



This project is co-funded by the European Union and the Republic of Türkiye

Technical Assistance for Assessment of Türkiye's Potential on Transition to Circular Economy

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National Taxonomy Criteria Studies

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T.C. ÇEVRE, ŞEHİRCİLİK VE İKLİM DEĞİŞİKLİĞİ BAKANLIĞI

**İKLİM DEĞİŞİKLİĞİ
BAŞKANLIĞI**

CLIMATE FINANCE GREEN TAXONOMY STUDIES

11 October 2024



Climate Finance

- **Climate finance** is a type of finance provided from public, private and alternative finance sources aimed at supporting climate change mitigation and adaptation actions.
- It is seen as one of the most important tools to meet the need for large-scale investments in reducing emissions and adapting to climate change
- International funds such as the Green Climate Fund, Least Developed Countries Fund and Adaptation Fund, as well as instruments such as green bonds issued by countries and companies, green loans, project finance, equity and fixed-income investments by institutional investors such as pensions, financial instruments, funds and insurance funds are part of climate finance.
- Loans provided by multilateral development banks for green projects can also be considered as climate finance according to project components





Introduction to Taxonomy

What is Taxonomy?

- Taxonomy is a classification system that creates a list of environmentally sustainable economic activities
- Defines which economic activities can be considered environmentally sustainable for companies, investors and policy makers, so that truly sustainable investments can be financed

Goals of Taxonomy

- ✓ Establishing common definitions for sustainable operations and investment practices
- ✓ To harmonise environmental data with Taxonomy in an orderly manner
- ✓ Allow investors to compare financial products that favour or offer environmental features
- ✓ To serve as a classification and transparency tool for investors to make green investments
- ✓ Reducing the risk of green washing in the markets





EU Taxonomy Process

EU Taxonomy Process

2018 - 2020: Technical Expert Group (TEG) studies on taxonomy

12 July 2020: Taxonomy Regulation entered into force

9 December 2021: Technical Screening Criteria on sustainable activities for Mitigation and Adaptation targets were published

27 June 2023: Technical Screening Criteria were published for the other 4 goals

1 January 2024: Technical Screening Criteria for Mitigation and Adaptation were updated





EU Taxonomy Process

- ✓ Taxonomy reporting to EU legislation started in 2022 for large-scale companies
- ✓ In the EU, taxonomy compliance verification/audit is left to the market
- ✓ For SMEs, it will start in 2026
- ✓ From 2028, non-EU companies with EU revenues of more than €150 million in the last two years will be required to report on taxonomy

