

Report

ESG in Türkiye and Related Business Opportunities for Canadian Companies

General Audience Version*

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* This is a general audience version of the original report prepared for the Canadian Trade Commissioner Service in Istanbul. Confidential company-specific data has been excluded to protect sensitive information. For further details or company-specific insights, Canadian companies may contact the Canadian Trade Commissioner Service (TCS) in Istanbul directly.

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1. Executive Summary

Environmental, Social, and Governance (ESG) principles are reshaping business landscapes globally, influencing corporate strategies, investment flows, and regulatory frameworks. In Türkiye, ESG considerations are becoming an integral part of business operations, primarily driven by regulatory alignment with the European Union (EU), increasing investor scrutiny, and the need for sustainable economic development. The evolving ESG landscape in Türkiye presents a strategic opportunity for Canadian companies that specialize in sustainability, green technologies, and responsible investing. This report provides an overview of Türkiye's ESG market, key regulatory developments, and business opportunities for Canadian firms.

Türkiye is progressively aligning its sustainability framework with EU directives such as the EU Taxonomy for Sustainable Activities, the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD). These regulatory frameworks are designed to enhance corporate transparency, encourage sustainable investments, and create standardized ESG reporting mechanisms. The introduction of the Türkiye Sustainability Reporting Standards (TSRS) in January 2024 marks a significant step toward harmonizing sustainability reporting with international best practices, including the International Sustainability Standards Board (ISSB) and EU sustainability standards. As a result, Turkish corporations and financial institutions are increasingly prioritizing ESG disclosures and sustainable business models, creating a demand for expertise in compliance, reporting frameworks, and green financing solutions.

A distinctive factor in Türkiye's ESG evolution is the deep integration of its economy with the EU market. As one of the EU's largest trading partners through the EU-Türkiye Customs Union, Turkish companies are embedded within European value chains, particularly in sectors like automotive, textiles, and manufacturing. This interconnectedness means that Turkish exporters are not only indirectly impacted but directly bound by EU sustainability regulations, such as the CSRD and CSDDD, as part of the operational requirements imposed by their European clients and partners.

According to the Ministry of Trade, Türkiye's total exports reached \$21.2 billion in January 2025, reflecting a 5.8% year-on-year increase compared to January 2024. Over the past 12 months, Türkiye's rolling export total stood at \$263 billion, highlighting the resilience of its export sector and the growing demand for Turkish goods in global markets. The automotive sector led the country's exports, reaching \$2.5 billion, followed by machinery and mechanical appliances at \$1.8 billion, electrical machinery and equipment at \$1.2 billion, iron and steel at \$900 million, and apparel and clothing accessories at \$773 million. The EU remains the top destination for Türkiye's exports, with Germany, the United Kingdom, Italy, France, and Spain ranking as the largest buyers.

As Türkiye deepens its integration with the EU supply chain, compliance with ESG regulations is becoming increasingly critical. Turkish exporters are now required to meet evolving EU standards, particularly in sectors such as automotive, textiles, and manufacturing, where sustainability considerations are driving policy changes. Additionally, the Carbon Border Adjustment Mechanism (CBAM) is imposing new compliance costs for energy-intensive industries, including steel, cement, and aluminum, further shaping Türkiye's trade policies and competitiveness in the European market.

With its commitment to achieving carbon neutrality and enhancing its green economy, Türkiye is actively investing in renewable energy projects, including solar, wind, and hydrogen energy. The country aims to expand its renewable energy capacity to meet both domestic and export market demands. Canadian companies specializing in clean energy solutions, battery storage, hydrogen production, and energy efficiency technologies are well-positioned to partner with Turkish firms and government-led initiatives. Additionally, Türkiye's push toward sustainable finance is opening doors for green bonds, carbon credit markets, and climate-aligned investment products, providing an avenue for Canadian financial institutions, asset managers, and impact investors to participate in the country's growing green finance sector.

Industrial decarbonization is another critical area of transformation in Türkiye, particularly in energy-intensive sectors such as cement, steel, and manufacturing. Companies are exploring carbon capture technologies, circular economy models, and energy efficiency improvements to meet global sustainability standards. Canadian firms with expertise in carbon capture and storage (CCS), green steel production, and waste-to-energy technologies can contribute to Türkiye's transition to a low-carbon economy. In parallel, digital transformation in ESG compliance is gaining traction, with businesses seeking AI-driven sustainability tracking tools, blockchain-based ESG verification, and advanced data analytics for ESG reporting. Canadian software

and consulting firms can provide tailored solutions to help Turkish enterprises streamline their sustainability data management and meet international compliance standards.

The urban transformation agenda in Türkiye is also creating new opportunities in sustainable infrastructure, smart cities, and electric mobility. Investments in green buildings, smart grids, and electric public transportation are increasing, aligning with Türkiye's broader goal of enhancing energy efficiency and reducing emissions in urban areas. Canadian firms with expertise in sustainable urban planning, electric vehicle (EV) technologies, and energy-efficient infrastructure solutions can collaborate with Turkish municipalities and private developers to support these initiatives.

To successfully enter the Turkish ESG market, Canadian businesses should consider strategic partnerships with local firms and financial institutions to leverage their market knowledge and regulatory expertise. Trade agreements such as the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU, alongside Türkiye's close trade ties with Europe, present additional incentives for Canadian companies to explore Türkiye as a regional hub for ESG-related business activities. Moreover, aligning with EU-linked green funding mechanisms and international climate finance programs, can provide Canadian firms with financial incentives and risk mitigation strategies while entering the Turkish market.

In conclusion, Türkiye's evolving ESG framework offers a strategic growth opportunity for Canadian companies across multiple sectors, including clean energy, sustainable finance, digital ESG solutions, and urban sustainability. By leveraging their expertise in green technologies, climate finance, and sustainability-driven innovation, Canadian businesses can play a pivotal role in Türkiye's journey toward a more resilient, responsible, and ESG-compliant economy while expanding their footprint in an emerging market with strong growth potential.

2. Key Findings at a Glance

This report has been prepared to provide Canadian stakeholders, government officials, and businesses with a comprehensive analysis of the Environmental, Social, and Governance (ESG) landscape in Türkiye. The objective is to inform strategic decision-making by highlighting the regulatory developments in Türkiye, their alignment with European Union (EU) standards, and the resulting opportunities for Canadian companies. The following key findings are presented for the consideration of senior decision-makers:

- **Purpose of the report:**

The report offers a structured overview of the evolving ESG framework in Türkiye, with particular attention to its alignment with EU sustainability policies and regulations. It aims to identify and communicate the business and partnership opportunities available to Canadian enterprises and institutions.

- **Türkiye is undergoing significant regulatory transformation** in ESG, driven by the adoption and integration of key EU directives such as the EU Taxonomy for Sustainable Activities, the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD).

- **Turkish companies, particularly those operating in export-dependent sectors** (including automotive, textiles, steel, chemicals, and manufacturing), are increasingly required to comply with these evolving regulatory standards in order to maintain market access to the European Union.

