

Draft Regulation on Türkiye's Green Taxonomy

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The need of a national taxonomy and related legislation to define economic activities considered sustainable was stipulated in the Twelfth Development Plan, prepared by the Presidency of Strategy and Budget of the Republic of Türkiye ("**Presidency of Strategy and Budget**") and approved by the Grand National Assembly of Türkiye on October 31, 2023. Similarly, the Medium-Term Program for 2025-2027, prepared by the Presidency of Strategy and Budget and published in September 2024, foresaw the completion of efforts to establish a National Green Taxonomy that aligns with international taxonomy examples, particularly the European Union taxonomy, while also addressing Türkiye's specific needs.

Within this scope, the "Draft Regulation on Türkiye's Green Taxonomy" ("**Draft Regulation**") and the "Draft Technical Screening Criteria" were published by the Directorate of Climate Change ("**Directorate**"), which operates under the Ministry of Environment, Urbanization, and Climate Change of the Republic of Türkiye ("**Ministry**"), and were presented for public consultation.

The primary objective of the Draft Regulation is to define sustainable economic activities and support these activities at the national level. The Draft Regulation provides a framework aimed at promoting green investments and preventing greenwashing by setting sustainability criteria for both the private sector and public institutions.

Environmental Objectives

In line with the purpose of the Draft Regulation, for an economic activity to be considered a compliant economic activity, it must significantly contribute to at least one of the following environmental objectives and not cause harm to any other environmental objective:

- Reduction of greenhouse gas emissions: Economic activities must reduce emissions through methods such as the use of renewable energy, improving energy efficiency, and employing carbon capture technologies.
- Adaptation to climate change: Activities should include solutions that mitigate the adverse impacts of climate change. These solutions must reduce climate-related risks without exacerbating negative effects on people or nature.
- Sustainable use and protection of water and marine resources: Measures must be taken to ensure access to clean water and protect water ecosystems.
- Transition to a circular economy: Economic activities are expected to reduce the use of primary raw materials and promote recycling in line with waste management legislation. This includes increasing the durability of products and minimizing waste generation.
- Pollution prevention and control: Various measures must be implemented to prevent and reduce air, water, or soil pollution. The safe management of chemicals also falls within this objective.
- Protection and restoration of biodiversity and ecosystems: Economic activities should support the preservation of natural and semi-natural ecosystems and promote biodiversity. Sustainable land and forest management practices also contribute to this goal.

Additionally, compliance with minimum social safeguards and fulfillment of the specified technical screening criteria are required.

Not Causing Significant Harm to Environmental Objectives

The Draft Regulation also clarifies the conditions under which the outcomes of an economic activity may violate environmental objectives.

In this context, an economic activity is considered to cause significant harm to environmental objectives if, taking into account the life cycle of the products produced and services provided as a result of the activity:

- It leads to greenhouse gas emissions at a rate higher than the values specified in the technical screening criteria.
- The current and future climate conditions result in increased adverse effects of the activity on humans, nature, or entities.
- It harms the environmental quality standards of water bodies, including surface and groundwater.
- It causes significant inefficiencies at one or more stages of the life cycle of the products generated by the economic activity, or if it results in a significant increase in the generation, incineration, or disposal of waste, except for the incineration of non-recyclable hazardous waste.
- It leads to an increase in pollutant emissions to air, water, or soil compared to pre-activity levels.

Under these circumstances, it is accepted that significant harm has been done to environmental objectives.

Technical Screening Criteria

According to the Draft Regulation, the technical screening criteria established define the contributions of an economic activity to environmental objectives and the minimum requirements that these activities must meet to avoid causing harm. The criteria should be defined quantitatively to the extent possible. Where applicable, environmental legislation, standards for assessing carbon footprints, and the Türkiye Sustainability Reporting Standards are taken into consideration. Additionally, adherence to definitive scientific evidence and the general conditions for compatible economic activities specified in this Draft Regulation is required.

Furthermore, the environmental impact of the economic activity itself and the life cycle of the products and services produced by this activity is considered. These criteria should encompass all economic activities within a sector, should not be anti-competitive, and must be easy to implement and verifiable.

Online Taxonomy Management System

Institutions and organizations required to conduct sustainability reporting under the Türkiye Sustainability Reporting Standards are obligated to register verified information regarding their eligible economic activities in the Online Taxonomy Management System, as detailed in the Draft Regulation, alongside their reporting obligations. These reports must be approved by verification organizations. For details regarding the Türkiye Sustainability Reporting Standards, you can refer to our article [here](#).

Sanctions

Administrative fines will be imposed on those who violate this Draft Regulation in accordance with the Environmental Law No. 2872.

According to the Draft Regulation, reporting conducted until December 31, 2026, is based on a voluntary basis. Reporting will be mandatory starting from January 1, 2027.

You can access the text of the "Draft Regulation on Türkiye's Green Taxonomy" prepared by the Directorate of Climate Change, which operates under the Ministry of Environment, Urbanization, and Climate Change of the Republic of Türkiye, [here](#).

Related Attorneys

- [A. BAŐAK ACAR, LL.M.](#)
- [BURCU GÜRAY](#)
- [SEFA SAVICI](#)