**EU Taxonomy
reporting in
practice**

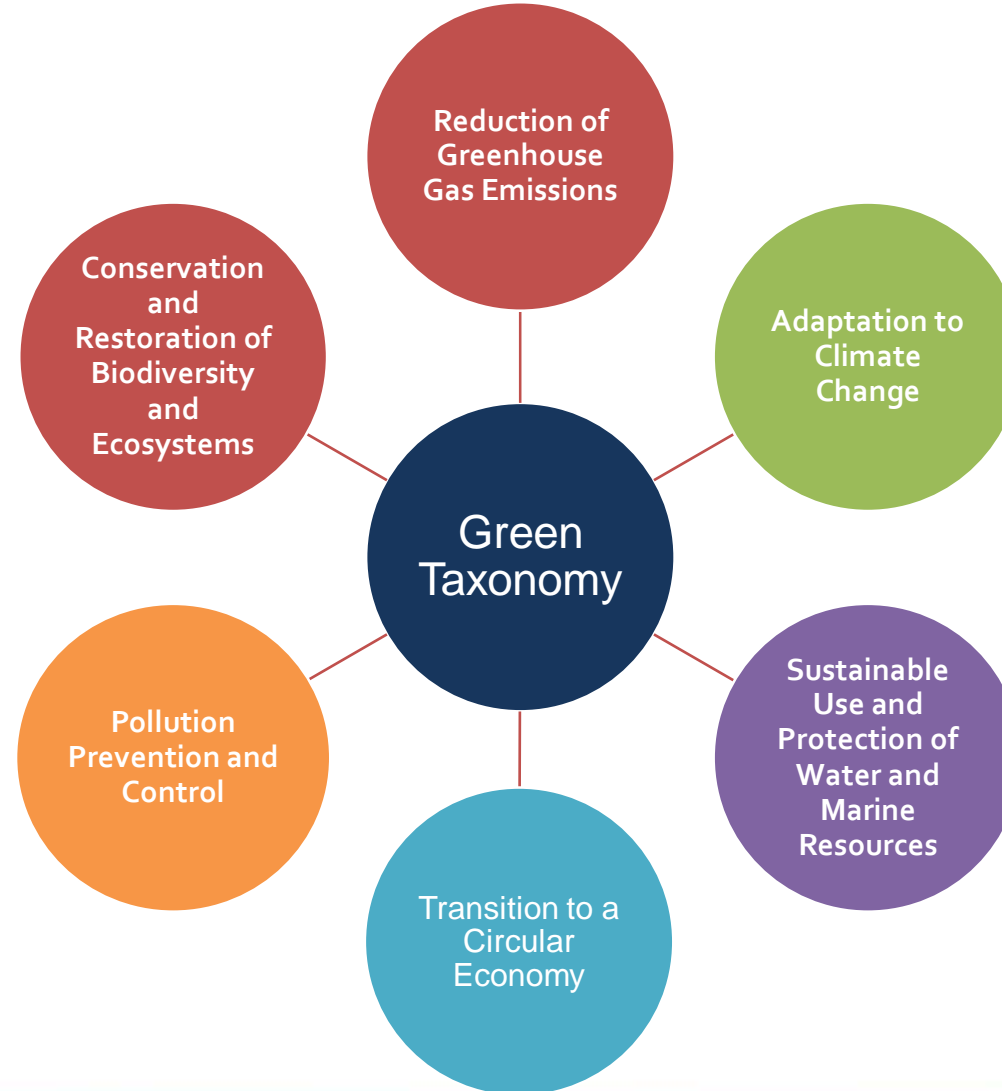




Green Taxonomy: Key Features



6 Goals

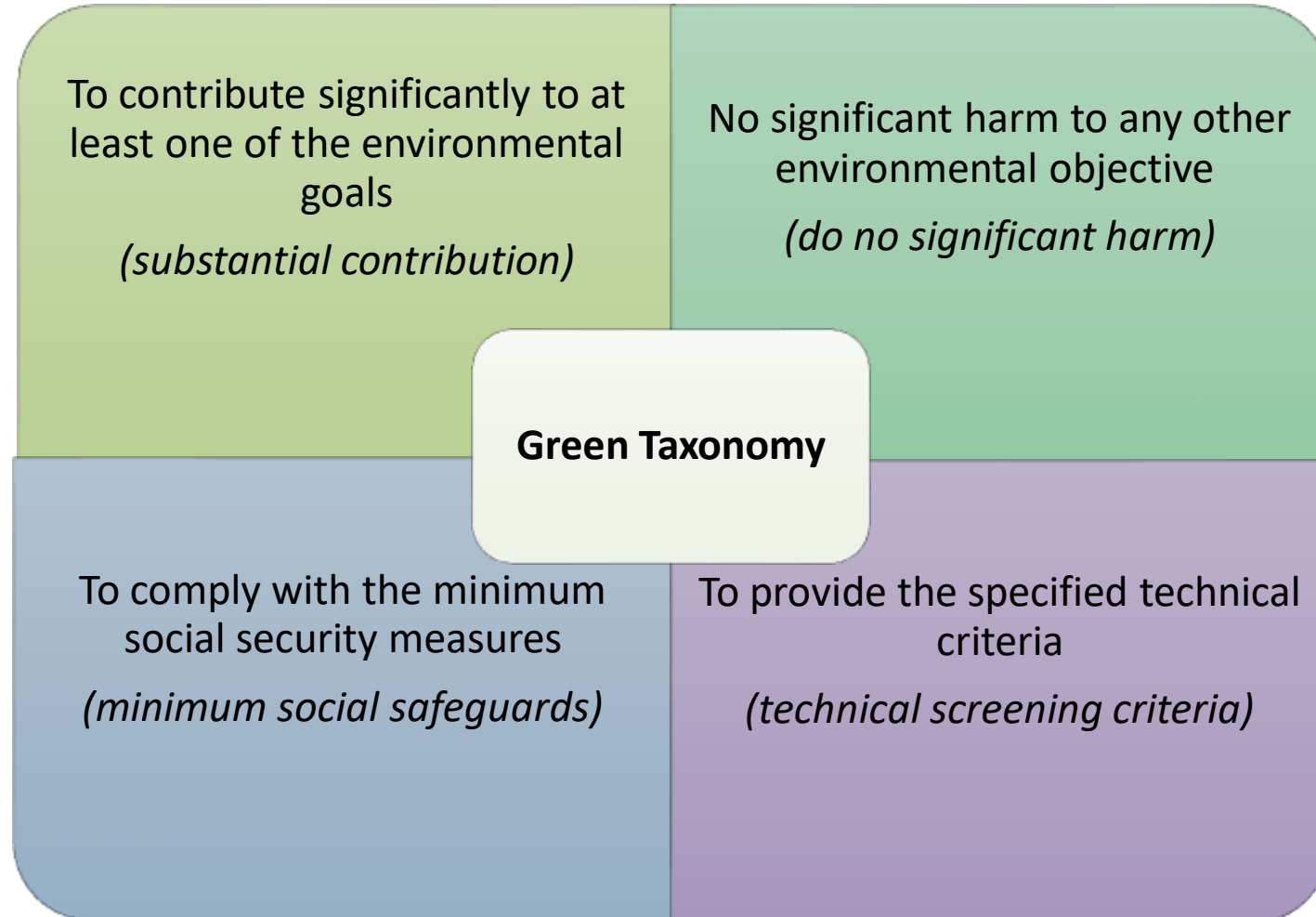


Technique
Screening
Criteria





Green Taxonomy: Key Features





Structure of Green Taxonomy Legislation

6
Environmental
Goals

144 Economic Activities

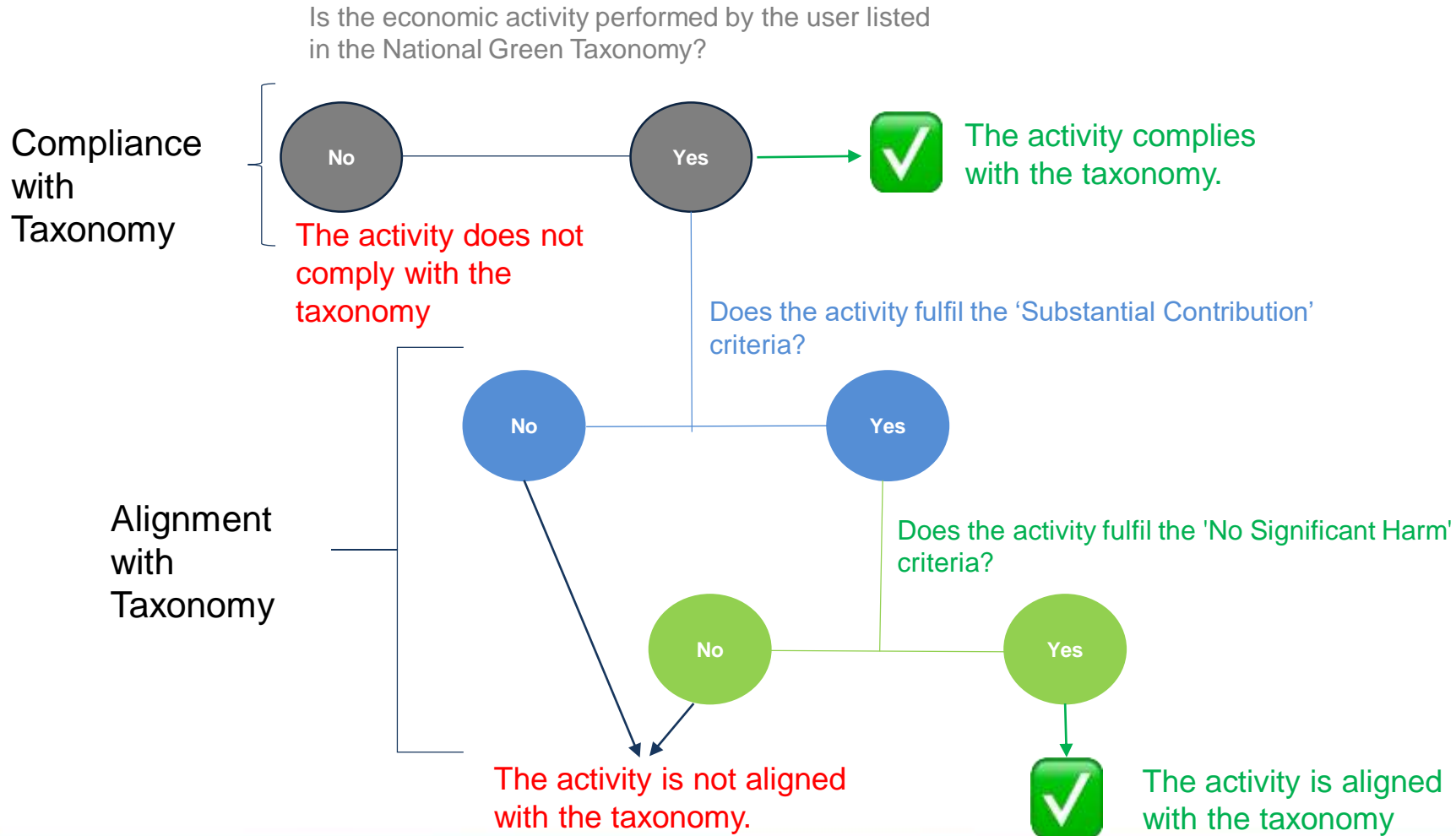
Criteria for Substantial
Contribution

No Significant Harm Criteria





Structure of Green Taxonomy Legislation





Green Taxonomy Users



Taxonomy Declaration and Reporting





Our Activities Related to Green Taxonomy

Preparation of Green Taxonomy Reporting Guidelines in Türkiye and Identification of Potential Users and Beneficiaries Project:

- Identification and Analysis of Potential Users
- Examination of Examples of Green Taxonomy
- Analysis of Reporting and Declaration Standards

Taxonomy Framework Document is ready





Workshop Activities on National Green Taxonomy

Workshops were organised within the framework of taxonomy preparations