- **The Canadian business community has a unique and timely opportunity to contribute** to Türkiye's green transition. Specific areas of Canadian expertise that are directly relevant to Türkiye's current ESG needs include:

- Renewable energy technologies (solar, wind, hydrogen, and energy storage)
- Industrial decarbonization and carbon capture, utilization, and storage (CCUS) solutions
- Circular economy innovations, advanced recycling technologies, and sustainable materials
- Advanced digital platforms for ESG compliance, including AI-based data management and blockchain verification tools
- Sustainable urban development, encompassing green infrastructure, smart mobility, and electric transportation solutions

- **The European Union remains Türkiye's principal trading partner**, and compliance with EU sustainability standards has become a strategic necessity for Turkish exporters. This presents Canadian companies with an indirect pathway into the broader European market through collaborative partnerships with Turkish firms.
- **Türkiye is actively developing green financing mechanisms**, with the support of international financial institutions such as the World Bank, the European Bank for Reconstruction and Development (EBRD), and the Asian Infrastructure Investment Bank (AIIB). These frameworks are increasingly linked to industrial and infrastructure projects, providing Canadian companies with opportunities to participate in green initiatives through collaborative ventures, project partnerships, and the provision of technologies and services supported by sustainability-linked financing instruments.
- **There is increasing demand for digital ESG solutions and smart manufacturing technologies** within Türkiye's industrial sectors. This demand is driven by the need to meet international reporting standards and to enhance operational sustainability and resource efficiency.
- **Recommendations for Canadian stakeholders:**
 - Pursue partnerships with reputable Turkish companies and financial institutions to leverage local market knowledge and regulatory expertise.
 - Align projects and initiatives with EU-funded and international green investment programs to benefit from financial incentives and mitigate market entry risks.
 - Position Canadian companies not only as solution providers but also as strategic partners in Türkiye's long-term sustainability objectives and decarbonization efforts.

3. Summary of the Developments in the European Union

The European Union (EU) has been at the forefront of integrating sustainability into its economic and regulatory frameworks, reinforcing the role of Environmental, Social, and Governance (ESG) principles across industries. Recognizing the urgent need for a transition to a low-carbon and sustainable economy, the EU has introduced a series of regulatory measures aimed at ensuring that businesses operate in a more transparent, responsible, and environmentally friendly manner. These initiatives are designed to direct financial flows toward sustainable activities, enhance corporate accountability, and reduce the risk of greenwashing, ultimately supporting the EU's long-term climate neutrality goals.

One of the most significant regulatory frameworks introduced by the EU is the EU Taxonomy for Sustainable Activities, which provides a classification system for economic activities that qualify as environmentally sustainable. This framework serves as a key reference for investors, financial institutions, and businesses, helping them align their operations with EU climate and sustainability objectives. Complementary to the taxonomy, the Corporate Sustainability Reporting Directive (CSRD) and the Sustainable Finance Disclosure Regulation (SFDR) impose stricter disclosure requirements on businesses and financial market participants. These regulations aim to improve transparency regarding the sustainability performance of companies, ensuring that ESG factors are systematically integrated into decision-making processes.

Additionally, the Corporate Sustainability Due Diligence Directive (CSDDD) mandates that companies assess and mitigate environmental and social risks across their supply chains. This directive places a strong emphasis on human rights, labor practices, and environmental impacts, reinforcing the EU's commitment to responsible business conduct. Another crucial development is the European Green Deal, which outlines the EU's roadmap to achieving climate neutrality by 2050. It includes sector-specific policies targeting energy, transportation, manufacturing, and finance, among others, to accelerate the transition to a more sustainable economy.

The introduction of these regulations has far-reaching implications not only for EU-based companies but also for international businesses operating within the EU market. As a result, companies outside the EU, including those in Türkiye, must align with these evolving standards to maintain access to European markets and investment opportunities. Given Türkiye's strong economic ties with the EU, its alignment with these policies is critical for maintaining trade relationships, attracting foreign investment, and fostering sustainable growth. This section explores the key regulatory developments within the EU and their impact on businesses, with a

particular focus on how these changes influence market dynamics and investment opportunities for companies engaging with the European market.

For more details, please refer to Annex I.

4. Summary of the Developments in Türkiye

The adoption of EU sustainability regulations in Türkiye reflects the country's commitment to aligning with global standards, especially as it seeks closer ties with European markets and strives to attract international investments. Given Türkiye's geographical and economic positioning, compliance with frameworks like the EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD), and Corporate Sustainability Due Diligence Directive (CSDDD) is vital for ensuring access to the EU market and maintaining trade competitiveness.

Türkiye has been incorporating aspects of EU regulations, such as the Sustainable Finance Disclosure Regulation (SFDR), to promote transparency and accountability in financial services. This is particularly significant as financial institutions in Türkiye increasingly integrate ESG (Environmental, Social, and Governance) factors into their operations. Aligning with EU standards enables Turkish companies and financial institutions to provide the transparency required by EU-based investors, fostering cross-border financial flows.

Moreover, the adoption of these standards supports Türkiye's transition towards a low-carbon economy. Regulations like the EU Taxonomy provide a structured framework for identifying environmentally sustainable investments, which is crucial for Türkiye's efforts to meet its own climate commitments under the Paris Agreement. By embedding these regulations into national policies, Türkiye not only enhances its sustainability credentials but also ensures its industries and businesses remain competitive within the evolving global marketplace.

For more details, please refer to Annex II.

5. Impact of EU and Türkiye's ESG Developments on Turkish Companies

The recent advancements in both the European Union (EU) and Türkiye's environmental, social, and governance (ESG) regulatory frameworks are having a profound and far-reaching impact on Turkish companies across key industries. As Türkiye maintains strong trade relations and integrated value chains with the EU, the introduction of comprehensive ESG regulations such as the EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD), and the Corporate Sustainability Due Diligence Directive (CSDDD) has created an urgent need for Turkish businesses to align their operations with these evolving standards. In order to sustain their access to EU markets, secure investment from ESG-conscious financial institutions, and protect their position in global supply chains, Turkish companies must now adopt robust sustainability practices. This includes meeting enhanced reporting obligations, increasing transparency on environmental and social impacts, and ensuring that human rights and environmental risks are managed effectively across their supply chains. Failure to comply with these frameworks presents material risks, such as the loss of export markets, increased costs of capital, and diminished competitiveness. Conversely, companies that successfully adapt to these new requirements stand to gain a significant competitive advantage, becoming preferred partners for EU-based buyers, investors, and stakeholders seeking reliable and sustainable suppliers.

At the same time, Türkiye has advanced its own ESG regulatory agenda, introducing the Türkiye Sustainability Reporting Standards (TSRS) in January 2024. These standards, developed in alignment with global frameworks such as those of the International Sustainability Standards Board (ISSB) and harmonized with EU regulations, establish a unified approach to sustainability reporting for Turkish companies. The TSRS initially applies to large companies that meet certain thresholds based on assets, revenues, and employee numbers, and is expected to expand to cover a wider range of companies in the coming years. Under these regulations, Turkish companies are now required to provide detailed disclosures on their ESG performance, ensuring regular, standardized, and transparent reporting that reflects both their environmental impact and social responsibilities. This marks a shift from voluntary ESG efforts to mandatory compliance, encouraging Turkish businesses to systematically integrate sustainability into their corporate strategies, operations, and governance structures.

