. Breaches of the reporting obligations are subject to the administrative sanctions stipulated under the Climate Law.

Public Oversight, Accounting and Auditing Standards Authority Amended TSRS 2 Regarding Greenhouse Gas Emissions Disclosures

The Public Oversight, Accounting and Auditing Standards Authority adopted amendments to the greenhouse gas emissions disclosure requirements under TSRS 2 through its Board Decision dated 22 July 2026 and numbered 75935942-050.01.04-[01/44275]^[9]. The amendments, published in the Official Gazette dated 28 July 2026 and numbered 33323, introduced certain flexibilities in the measurement and reporting of greenhouse gas emissions.

Entities engaged in asset management, commercial banking and insurance ac-

tivities are permitted to exclude emissions associated with derivatives when calculating financed emissions under Scope 3 emissions. The amendments also allow the use of alternative emissions measurement methods and global warming potential values where required by a competent authority or the relevant stock exchange. Additional flexibility is provided in the selection of industry classification systems for commercial banking and insurance activities. The amendments will apply to reporting periods beginning on or after 1 January 2027, with early application permitted.

KPK Announced Its First Decisions on the TR ETS Pilot Phase

On 3 September 2026, the Directorate announced the KPK's decisions numbered KPK/2026/1 concerning the TR ETS pilot phase^[10]. Under the decisions, the pilot phase will cover emissions for 2026 and 2027 and include Category B and C installations operating in the electricity generation, cement, iron and steel, aluminum and fertilizer sectors. Certain electricity generation installations whose primary activities do not fall within these sectors, as well as certain units associated with natural gas and crude oil pipelines, are excluded from the scope of the pilot phase.

During the pilot phase, operators will be subject only to reporting obligations in 2026, while the pricing mechanism is scheduled to commence in 2027. The KPK also set the free allocation rate at 100% for all sectors during the pilot phase, based on the benchmarking method. It was decided that benchmark values would be calculated based on the overall weighted average of installations in sectors other than electricity generation, and on the weighted average emissions intensity of power plants over the preceding five years for the electricity generation sector.

Significant Developments and Regulations in the EU

European Commission Simplified the European Sustainability Reporting Standards and Adopted a Voluntary Sustainability Reporting Standard

On 3 July 2026, the European Commission ("Commission") adopted two delegated regulations simplifying the European Sustainability Reporting Standards ("ESRS") and establishing a sustainability reporting standard for voluntary use by undertakings outside the scope of mandatory sustainability reporting^[1]. Adopted in the context of the Omnibus I simplification package, the regulations aim to reduce the administrative burden and compliance costs associated with sustainability reporting while ensuring the disclosure of relevant, reliable and comparable sustainability information.

The delegated regulation amending the ESRS reduces the number of mandatory datapoints by more than 60% and the total number of datapoints by more than 70%. It also simplifies the materiality assessment, introduces greater flexibility in disclosure requirements, and enhances alignment with international sustainability reporting standards. The revised ESRS will apply to financial years beginning on or after 1 January 2027, although undertakings may choose to apply them for financial years beginning in 2026.

The second delegated regulation establishes a sustainability reporting standard for voluntary use ("Voluntary Standard") by undertakings outside the scope of mandatory sustainability reporting, particularly those with an average of no more than 1,000 employees during the preceding financial year. The Voluntary Standard consists of a Basic Module, covering disclosures on environmental, social and governance ("ESG") metrics, and a Comprehensive Module, containing additional disclosures intended to address the information needs of banks, investors and corporate clients. It aims to enable undertakings to report on their sustainability performance in a more proportionate and standardized manner, facilitate access to finance, and limit requests for sustainability information from undertakings in the value chain.

Both delegated regulations are subject to scrutiny by the European Parliament and the Council of the European Union for a period of two months, which may be extended by a further two months.

Commission Published a Proposal for a Directive Revising the EU Emissions Trading System

On 17 July 2026, the Commission published a proposal for a directive ("Proposal") to revise the rules governing the EU Emissions Trading System ("EU ETS") for the 2031–2040 period^[12]. The Proposal aims to balance emissions reduction requirements with industrial competitiveness, in line with the EU's target of reducing net greenhouse gas emissions by 90% by 2040 compared with 1990 levels.