Draft Regulation and technical screening criteria were prepared

Sector meetings were organised between January and April





Organized Taxonomy Sector Meetings



| Date | Sector |
|------------|---|
| 15.01.2024 | Cement |
| 17.01.2024 | Aluminium |
| 12.02.2024 | Iron and Steel |
| 14.02.2024 | Chemistry |
| 19.02.2024 | Geothermal and Waste Heat Utilisation |
| 21.02.2024 | Hydroelectric |
| 28.02.2024 | Production of Hydrogen and Low Carbon Technologies |
| 04.03.2024 | Manufacturing of Renewable Energy Technologies |
| 06.03.2024 | Battery and Storage |
| 18.03.2024 | Construction |
| 20.03.2024 | Railways, Low Carbon Airport Infrastructure, Transport, Waterborne Transport |
| 25.03.2024 | Drinking Water and Wastewater Treatment, Waste Collection, Transport and Disposal |
| 28.03.2024 | Nuclear Energy, Energy Production from Natural Gas |
| 01.04.2024 | Forestry, Agriculture and Wetlands, Carbon Capture and Technology |
| 03.04.2024 | Manufacturing Sector (Circular Economy) Hazardous and Non-Hazardous Waste, Service Sector (Circular Economy), Pharmaceutical Ingredients and Medical Products |





Draft Regulation

- Objective: To regulate the procedures and principles of the Turkish Green Taxonomy prepared in order to support economic activities in line with sustainable development goals, to encourage the flow of financing to sustainable investments and to prevent greenwashing in the market
- Scope: Economic activities within the scope of Turkish Green Taxonomy of institutions and organisations that are obliged to make sustainability reporting within the scope of Turkish Sustainability Reporting Standards

It is essential that an economic activity compatible with the taxonomy fulfils the following conditions:

- ✓ To contribute significantly to at least one of the environmental goals
- ✓ No significant harm to any other environmental objective
- ✓ To comply with the minimum social security measures
- ✓ To fulfil the technical screening criteria for the activities