The cumulative effect of these regulatory developments is accelerating the mainstreaming of ESG principles within Türkiye's corporate sector. Companies are increasingly investing in systems to track and manage ESG data, adopting responsible sourcing and procurement practices, and prioritizing decarbonization strategies, renewable energy adoption, and circular economy models. These efforts are not only driven by regulatory compliance but also by growing opportunities to access international green finance, including sustainability-linked loans, green bonds, and EU-backed climate funding. As a result, companies that prioritize ESG performance are well-positioned to unlock new financial incentives, attract global investment, and enhance their reputational standing.

Türkiye's strong economic interdependence with the EU, particularly through the Customs Union, makes alignment with European ESG regulations crucial for maintaining its role within EU-dominated value chains. Unlike other third countries exporting to the EU, many Turkish companies operate as embedded parts of European supply networks—providing components, subassemblies, and raw materials for EU-based manufacturers. This position exposes Turkish firms to direct ESG compliance demands from European customers, reinforcing the urgency for robust sustainability practices to safeguard trade continuity and competitiveness.

Türkiye's economic ties with the European Union (EU) continue to be a defining factor in its trade strategy, with exports to the EU constituting a major share of the country's total trade volume. According to the Ministry of Trade, Türkiye's total exports reached \$21.2 billion in January 2025, reflecting a 5.8% year-on-year increase compared to January 2024. Over the past 12 months, Türkiye's rolling export total stood at \$263 billion, highlighting the resilience of its export sector and the growing demand for Turkish goods in global markets.

The EU remains Türkiye's largest trading partner, receiving a significant portion of its total exports. The automotive sector continues to lead in export volume, followed closely by chemicals and chemical products, and ready-to-wear clothing and apparel. These industries are not only vital for Türkiye's economy but are also deeply integrated into European supply chains, reinforcing the importance of regulatory alignment with EU standards.

In January 2025, Türkiye's export sector demonstrated sustained growth across several key industries, with vehicles, machinery, electrical equipment, iron and steel, and apparel leading the way. According to the Ministry of Trade, these sectors continued to drive Türkiye's integration into global supply chains, particularly within the European Union (EU).

The automotive industry maintained its dominant position as Türkiye's top export sector. Exports of vehicles other than railway or tramway rolling stock reached \$2.5 billion in January 2025, marking a 4.2% year-on-year increase compared to January 2024. This sector remains a key pillar of Türkiye's manufacturing economy, with European countries as primary buyers. Compliance with EU sustainability standards, including the Carbon Border Adjustment Mechanism (CBAM), is becoming increasingly critical for maintaining competitiveness in this market.

The machinery and mechanical appliances sector also showed strong performance, with exports totaling \$1.8 billion in January 2025, reflecting a 3.6% increase from the previous year. This industry plays a crucial role in supplying components for various European industries, including manufacturing, energy, and infrastructure. The rising demand for energy-efficient and low-carbon machinery in the EU presents further opportunities for Turkish manufacturers investing in green technologies.

The electrical machinery and equipment sector saw exports reaching \$1.2 billion in January 2025, growing 5.0% year-on-year. As Türkiye continues to strengthen its position as a supplier of electrical components to European industries, compliance with energy efficiency regulations and the EU's digital sustainability policies is becoming a key competitive factor for exporters in this segment.

The iron and steel industry, a sector directly affected by the EU's Carbon Border Adjustment Mechanism (CBAM), experienced a 2.5% year-on-year increase in exports, reaching \$900 million in January 2025. This sector faces mounting regulatory pressures to reduce emissions and improve production efficiency, as European buyers prioritize low-carbon steel and sustainable sourcing.

Finally, the apparel and clothing accessories industry, a traditional stronghold of Turkish exports, recorded \$773 million in exports in January 2025, with a modest 0.9% growth compared to January 2024. The EU remains a crucial market for Turkish textile and clothing manufacturers, with increasing demand for sustainably produced fabrics, circular economy practices, and eco-friendly materials.

The EU remains the most important destination for Turkish exports, with the following countries ranking as the top five export destinations in January 2025: Germany – \$1.6 billion, United Kingdom – \$1.1 billion, Italy – \$910.5 million, France – \$795.7 million and Spain – \$774 million.

As Türkiye deepens its integration with the EU supply chain, compliance with ESG (Environmental, Social, and Governance) regulations is becoming increasingly critical. Turkish exporters are now required to meet evolving EU standards, particularly in sectors such as automotive, textiles, and manufacturing, where sustainability considerations are driving policy changes. Additionally, the Carbon Border Adjustment Mechanism (CBAM) is imposing new compliance costs for energy-intensive industries, including steel, cement, and aluminum, further influencing Türkiye's trade landscape.

Maintaining access to the EU market is crucial for the sustainability of Turkish exports, and adapting to these new regulatory frameworks will be key for continued growth. Given the growing importance of sustainability and supply chain transparency, Turkish companies must continue aligning their production and export strategies with EU directives to secure their market position and future trade partnerships.

Looking forward, Turkish companies will continue to face increasing pressure to raise their ESG standards, particularly as both domestic and international regulations evolve and expand in scope. However, these changes also present a strategic opportunity to reposition Türkiye as a regional leader in sustainable industry and responsible production. Companies that act decisively to align with these regulatory frameworks and embed ESG considerations at the core of their business models will not only mitigate compliance risks but also gain a competitive edge in a global economy that increasingly values sustainability, resilience, and innovation.

6. Opportunities for Canadian Companies

The evolving ESG landscape in Türkiye, shaped by both domestic regulatory reforms and alignment with European Union (EU) sustainability standards, presents a wide array of strategic opportunities for Canadian companies. As Turkish industries adapt to stringent ESG requirements and accelerate their transition towards a low-carbon, resource-efficient economy, demand is growing for advanced technologies, innovative solutions, and specialized expertise—areas where Canadian firms are globally recognized leaders. This transformation is creating a favorable environment for Canadian businesses to enter the Turkish market, forge strategic partnerships, and support Türkiye's green transition through technology transfer, consulting services, and sustainable investments.

What sets Türkiye apart as an ESG-driven opportunity is its unique role as a manufacturing and export hub deeply intertwined with the EU economy. Because Turkish suppliers serve as critical nodes within European value chains, ESG compliance is not only a regulatory necessity but also a vital competitive factor. For Canadian firms, this creates a dual-market opportunity: by supporting Turkish companies with ESG solutions, they can indirectly access wider European markets, leveraging Türkiye as a strategic entry point into the EU's increasingly regulated and sustainability-focused economy.

One of the most significant areas of opportunity lies in the renewable energy sector. Türkiye is rapidly expanding its capacity in solar, wind, and hydrogen energy to meet its decarbonization targets and reduce its dependence on fossil fuels. This creates strong demand for Canadian companies specializing in renewable energy technologies, such as solar panel manufacturing, wind turbine components, battery storage systems, and hydrogen production. Furthermore, as Türkiye scales up its renewable infrastructure, opportunities emerge for Canadian firms offering grid modernization solutions, smart energy management systems, and energy storage optimization to support grid stability and efficiency.