The Proposal would set the linear reduction factor applicable to the EU ETS emissions cap at 3.7% for 2031–2035 and at either 1.7% or 2.7% for 2036–2040, depending on certain conditions. It also envisages the integration of internation-

al carbon credits and permanent carbon dioxide removals into the EU ETS, an expansion of the system's scope in the aviation and maritime transport sectors, and the gradual inclusion of emissions from municipal waste incineration.

The Proposal would extend the phase-out of free allocation of emission allowances for sectors covered by the Carbon Border Adjustment Mechanism ("CBAM") from 2034 to 2038. It also envisages requirements for certain installations receiving free allocation to prepare decarbonization investment plans and the establishment of new financing mechanisms to support industrial decarbonization.



Commission Published Guidance Documents for the CBAM Definitive Period

On 14 August 2026, the Commission published ten guidance documents concerning the definitive period of CBAM, which commenced on 1 January 2026^[13]. The guidance documents aim to clarify the implementation of obligations under the CBAM legislation, particularly for operators of installations located outside the EU.

The guidance documents address the changes introduced by the transition from the transitional period to the definitive period, the obligations of the relevant parties, the calculation and reporting of embedded emissions, and the adjustment for free allocation to be taken into account when determining the number of CBAM certificates to be surrendered. They also clarify that the exemption available to importers whose aggregate annual imports do not exceed 50 tons does not apply to imports of electricity or hydrogen.

For operators of installations outside the EU, the guidance documents clarify requirements concerning the preparation of emissions monitoring plans,

verification of emissions data by accredited verifiers, and retention of monitoring records for at least six years. They also provide technical guidance on collecting the data required to determine emissions, defining the boundaries of production processes, and calculating direct and indirect emissions. In addition, the sector-specific guidance documents for cement, fertilizers, iron and steel, aluminum, hydrogen, and electricity explain the relevant production processes and emissions monitoring and reporting methodologies through practical examples.

The guidance documents are particularly relevant for third-country producers exporting CBAM goods to the EU, as they facilitate the accurate preparation of emissions data and support EU importers in fulfilling their reporting obligations.

Commission Published Guidance on Verification and Accreditation under CBAM

Following the publication of its CBAM guidance documents on 14 August 2026, the Commission published separate guidance on verification and accreditation procedures for the CBAM definitive period on 24 August 2026^[14]. The guidance provides detailed explanations of the verification of emissions data from installations located outside the EU that produce CBAM goods imported into the EU. In this context, it clarifies the obligations of verifiers responsible for verifying emissions reports and national accreditation bodies responsible for their accreditation and oversight.

Separately, the Commission published practical documents outlining the application and registration procedures for

verifiers to access the CBAM Registry from 1 September 2026^[15]. Accordingly, verifiers must first obtain accreditation from the relevant national accreditation body and subsequently apply for access to the CBAM Registry. Access is granted by the relevant national competent authority following verification of their accreditation status.

Verifiers are required to register in the CBAM Registry within two months of obtaining accreditation, but no earlier than 1 September 2026. From January 2027, verification reports will be issued through the CBAM Registry, enabling importers to use verified actual emissions data in their CBAM declarations.



Regulation on the Transparency and Integrity of ESG Rating Activities Became Applicable and Secondary Legislation Published

Regulation (EU) 2024/3005 on the transparency and integrity of ESG rating activities (“ESG Ratings Regulation”) became applicable on 2 July 2026^[16]. Aiming to enhance the reliability, transparency and comparability of ESG ratings, the ESG Ratings Regulation requires ESG rating providers operating in the EU to be authorized and supervised by the European Securities and Markets Authority (“ESMA”). ESG rating providers established outside the EU may operate in the EU through the equivalence, endorsement or recognition regimes.

Under the ESG Ratings Regulation, ESG rating providers are required to disclose information on their rating methodologies, key assumptions, information sources and the weighting assigned to ESG factors in their ratings. The ESG Ratings Regulation also establishes organizational, and governance requirements designed to safeguard the independence of ESG rating activities,

prevent conflicts of interest and ensure the reliability of ESG ratings. These requirements aim to enable investors and other market participants to better assess the methodologies underlying ESG ratings.