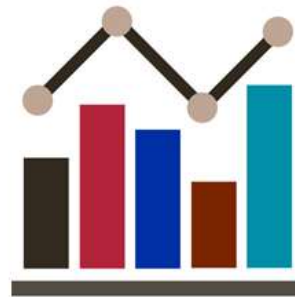


Draft Regulation

- Once a company has assessed its economic activities and determined its compliance status, it should disclose the specific Key Performance Indicators (KPIs) for each economic activity.
- This explanation is realised by focusing on the following three indicators:
 - The ratio of revenues from harmonised economic activities to total turnover
 - Ratio of capital expenditures related to harmonised economic activities to total capital expenditures (**CapEx**)
 - Ratio of operating expenses for harmonised economic activities to total operating expenses (**OpEx**)



Turnover



Investment Expenditure



Operating Expenses



| Ekonomik Faaliyetler (1) | NACE Kodları (2) | Yıllık Ciro Oranı (4) | Önemli Ölçüde Katkı Sağlama Kriterleri | | | | | | | Önemli Zarar Vermeme Kriterleri | | | | | | Asgari sosyal güvenlik önlemleri (17) | Bu yıl için taksonomiye uyumlu ciro oranı (18) | Bir önceki yıl için taksonomiye uyumlu ciro oranı (19) | Faaliyet Kategorisi (Kolaylaştırıcı) (20) | Faaliyet Kategorisi (Geçiş) (21) | | | | | | | |
|--|------------------|-----------------------|--|-------------|----------|-------------------|----------------------|---------------------|--------------------|---------------------------------|-----------|--------------------|-----------------------|----------------------|--------------------|---------------------------------------|--|--|---|----------------------------------|-----|-----|-----|-----|-----|-----|---|
| | | | Yıllık Ciro (3) | Azaltım (5) | Uyum (6) | Su Kaynakları (7) | Döngüsel Ekonomi (8) | Kirillik Önleme (9) | Biyogestlilik (10) | Azaltım (11) | Uyum (12) | Su Kaynakları (13) | Döngüsel Ekonomi (14) | Kirillik Önleme (15) | Biyogestlilik (16) | | | | | | E/H | E/H | E/H | E/H | E/H | E/H | % |
| A. TAKSONOMİYE UYGUN FAALİYETLER | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A.1. Taksonomiye Uyumlu Faaliyetler | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Faaliyet 1 ⁽¹⁾ | | | | | | | | | | E | E | E | E | E | E | E | | | | | | | | | | | |
| Faaliyet 2 | | | | | | | | | | E | E | E | E | E | E | E | | | | | | | | | | | |
| Taksonomiye Uyumlu Faaliyetlerden Elde Edilen Yıllık Ciro (A.1) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A.2. Taksonomiye Uygun ancak Uyumlu Olmayan Faaliyetler | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Faaliyet 1 ⁽¹⁾ | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Faaliyet 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Taksonomiye Uygun ancak Uyumlu Olmayan Faaliyetlerden Elde Edilen Yıllık Ciro (A.2) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Toplam (A.1 + A.2) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B. TAKSONOMİYE UYGUN OLMAYAN FAALİYETLER | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Taksonomiye Uygun Olmayan Faaliyetlerden Elde Edilen Yıllık Ciro (B) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| GENEL TOPLAM (A + B) | | | 100 | | | | | | | | | | | | | | | | | | | | | | | | |



Draft Regulation

- Work and transactions related to the taxonomy process will be carried out through the Online Taxonomy Management System (e-taxonomy)
- Data on Taxonomy will be reported in addition to the report to be published within the scope of the Turkish Sustainability Reporting Standard
- Validation of the National Green Taxonomy reports will be carried out by the validating organisations
- Reporting will be mandatory as of 1 January 2027





Economic Activities to be Implemented within the Scope of Environmental Targets for Transition to Circular Economy

| | |
|--|--|
| Manufacturing Activities | Manufacture of Plastic Packaging Products |
| | Manufacture of Electrical and Electronic Equipment |
| Water Supply, Sewerage, Waste Management and Remediation Activities | Phosphorus Recovery from Wastewater |
| | Production of Alternative Water Resources for Purposes Other Than Human Consumption |
| | Collection and Transportation of Non-Hazardous and Hazardous Wastes |
| | Treatment of Hazardous Wastes |
| | Recovery of Bio-Waste By Anaerobic Digestion or Composting |
| | Non- contamination and dismantling of end-of-life products |
| Sorting of Non-Hazardous Waste and Material Recovery | |