Beyond power generation, Türkiye's commitment to industrial decarbonization in sectors such as cement, steel, and automotive manufacturing opens additional avenues for collaboration. Canadian companies with expertise in carbon capture, utilization and storage (CCUS) technologies, waste-to-energy solutions, and clean fuel alternatives can play a critical role in helping Turkish industries reduce emissions and comply with

international standards. Similarly, Canadian firms offering industrial automation, digital twin technologies, and predictive maintenance tools can support Turkish manufacturers in optimizing resource use, reducing operational emissions, and meeting EU-aligned sustainability benchmarks.

Another key area of opportunity exists in the circular economy and sustainable supply chain management. Turkish manufacturers are actively seeking solutions to reduce waste, enhance recycling, and shift towards closed-loop production systems. This creates demand for Canadian providers of advanced recycling technologies, bioplastics, sustainable packaging solutions, and circular product design. Additionally, as Turkish companies face increasing pressure to monitor and report on ESG performance across their value chains, Canadian software developers and consulting firms can provide ESG data management platforms, blockchain-based traceability solutions, and AI-powered supply chain risk assessment tools to help ensure transparency, compliance, and competitive advantage in global markets.

The shift towards digital ESG compliance further expands opportunities for Canadian firms offering specialized services in sustainability reporting, regulatory alignment consulting, and audit-ready data analytics. Türkiye's adoption of sustainability reporting standards similar to those in the EU and ISSB frameworks has created an urgent need for high-quality reporting solutions that meet international investor expectations. Canadian companies experienced in navigating these frameworks can support Turkish firms through the development of customized reporting strategies, digital compliance tools, and climate risk assessments.

Finally, Türkiye's national focus on sustainable urban development, including investments in green buildings, electric mobility, and smart cities, creates opportunities for Canadian companies with expertise in sustainable infrastructure. Solutions related to electric vehicle (EV) charging infrastructure, smart public transportation systems, energy-efficient building materials, and urban planning for climate resilience are in high demand as Turkish cities seek to modernize and decarbonize.

In summary, Türkiye's comprehensive ESG transformation offers Canadian companies a multi-faceted market opportunity across sectors such as renewable energy, industrial decarbonization, digital compliance, sustainable finance, and urban infrastructure. By leveraging their globally competitive technologies and services, Canadian firms can become key partners in Türkiye's sustainable growth journey while expanding their presence in a strategically important market that serves as a gateway to the wider EU region. Proactive engagement, strategic partnerships with local stakeholders, and alignment with EU-funded green financing mechanisms will be critical success factors for Canadian companies seeking to capitalize on Türkiye's ESG-driven economic transformation.

7. Funding Mechanisms Supporting Green Investments in Türkiye

Türkiye's commitment to achieving net-zero emissions by 2053 has catalyzed the development of various funding mechanisms to support green investments. These mechanisms, encompassing international collaborations, domestic initiatives, and private sector involvement, provide Turkish companies with diverse opportunities to finance projects aimed at sustainability and environmental resilience.

a. International Financial Institutions and Development Banks

World Bank Initiatives

- **Türkiye Green Industry Project:** In June 2023, the World Bank approved a \$450 million financing package to support the green transformation of Turkish industrial firms. This initiative aims to enhance resource efficiency, reduce carbon emissions, and promote sustainable practices within the manufacturing sector.
- **Equity Financing for Greening Firms:** In November 2023, the World Bank extended a \$155 million loan to Türkiye to bolster equity financing for companies investing in green technologies. This funding is designed to mobilize private capital and expand climate financing within Türkiye's capital markets.

European Bank for Reconstruction and Development (EBRD)

- **Green Economy Financing Facility (GEFF):** The EBRD has implemented the GEFF in Türkiye, providing over €700 million to finance projects in renewable energy, energy efficiency, and climate resilience. This facility collaborates with local financial institutions to support small and medium-sized enterprises (SMEs) in adopting green technologies.
- **Türkiye Industrial Decarbonisation Investment Platform (TIDIP):** Launched in November 2024 in collaboration with the Turkish Ministry of Industry and Technology, the World Bank Group, and the International Finance Corporation (IFC), TIDIP aims to mobilize \$5 billion in investments by 2030. This initiative focuses on reducing over 20 million tonnes of carbon emissions annually by targeting key sectors such as steel, aluminum, cement, and fertilizers.
- **Corporate Green Financing:** The EBRD has been actively supporting Turkish corporations in their green transition efforts. For instance, in February 2025, the EBRD provided an €80 million loan to Ulusoy Un to support its green transition initiatives.

Asian Infrastructure Investment Bank (AIIB)

- **Public Sector Project Financing:** In February 2025, Türkiye's Finance Ministry signed a memorandum of understanding with the AIIB for \$5 billion in financing over three years. This agreement aims to fund sustainability and green development projects across sectors such as energy, transportation, health, and water management.

b. European Union (EU) Funding Mechanisms

Instrument for Pre-Accession Assistance (IPA III)

- **Support for Green and Digital Transformation:** The EU has allocated €310 million through the IPA III funding mechanism to enhance the competitiveness of Turkish enterprises. This grant, covering the period from 2025 to 2027, focuses on supporting digitalization and green transformation initiatives within Turkish businesses.

c. Domestic Financial Institutions and Initiatives

Industrial Development Bank of Türkiye (TSKB)

- **Türkiye Green Fund (TGF):** Established with a \$155 million loan from the World Bank, the TGF aims to provide equity financing to companies investing in green technologies. Managed by TSKB, this fund seeks to promote sustainable practices and support Türkiye's transition to a low-carbon economy.

Türkiye's Sustainable Finance Framework

- **Sovereign Green Bonds and Sukuks:** The Turkish government has developed a Sustainable Finance Framework to issue green, social, and sustainable financing instruments. This framework supports projects that align with Türkiye's sustainability commitments, including renewable energy, energy efficiency, and environmental protection initiatives.

d. Private Sector and Capital Market Instruments

- **Corporate Green Bonds:** Turkish corporations are increasingly issuing green bonds to finance renewable energy projects, energy efficiency improvements, and other sustainability initiatives. These instruments attract investors seeking environmentally responsible investment opportunities.
- **Sustainability-Linked Loans (SLLs):** Financial institutions in Türkiye are offering SLLs that tie borrowing terms to the achievement of specific environmental, social, and governance (ESG) performance targets. This approach incentivizes companies to enhance their sustainability practices.

e. Emerging Mechanisms and Legislative Developments

Emissions Trading System (ETS)

Proposed Climate Change Legislation: In February 2025, Türkiye's ruling party submitted a climate change bill to parliament, proposing the establishment of a carbon market board and an emissions trading system. This legislative initiative aims to regulate greenhouse gas emissions and promote climate-friendly investments.

8. Selected Companies' Sustainability Review

a. Selection Methodology

The research process for identifying companies in Türkiye's energy and industrial sectors was designed to systematically evaluate their ESG maturity, sustainability initiatives, and potential for collaboration with Canadian firms. The methodology involved a multi-stage selection and assessment approach, ensuring that only the most relevant companies with strong ESG commitments and investment potential were prioritized.