Secondary legislation published between July and September 2026 further specified the implementation of these requirements^[17]. The delegated regulations address measures for separating ESG rating activities from other activities, the information to be disclosed to the public and users of ESG ratings, fees charged by ESMA, and procedures for imposing fines and periodic penalty payments. In addition, Commission Delegated Regulation (EU) 2026/1119, published on 1 September 2026, specifies the information to be provided in applications for authorization and recognition.

Significant Developments and Regulations in Other Countries

UK Financial Conduct Authority Published Final Rules Aligning Sustainability Reporting Requirements for Listed Companies with UK Sustainability Reporting Standards

In September 2026, the UK Financial Conduct Authority (“FCA”) published its final rules under Policy Statement PS26/19, aligning sustainability disclosures by listed companies with the UK Sustainability Reporting Standards (“UK SRS”).^[18] The new framework replaces the existing reporting requirements based on the recommendations of the Task Force on Climate-related Financial Disclosures.

Under the new rules, a “comply or explain” approach is adopted for UK SRS S2, which addresses climate-related disclosures, and UK SRS S1, which covers other sustainability-related matters.

Companies are also required to disclose whether they have climate transition plans in place and whether their sustainability disclosures are subject to independent assurance. The rules also extend to certain categories of companies with secondary listings.

The new rules apply to financial years beginning on or after 1 January 2027, with the first reports expected in 2028. Companies will benefit from a one-year transitional relief period for Scope 3 emissions disclosures and a two-year transitional relief period for non-climate-related disclosures under UK SRS S1.



Loan Market Association Published Guidance on the Application of the Sustainability-Linked Loan Principles to SMEs

On 22 September 2026, the Loan Market Association published a practice note on the application of the Sustainability-Linked Loan Principles ("SLLP") to small and medium-sized enterprises ("SMEs")^[19]. The practice note aims to provide a framework for the proportionate application of the existing SLLP requirements, taking into account the challenges faced by SMEs in accessing sustainability data, reporting capacity and financing costs.

The practice note provides guidance on the selection of key performance indicators ("KPIs"), the calibration of sustainability performance targets, loan characteristics, reporting and independent verification. It addresses the phased development of KPIs for SMEs with limited historical data, the use of existing reporting systems and the consideration of reliable third-party data in verification processes. In addition, the practice note sets out a framework for applying the existing SLLP requirements in a manner proportionate to the size and resources of SMEs.



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

Fiducian Investment Management Services Fined AUD 7.3 Million for Greenwashing in Australia

On 11 August 2026, the Supreme Court of New South Wales ordered Fiducian Investment Management Services Limited (“Fiducian”) to pay a penalty of AUD 7.3 million following proceedings brought by the Australian Securities and Investments Commission (“ASIC”).^[20] The decision concerned misleading ESG representations made by Fiducian in relation to the Diversified Social Aspirations Fund (the “Fund”), which it managed, as well as breaches of its duty of care in managing the Fund.

According to the Fund’s disclosure documents provided to investors, the Fund would invest in companies seeking to make a positive contribution to society and the environment, avoid harmful activities and regularly monitor whether its investments complied with these objectives. However, between October 2019 and May 2024, the underlying funds in which the Fund invested held investments in companies that were inconsistent with the disclosed investment principles, including companies deriving revenue from fossil fuels.

The Court found that Fiducian did not have reasonable grounds for its ESG representations and failed to adequately oversee the investments held by the underlying funds. The Court also considered that Fiducian had failed to review the investment strategies of the underlying funds, adjust its investments or ensure that the Fund’s stated investment objectives were consistent with its actual investments. In addition, the Court considered Fiducian’s failure to take appropriate measures despite investors having previously raised concerns regarding the Fund’s portfolio.

The decision marks ASIC’s fourth successful outcome in greenwashing proceedings over the past 24 months. It is also significant as an example of a fund manager being found to have breached their duty of care due to deficiencies in oversight and corporate governance relating to ESG representations.

EU General Court Dismisses Action Brought by Global Legal Action Network and CAN-Europe Against the Commission

On 2 September 2026, the General Court of the European Union (the “General Court”) dismissed an action brought by Global Legal Action Network (“GLAN”) and Climate Action Network Europe (“CAN-Europe”), two organizations active in environmental and climate matters, against the Commission in Case T-120/24.^[21] The dispute arose from the Commission’s refusal to conduct an internal review of Commission Implementing Decision (EU) 2023/1319, which determines Member States’ annual greenhouse gas emission allocations for the period from 2023 to 2030.