Economic Activities to be Implemented within the Scope of Environmental Targets for Transition to Circular Economy

| | |
|--|---|
| Construction and Real Estate Activities Water Supply, Sewerage, Waste Management and Remediation Activities | Construction of New Buildings |
| | Renovation of Existing Buildings |
| | Demolition and Debris of Buildings and Other Structures |
| | Maintenance of Roads and Highways |
| | Use of Concrete in Civil Engineering |
| Information and Communication Activities | IT/OT (Information Technology/Operational Technology) Provision of Data Oriented Solutions |
| Service Activities | Repair, Renovation and Reproduction |
| | Sale of Spare Parts |
| | Preparation for Reuse of End-of-Life Products and Product Components |
| | Sale of Second-Hand Goods |
| | Product-as-a-Service and Other Circular Use and Outcome-Oriented Service Models |
| | Marketplace for the Trade of Second-Hand Goods for Re-use |



Taxonomy Sample Summary Activity and Criteria

| Environmental Goal | Transition to a Circular Economy |
|--|---|
| Sector | Manufacturing Activities |
| Economic Activity | Manufacture of Plastic Packaging Products |
| Description of the Activity | Manufacture of plastic packaging products |
| Significant Contribution for Transition to Circular Economy Criteria | 1.The activity fulfils one of the following criteria: a. Use of circular raw materials: Until 2028, at least 35% by weight of the packaging product for contact-insensitive packaging and 10% by weight for contact-sensitive packaging will consist of post-consumer recycled material, while from 2028 onwards, at least 65% by weight for contact-insensitive packaging and 50% by weight for contact-sensitive packaging will consist of recycled material. |





Taxonomy Sample Summary Activity and Criteria

| Environmental Goal | Transition to a Circular Economy |
|--|---|
| Significant Contribution for Transition to Circular Economy Criteria | b. Design for reuse: The packaging product is designed to be reusable and meets the requirements for the use of circular raw materials, with targets of 35% and 10% for recycled raw materials by 2028 and 65% and 50% by 2032 |





No Significant Harm Criteria

General "No Significant Harm" Criteria for Mitigation of Greenhouse Gas Emissions

For plastic produced from chemically recycled feedstock, GHG emissions over the life cycle of the plastic produced, excluding credits calculated from fuel production, are lower than GHG emissions over the life cycle of the equivalent plastic in primary form produced from fossil fuel feedstock.

Life cycle greenhouse gas emissions are calculated using **TS ISO 14067:2018** or **TS ISO 14064-1:2018**. The quantified life cycle GHG emissions are verified by an independent verification authority.

The life cycle greenhouse gas emissions of plastic produced from sustainable bio-waste feedstock are lower than the life cycle greenhouse gas emissions of equivalent plastics in primary form produced from fossil fuel feedstock.

Life cycle greenhouse gas emissions are calculated using **TS ISO 14067:2018** or **TS ISO 14064-1:2018**. The quantified life cycle GHG emissions are verified by an independent verification authority.





No Significant Harm Criteria

General "No Significant Harm" Criteria for Pollution Prevention and Control

For products made from plastic materials in primary form, emissions from the production of these plastic materials are within or lower than the emission levels associated with the best available techniques (BAT-IES) specified in the results of the relevant best available techniques (BAT), including

- a. For products made from plastic materials in primary form, emissions from the production of these plastic materials are at or below the 'emission levels associated with best available techniques' (BAT-IES) specified in the relevant best available techniques (BAT) results, including the following
- b. Best available techniques (BAT) results for common waste gas management and treatment systems in the chemical sector for emissions to air from new installations (or existing installations within 4 years of publication of BAT results) where the relevant conditions apply
- c. Best Available Techniques Reference Document (BREF) for polymer production for production processes under conditions not covered by the above BAT results



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Thanks for your attention.



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