- 1) The initial phase of the research involved screening the top 500 industry and energy players and the top 1,000 exporters in Türkiye. This comprehensive review aimed to identify and prioritize a shortlist of 25 companies within the energy and industrial sectors that demonstrated significant engagement in ESG reporting, sustainability initiatives, and green investments. The selection process was conducted in collaboration with ISTBL-TD, ensuring alignment with both local market dynamics and international investment priorities. Key evaluation criteria included corporate ESG disclosure practices, commitment to carbon neutrality, renewable energy investments, circular economy initiatives, and alignment with EU sustainability regulations.
- 2) Following the identification of the 25 companies, a detailed market assessment was conducted to analyze their current ESG strategies, future sustainability plans, and readiness for international partnerships. This assessment included an evaluation of their planned and potential green investments, such as renewable energy projects, energy efficiency improvements, carbon capture initiatives, and digital sustainability solutions. The companies were further analyzed based on their ESG reporting maturity, determining their level of compliance with international sustainability frameworks such as the Global Reporting Initiative (GRI), the Task Force on Climate-Related Financial Disclosures (TCFD), and the EU Taxonomy for Sustainable Activities.

The findings from the market assessment were then compared with Canadian ESG-related expertise to identify potential business matches. The goal was to establish strategic connections between Turkish companies looking to advance their green initiatives and Canadian firms with relevant technologies, financial solutions, and sustainability consulting services. In this phase, ISTBL-TD played a crucial role in providing insights into Canadian capabilities, enabling the consultant to explore specific collaboration opportunities between Turkish and Canadian businesses.

By leveraging this structured selection and assessment approach, the study ensures that high-impact partnerships can be formed, facilitating the exchange of ESG knowledge, green technologies, and investment opportunities between Türkiye and Canada.

b. Companies

The company profiles originally included in this report have been omitted due to the sensitive and confidential nature of the information. This public version has been prepared specifically for general distribution. Canadian companies seeking detailed, company-level insights are encouraged to contact the Canadian Trade Commissioner Service (TCS) in Istanbul for further support and guidance.

9. Insights and Recommendations

Türkiye's evolving environmental, social, and governance (ESG) framework presents significant sales and partnership opportunities for Canadian companies, particularly in renewable energy, circular economy, and digital ESG compliance. With increasing regulatory alignment with EU sustainability standards, Turkish businesses are actively seeking technologies, solutions, and expertise to meet their ESG goals. This shift creates a high-demand market for Canadian firms with innovative products and services that support Türkiye's sustainable transition.

1. Renewable Energy and Decarbonization

Market Demand:

- Türkiye is accelerating investments in solar, wind, and hydrogen energy to reduce carbon emissions.
- Industries are integrating energy efficiency solutions, including battery storage, smart grids, and waste heat recovery.
- The transportation and heavy industry sectors are shifting toward electrification, hydrogen fuel, and carbon capture technologies.

Opportunities for Canadian Companies:

- Renewable Energy Equipment Sales: Canadian manufacturers of solar panels, wind turbines, and energy storage systems can supply technology to energy firms and industrial players.
- Smart Energy Solutions: Companies offering grid optimization, AI-driven energy management, and battery storage systems can enter strategic partnerships with Turkish firms.
- Carbon Capture and Decarbonization Services: Firms specializing in carbon capture, hydrogen fuel solutions, and net-zero strategy consulting can partner with energy-intensive industries looking to cut emissions.
- Green Investment Collaborations: Financial institutions and impact investors can co-finance large-scale renewable projects through Türkiye's EU-linked green finance initiatives.

2. Sustainable Supply Chains and Circular Economy Innovations

Market Demand:

- Manufacturers are integrating circular economy solutions, including recycled materials, sustainable packaging, and waste-to-energy technologies.
- Companies are investing in responsible procurement and ESG-compliant supply chains to meet international sustainability standards.
- There is a strong push for low-emission logistics, eco-friendly transportation, and AI-driven supply chain monitoring.

Opportunities for Canadian Companies:

- Sustainable Materials and Recycling Solutions: Firms providing bioplastics, recycled raw materials, and industrial waste recovery technologies can sell products and services to Turkish manufacturers.
- Waste-to-Energy Systems: Companies specializing in biogas, landfill-to-energy, and industrial waste valorization can enter sales agreements with industrial firms adopting zero-waste initiatives.
- ESG Supply Chain Tracking Software: Firms offering blockchain-based traceability, AI-driven supplier compliance tools, and emissions monitoring platforms can partner with large Turkish exporters requiring ESG transparency.
- Sustainable Logistics and Transport Solutions: Companies with electric fleet solutions, rail transport technologies, and fuel-efficient logistics optimization software can sell services to businesses transitioning to low-emission supply chains.

3. Digital ESG Compliance and Smart Energy Solutions

Market Demand:

- Businesses are adopting AI-driven sustainability tracking systems, real-time energy monitoring, and automated ESG reporting.
- Regulatory compliance with EU sustainability laws is driving demand for digital verification, blockchain-based ESG reporting, and smart manufacturing solutions.
- Industrial players are seeking automation, predictive maintenance, and Industry 4.0 upgrades to optimize energy consumption.

Opportunities for Canadian Companies:

- ESG Compliance and Data Analytics Software: Firms with expertise in AI-driven ESG reporting, blockchain verification, and sustainability compliance automation can sell solutions to companies adapting to stricter regulations.
- Smart Grid and Energy Optimization Systems: Companies providing real-time monitoring tools, demand-response solutions, and AI-powered energy efficiency platforms can enter long-term contracts with Turkish businesses.
- Industry 4.0 for Green Manufacturing: Canadian providers of automated sustainability tracking, predictive maintenance software, and IoT-enabled energy optimization can offer products and consulting services to factories modernizing their operations.

Canadian companies should also consider Türkiye's unique position as both a key supplier to the EU and an early adopter of EU sustainability frameworks. Strategic collaborations with Turkish firms can serve as an effective bridge into EU value chains, allowing Canadian expertise to support compliance and competitiveness across both markets.

10. Action Points for Canadian Companies

Aligning Canadian expertise with Türkiye's sustainability goals is a crucial initial step for establishing successful business engagements. This report provides essential information on the green investment activities of leading large-scale enterprises in Türkiye, which represent potential clients for Canadian companies. Canadian firms are encouraged to review the profiles of these companies and analyze their sustainability or integrated reports—linked directly within this report—to identify concrete areas where Canadian products, services, or technologies can address specific needs or support ongoing projects. Such targeted research will allow Canadian companies to better understand the operational priorities and sustainability commitments of Turkish firms, enabling the development of tailored business proposals or partnership opportunities.

Engaging with the Canadian Trade Commissioner Service (TCS) in Türkiye is also a critical step for Canadian companies seeking to effectively enter and navigate the Turkish market. The TCS provides valuable support through market intelligence, strategic guidance, and an established network of local business contacts, assisting Canadian firms in making informed business decisions and identifying credible partners. With offices in Ankara and Istanbul, the TCS is well-positioned to facilitate introductions between Canadian companies and Turkish enterprises, enabling the development of business collaborations that align with Türkiye's sustainability objectives and support the global green transition.

11. Conclusion

Türkiye's evolving Environmental, Social, and Governance (ESG) landscape presents a dynamic and strategic opportunity for Canadian companies across multiple sectors. Driven by regulatory alignment with the European Union (EU), an increasing focus on sustainable finance, and a push for decarbonization, the Turkish market is rapidly adapting to global ESG trends. Businesses in Türkiye are actively integrating sustainability into their operations, creating a demand for expertise in clean energy, circular economy solutions, digital ESG compliance, and sustainable finance.