GLAN and CAN-Europe requested an internal review under Regulation (EC) No 1367/2006, which governs the application of the Aarhus Convention to EU institutions. They argued that the 2030 emission reduction targets underlying the allocations were insufficient to meet the obligations arising under the Paris Agreement and EU law. They also alleged various deficiencies in the impact assessment conducted in connection with the adoption of those targets. Following the Commission’s rejection of their request, the organizations brought an action before the General Court seeking annulment of the refusal.

The General Court found that certain grounds relied upon by the Commission in rejecting the request for internal review were vitiated by errors of law. Nevertheless, it held that the legality of emission reduction targets established by the EU legislature could not be challenged through an internal review of a decision adopted by the Commission in the exercise of its implementing powers. The General Court further considered that objections concerning the impact assessment prepared during the legislative process did not justify a review of the implementing decision.

Accordingly, the General Court concluded that the identified errors of law did not warrant annulment of the Commission’s refusal and dismissed the action. The judgment is significant in clarifying the scope of the administrative review mechanism available to environmental organizations seeking to challenge acts of EU institutions, as well as the limits of the Commission’s implementing powers.

Sources

1. The Strategy and Action Plan in Turkish can be accessed [here](#).
2. The relevant regulation in Turkish can be accessed [here](#).
3. The relevant decision and the guidelines in Turkish can be accessed [here](#).
4. Our newsletter article on the relevant regulations can be accessed [here](#).
5. The relevant regulation in Turkish can be accessed [here](#).
6. Our newsletter article on the relevant regulation can be accessed [here](#).
7. The relevant regulation in Turkish can be accessed [here](#).
8. The six environmental objectives are greenhouse gas emissions reduction, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.
9. The relevant decision in Turkish can be accessed [here](#).
10. The relevant announcement can be accessed [here](#).
11. The relevant delegated regulations can be accessed [here](#).
12. The relevant proposal can be accessed [here](#).
13. The relevant guidance documents can be accessed [here](#).
14. The relevant guidance can be accessed [here](#).
15. The relevant documents can be accessed [here](#).
16. The relevant regulation can be accessed [here](#).
17. The relevant secondary legislation can be accessed [here](#).
18. The relevant document can be accessed [here](#).
19. The relevant practice note can be accessed [here](#).
20. The relevant court decision can be accessed [here](#).
21. The relevant judgment can be accessed [here](#).

Key Contacts



Ceren Şen
Partner, Head of Banking,
Finance and Capital Markets

cerensen@erdem-erdem.av.tr



Ecem Süsoy Uygun
Managing Associate

ecemsusoy@erdem-erdem.av.tr



Anıl Acar
Managing Associate

anilacar@erdem-erdem.av.tr



Rüştü Mert Kaşka
Senior Associate

rustumertkaska@erdem-erdem.av.tr

Disclaimer

All of the information, documents and evaluations set forth in this bulletin have been prepared by the Erdem & Erdem Law Office for information purposes only. This bulletin cannot be used for advertising purposes, to solicit business, or for any other purpose that is contrary to the Professional Rules for Attorneys. Unless expressly permitted by Erdem & Erdem in writing, quoting, citing, or creating links to the content of this bulletin, or any other full or partial use of this bulletin, is strictly prohibited. Erdem & Erdem possesses all intellectual property rights attached to the information, documents, and evaluations in this bulletin and all rights are reserved.

ERDEM
&
ERDEM



ISTANBUL

Ferko Signature
Büyükdere Caddesi, No. 175 Kat. 3
34394, Esentepe - Şişli, İstanbul

+90 212 291 73 83
+90 212 291 73 82

istanbul@erdem-erdem.av.tr

IZMIR

1476 Sokak, No. 2, D. 27, Aksoy
Plaza Alsancak, İzmir

+90 232 464 66 76
+90 232 466 01 21

izmir@erdem-erdem.com

AMSTERDAM

Office 4.31, Strawinskylaan 457,
1077 XX Amsterdam

+31 (0)20 747 1113

amsterdam@erdem-erdem.nl