The country's commitment to renewable energy investments, including solar, wind, and hydrogen, opens avenues for Canadian firms specializing in green technology and energy efficiency solutions. Similarly, Türkiye's industrial decarbonization efforts—particularly in cement, steel, and manufacturing—require

innovations in carbon capture, waste-to-energy, and alternative fuels, where Canadian expertise can play a pivotal role.

Additionally, the regulatory landscape in Türkiye is shifting toward stricter ESG reporting and supply chain transparency, aligning with EU directives. This transition fosters opportunities for Canadian firms in digital ESG compliance, blockchain-based sustainability verification, and AI-driven energy optimization. Companies providing advanced monitoring tools, automation systems, and Industry 4.0 solutions can leverage these regulatory changes to establish long-term partnerships.

Beyond industry-specific opportunities, Türkiye's focus on sustainable urban development, smart cities, and low-emission transportation presents further potential for collaboration. Investments in green buildings, electric vehicle infrastructure, and smart grids offer Canadian firms avenues for business expansion through innovative urban solutions.

To capitalize on Türkiye's ESG transformation, Canadian businesses should adopt a strategic approach that includes forming local partnerships, aligning with EU-linked green funding mechanisms, and leveraging trade agreements such as the Comprehensive Economic and Trade Agreement (CETA). By offering cutting-edge sustainable technologies and financial solutions, Canadian companies can support Türkiye's transition to a low-carbon economy while expanding their footprint in an emerging and sustainability-driven market.

The alignment of Türkiye's ESG goals with Canada's expertise in green technology and responsible investing makes this an opportune moment for collaboration. As Türkiye continues its path toward a more resilient and sustainable future, Canadian firms that position themselves as key partners will benefit from the country's growing commitment to ESG principles and sustainability-driven economic growth.

Annex I

a. The E.U. Taxonomy (July 2020)

The EU Taxonomy is a classification system established by the European Union to define which economic activities are considered environmentally sustainable. Its primary goal is to direct investments toward activities that support the EU's climate and energy targets for 2030 - 2050 and the broader objectives of the European Green Deal. By providing clear criteria, the taxonomy helps investors, companies, and policymakers identify sustainable economic activities, thereby reducing greenwashing and enhancing market transparency.

To qualify as environmentally sustainable under the EU Taxonomy, an economic activity must meet four overarching conditions:

1. **Substantial Contribution:** The activity must contribute substantially to at least one of the six environmental objectives outlined in the Taxonomy Regulation.
2. **Do No Significant Harm (DNSH):** It must not significantly harm any of the other environmental objectives.
3. **Minimum Safeguards:** The activity must be carried out in compliance with minimum social safeguards.
4. **Technical Screening Criteria:** It must comply with the technical screening criteria established by the European Commission.

The six environmental objectives defined by the Taxonomy Regulation are:

1. Climate change mitigation.
2. Climate change adaptation.
3. Sustainable use and protection of water and marine resources.
4. Transition to a circular economy.
5. Pollution prevention and control.
6. Protection and restoration of biodiversity and ecosystems.

The Taxonomy Regulation entered into force on 12 July 2020, establishing the basis for the EU taxonomy by setting out these overarching conditions. Subsequently, the European Commission has been developing technical screening criteria for each environmental objective through delegated and implementing acts. These criteria provide detailed requirements for specific economic activities to be recognized as environmentally sustainable.

To assist stakeholders in navigating the EU Taxonomy, the European Commission has developed several tools:

- **EU Taxonomy Compass:** A visual representation of sectors, activities, and criteria included in the EU Taxonomy delegated acts.
- **EU Taxonomy Calculator:** A step-by-step guide on reporting obligations.
- **FAQs Repository:** An overview of questions and answers on the EU Taxonomy and its delegated acts.
- **EU Taxonomy User Guide:** A guidance document on the Taxonomy for non-experts.

These resources are part of the EU Taxonomy Navigator, designed to make the taxonomy more accessible and user-friendly.

For more detailed information and access to these tools, you can visit the European Commission's official page on the EU Taxonomy¹ for sustainable activities.

The EU Taxonomy, while primarily serving as a classification system, also mandates that certain entities disclose the extent to which their activities align with its criteria. This requirement has led to the development of additional regulations and standards to ensure transparency and consistency in sustainability reporting.

Key Regulations and Standards Related to the EU Taxonomy:

Regulation or Standard	Purpose	Adoption	Details
Taxonomy Regulation (Regulation (EU) 2020/852)	Establishes the framework for the EU Taxonomy by setting out criteria to determine whether an economic activity qualifies as environmentally sustainable.	Entered into force on 12 July 2020	Defines six environmental objectives and empowers the European Commission to adopt delegated acts specifying technical screening criteria for each objective.
Climate Delegated Act	Establishes technical screening criteria for economic activities that substantially contribute to climate change mitigation and adaptation.	Adopted in June 2021; published in the Official Journal in December 2021.	Provides criteria for activities in sectors such as energy, manufacturing, and transport to be recognized as environmentally sustainable.
Disclosures Delegated Act (Article 8 Delegated Act)	Specifies the content, methodology, and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments, or lending activities.	Adopted in July 2021; published in the Official Journal in December 2021.	Requires companies subject to the Non-Financial Reporting Directive (NFRD) to disclose how and to what extent their activities are associated with environmentally sustainable economic activities.
Complementary Climate Delegated Act	Includes specific nuclear and gas energy activities under strict conditions in the list of economic activities covered by the EU Taxonomy.	Adopted on 9 March 2022; published in the Official Journal on 15 July 2022; applied as of 1 January 2023.	Sets criteria for nuclear and gas energy activities to qualify as transitional activities contributing to climate change mitigation.
Environmental Delegated Act	Establishes technical screening criteria for the four remaining environmental objectives: sustainable use and protection of water and marine resources, transition to a	Published in the Official Journal on 21 November 2023; applied as of 1 January 2024.	Provides criteria for various economic activities to be recognized as environmentally sustainable concerning these objectives.

¹ https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en#related-links

	circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.		
Sustainable Finance Disclosure Regulation (SFDR)²	Introduces transparency requirements for financial market participants and financial advisers regarding the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes.	Entered into force on 10 March 2021. Level 2 Regulatory Technical Standards (RTS) were implemented in January 2023.	Requires disclosures at both entity and product levels, including information on how financial products align with the EU Taxonomy.
Corporate Sustainability Reporting Directive (CSRD)	Expands the scope and requirements of the NFRD, enhancing and standardizing sustainability reporting across the EU.	Entered into force on 5 January 2023.	Extends reporting requirements to a broader range of companies and introduces more detailed reporting standards, including alignment with the EU Taxonomy.
European Sustainability Reporting Standards (ESRS)	Developed under the CSRD framework, the ESRS provide detailed guidelines for companies to report on sustainability-related information, ensuring transparency and comparability across the EU.	The European Commission adopted the first set of ESRS on 31 July 2023.	The ESRS cover a wide range of environmental, social, and governance topics, including climate change, biodiversity, and human rights. They are designed to align with the EU Taxonomy and other international reporting frameworks, facilitating comprehensive and consistent sustainability disclosures.
EU Green Bond Standard (EuGBS)	Provides a voluntary standard for issuers to align their green bonds with the EU Taxonomy, ensuring that proceeds are used for environmentally sustainable activities.	The regulation establishing the EuGBS was adopted in November 2023.	Sets requirements for the use of proceeds, reporting, and external verification to enhance transparency and comparability in the green bond market.
Corporate Sustainability Due Diligence Directive (CSDDD)	Aims to foster sustainable and responsible corporate behaviour by requiring companies to identify and address adverse human rights and environmental impacts	Entered into force on 25 July 2024.	Mandates that companies integrate due diligence into their policies, identify actual and potential adverse impacts, prevent or mitigate potential impacts, bring actual impacts to an end,

² https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en

	in their operations and value chains.		establish and maintain a complaints procedure, monitor the effectiveness of their due diligence policy and measures, and publicly communicate on due diligence.
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b. Corporate Sustainability Reporting Directive (CSRD)³

Directive (EU) 2022/2464, known as the Corporate Sustainability Reporting Directive (CSRD), was adopted on 14 December 2022 to enhance and modernize the sustainability reporting requirements for companies operating within the European Union.

Key Aspects of the Directive:**1. Expanded Scope:**

- The CSRD broadens the range of companies required to report on sustainability matters.
- It now includes all large companies, and all companies listed on regulated markets, except listed micro-enterprises.
- This expansion means that approximately 50,000 companies in the EU are now subject to detailed sustainability reporting, a significant increase from the 11,700 companies covered under the previous Non-Financial Reporting Directive (NFRD).

2. Enhanced Reporting Requirements:

- ✓ Under the CSRD, companies must adhere to the following obligations:

Double Materiality:

- Companies must report:
 - Their impact on the environment and society.
 - How sustainability risks and opportunities affect their business performance.

✓ Sustainability Topics:

- **Environmental Impacts:** Carbon emissions, energy use, water consumption, etc.
- **Social Impacts:** Employee rights, diversity, working conditions, etc.
- **Governance:** Anti-corruption and anti-bribery policies.

✓ Audit Requirement:

- Sustainability reports must be audited by independent third parties to ensure reliability.

✓ Digital Reporting:

- Reports must be prepared in the **European Single Electronic Format (ESEF)** to ensure comparability and accessibility.

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022L2464>

- ✓ **Mandatory Assurance:**
 - To ensure the reliability of reported information, companies are required to have their sustainability information audited.
 - This audit requirement aims to enhance the credibility of sustainability data provided to investors and other stakeholders.
- ✓ **Digitalization of Reporting:**
 - The CSRD mandates the use of a European Single Electronic Format (ESEF) for reporting, facilitating the accessibility and comparability of sustainability information across the EU.

3. Alignment with EU Sustainability Goals:

- The directive supports the objectives of the European Green Deal by promoting transparency and accountability in corporate sustainability practices.
- It aims to direct capital flows towards sustainable investments, contributing to the EU's goal of climate neutrality by 2050.

4. Implementation Timeline:

- The directive introduces a phased implementation approach:
 - **From 1 January 2024:** Reporting obligations apply to companies already subject to the NFRD.
 - **From 1 January 2025:** Reporting obligations extend to large companies not previously subject to the NFRD.
 - **From 1 January 2026:** Reporting obligations apply to listed small and medium-sized enterprises (SMEs), with the option to opt-out until 2028.

5. How and at what pace will its scope expand?

- 2024-2026: All large companies and some SMEs will gradually fall under the reporting obligations.
- By 2028: A broader range of SMEs will become subject to the reporting requirements unless they use the opt-out option until 2028.
- Global Companies: With the adoption of the proposal presented by the Commission on October 17, 2023, on April 29, 2024, the deadline for the adoption of European Sustainability Reporting Standards (ESRS) specific to certain sectors and the standards to be undertaken by non-EU companies has been postponed to 2026. The reporting obligation for non-EU companies will commence as of the 2028 fiscal year.

6. Companies Covered:

- **Large Companies:** Meeting at least two of the following criteria:
 - More than **250 employees**.
 - More than **€40 million in annual turnover**.
 - More than **€20 million in total assets**.
- **SMEs:** Listed SMEs on regulated markets (with exceptions for micro-enterprises).
- **Non-EU Companies:** Non-EU companies with significant operations in the EU, generating more than **€150 million in annual turnover** within the EU.

7. Companies need to:

- **Develop a Sustainability Strategy:**
 - Companies must establish clear sustainability goals and integrate them into their business models.
- **Collect and Monitor Data:**
 - Systematically collect data related to ESG (Environmental, Social, Governance) performance.
- **Follow Standardized Reporting Frameworks:**
 - Reports must be prepared using the **European Sustainability Reporting Standards (ESRS)** to ensure consistency and comparability.
- **Prepare for Audits:**
 - Set up processes to meet the assurance requirements for sustainability reports.

8. Reporting standards and useful links:

The reporting must align with **European Sustainability Reporting Standards (ESRS)**:

- **Standards Link:** [EFRAG ESRS Documentation](#)
 - These standards provide detailed and harmonized guidance for sustainability reporting.
- **European Commission Resources:**
 - ✓ **Corporate Sustainability Reporting:**
 - Comprehensive information on the CSRD, including its objectives, scope, and implementation timeline.
 - [Link: Corporate sustainability reporting - European Commission](#)
 - ✓ **Implementing and Delegated Acts for CSRD:**
 - Details on the legal acts related to the CSRD, providing specific guidelines and requirements.
 - [Link: Corporate Sustainability Reporting Directive - European Commission](#)
- **European Financial Reporting Advisory Group (EFRAG):**
 - ✓ **European Sustainability Reporting Standards (ESRS) Workstreams:**
 - Information on the development of ESRS, including sector-agnostic standards and updates.
 - [Link: ESRS workstreams - EFRAG](#)
 - ✓ **First Set of Draft ESRS:**
 - Access to the initial drafts of the ESRS, providing insights into reporting requirements.
 - [Link: First Set of draft ESRS | EFRAG](#)
- **Guidance and Implementation Support:**
 - ✓ **Deloitte's Guide to CSRD and ESRS:**
 - A comprehensive overview of the CSRD and ESRS, summarizing objectives, disclosure requirements, and providing additional resources.
 - [Link: Your guide to CSRD and ESRS - Deloitte](#)
 - ✓ **Ecochain's CSRD & ESRS Guide:**
 - An updated guide on how to comply with CSRD and ESRS, outlining data collection and reporting requirements.
 - [Link: CSRD & ESRS Guide \(2024 Update\): How to Comply | Ecochain](#)
- **Reporting Tools and Templates:**
 - ✓ **Microsoft's CSRD Reporting Template:**

- A tool to assist in creating CSRD preparation reports, aligned with quantitative aspects of the directive.
- [Link: Create CSRD preparation reports with a template](#)
- ✓ **Baserow's ESG Reporting Template:**
 - A no-code, user-friendly template designed to help organizations comply with CSRD guidelines.
 - [Link: The best ESG reporting templates for CSRD compliance - Baserow](#)
- **Regulatory Insights:**
- ✓ **European Securities and Markets Authority (ESMA) on Sustainability Reporting:**
 - Information on ESMA's role in sustainable finance and contributions to European standard-setting.
 - [Link: Sustainability Reporting - ESMA](#)
- ✓ **PwC's Overview of CSRD:**
 - Insights into how the CSRD will affect businesses and guidance on preparation.
 - [Link: Corporate Sustainability Reporting Directive - PwC](#)

9. Specific goals or obligations for green investments:

- **EU Taxonomy Alignment:**
 - Companies must report how their activities align with the EU Taxonomy for sustainable activities. This includes specific requirements for areas like renewable energy, energy efficiency, and circular economy.
- **Sustainable Finance:**
 - The directive encourages transparency to attract investment towards green projects, ensuring that companies access funding for sustainable initiatives.
- **Net Zero Targets:**
 - Companies are expected to set concrete targets for achieving carbon neutrality by 2050 and report on their progress.

c. Corporate Sustainability Due Diligence (CSDDD)

The EU Directive on Corporate Sustainability Due Diligence (CSDDD), adopted on 13 June 2024 and published in the Official Journal on 5 July 2024, sets out specific rules for companies to ensure their operations and supply chains respect human rights and the environment. Here are the key details:

1. Scope and Timeline

The directive applies to the following types of companies:

- **EU Companies:**
 - Large companies with **500+ employees** and **global net turnover exceeding €150 million**.
 - Medium-sized companies in **high-risk sectors**, with **250+ employees** and **net turnover of at least €40 million**.
- **Non-EU Companies:**
 - Companies with **€150 million+ turnover in the EU**.
 - High-risk sector companies with **€40 million+ turnover in the EU**.

2. Implementation Timeline:

- **26 July 2027:** Companies with **5,000+ employees** and **€1.5 billion turnover**.
- **26 July 2028:** Companies with **3,000+ employees** and **€900 million turnover**.

- **July 2029:** All other companies under the directive's scope.

3. Key Obligations for Companies

Companies must conduct **due diligence** to identify, prevent, and address human rights abuses and environmental harms in their operations and supply chains. Obligations include:

- **Policy Integration:** Establish and implement sustainability policies.
- **Risk Identification:** Identify potential and actual risks related to human rights and the environment.
- **Prevention and Mitigation:** Take measures to prevent or mitigate these risks.
- **Complaint Mechanisms:** Set up grievance mechanisms for affected parties.
- **Monitoring and Reporting:** Regularly monitor the effectiveness of measures and publish annual reports.

4. Reporting Standards and Green Investment Requirements

- Companies must use the **European Sustainability Reporting Standards (ESRS)** for sustainability disclosures.
- Large companies are required to prepare **climate transition plans** aligning their business models with the goals of the **Paris Agreement**, targeting **climate neutrality by 2050**.

5. Key Links and Resources

- Full Directive and Annex

Annex II

The Türkiye Sustainability Reporting Standards (Türkiye Sürdürülebilirlik Raporlama Standartları⁴) (TSRS), fully aligned with the global S1 and S2 sustainability reporting standards of the International Sustainability Standards Board (ISSB), and the 'Board Decisions Regarding the Scope of Implementation' were published in the Duplicate Official Gazette No. 32414 dated 29 December 2023.

1. The regulation

The regulation outlines the Türkiye Sürdürülebilirlik Raporlama Standartları (TSRS), which set requirements for sustainability reporting by companies in Türkiye, focusing on environmental, social, and governance (ESG) factors.

2. Links

Regulation: <https://www.mevzuat.gov.tr/mevzuatmetin/1.5.6102.pdf>

Türkiye Sustainability Reporting Standards:

<https://www.kgk.gov.tr/SustainabilityDetailForm/11455/Raporlama%20Standartları>

3. Implementation Time

The regulation takes effect on January 1, 2024, and applies to financial periods starting on or after this date (Article 5).

4. Companies Covered

Companies are included based on specific thresholds and categories:

Companies meeting at least two of these thresholds for two consecutive reporting periods:

- ✓ Total assets of 500 million Turkish Lira,
- ✓ Annual net sales revenue of 1 billion Turkish Lira,
- ✓ 250 employees.

5. Specific categories of companies:

- ✓ Investment companies, collective investment institutions, portfolio management companies, and others regulated under Law 6362.
- ✓ Banks, financial institutions, leasing companies, and others under Law 5411.
- ✓ Insurance, reinsurance, and pension companies under Law 5684 and Law 4632.
- ✓ Authorized institutions in Borsa İstanbul or those involved in precious metals trade.
- ✓ Companies not meeting these thresholds or in these categories may voluntarily comply with TSRS (Article 3).

6. How and at what pace is the scope expected to expand?

⁴ <https://www.kgk.gov.tr/SustainabilityDetailForm/11455/Raporlama%20Standartları>

- ✓ Companies exceeding the thresholds for two consecutive reporting periods are included.
- ✓ The regulation includes provisions for subsidiaries and affiliates, extending the scope to their financial and operational metrics.
- ✓ The application of the standards is expected to evolve as new companies exceed the thresholds, and others fall below.

7. Obligations that these regulations impose on companies:

- ✓ Sustainability Reports: Companies must prepare sustainability reports that align with TSRS, covering environmental, social, and governance aspects.
- ✓ Regular Monitoring: Companies must track their financial and non-financial data to determine if they meet the thresholds.
- ✓ Inclusion of Subsidiaries and Affiliates: Reports must consider the activities of subsidiaries and affiliates, consolidating their data.

8. What exactly do companies need to do to comply?

- ✓ Prepare Reports: Develop sustainability reports in accordance with TSRS.
- ✓ Analyse Thresholds: Determine whether they meet or exceed the criteria for inclusion.
- ✓ Include Affiliates: Consider financial data from subsidiaries and affiliates in the calculations.

9. Follow Standards:

- ✓ Use the official TSRS guidelines published by the relevant authority.

10. Specific targets or obligations related to green investments:

The regulation specifies that companies are not required to disclose Scope 3 greenhouse gas emissions in the first two years of reporting (Temporary Article 3). However, the regulation strongly emphasizes sustainability and environmental accountability, suggesting alignment with green investment goals. Future updates may include stricter obligations.

Note:

Scope 1 – Direct Emissions: Emissions from sources that are owned or controlled by the reporting entity.

Scope 2 – Indirect Emissions from Energy: Emissions associated with the consumption of purchased electricity, heat, or steam.

Scope 3 – All other indirect emissions that occur in the value chain of the reporting organization, both upstream and downstream.

Annex III

The Excel file titled “**Top 250 Industry and Energy Companies in Türkiye**” includes a comprehensive and structured dataset featuring leading companies operating in Türkiye’s key industrial and energy sectors. This list is designed to highlight major players in the Turkish market with significant operational scale, export capacity, and relevance to Environmental, Social, and Governance (ESG) priorities. The list was developed as part of the market research to identify potential partners for international collaboration, particularly with Canadian companies seeking opportunities in Türkiye’s evolving sustainability landscape.

The company profiles originally included in this report have been omitted due to the sensitive and confidential nature of the information. This public version has been prepared specifically for general distribution. Canadian companies seeking detailed, company-level insights are encouraged to contact the Canadian Trade Commissioner Service (TCS) in Istanbul for further support and guidance.