PETKiM

Petkim ESG-Focused Risk and Opportunities Table 2024

we are together for 60 years with Petkim

As Türkiye's first and only integrated petrochemical company producing industrial products to create sustainable value,
we are together for 60 Years!

We leave a sustainable mark with our actions that add value to life.

SOCAR TÜRKİYE ESG-FOCUSED RISK AND OPPORTUNITIES

Threat/Opportunity Area	Subject of the Risk	Definition of the Threat	Effects of the Threat			Effects of the Opportunity				Climate Connection of Risk/Opportunity (Physical-Transition)	The Severity of the Risk (Low-Medium-High-Critical)	Measures and Actions Taken to Manage			Related Capital Item	Related Materiality Issue
			Short Term	Medium Term	Long Term	Opportunity Definition	Short Term	Medium Term	Long Term			Short Term	Medium Term	Long Term		
GOVERNANCE	Real sector's need to adapt to climate change	• Encouraging women's participation in the workforce is a driving force in the economic development and progress of countries. From this perspective, we transcend sectoral norms and clichéd notions, prioritizing the establishment of an inclusive and equitable	• The fact that the annual greenhouse gas reduction amount is not in line with the commitments made at the regional level may adversely affect the reputation of the institution and cause a loss of public trust. • Sanctions to be encountered as a result of the increase in greenhouse gas emissions may adversely affect the financial status of the institution and cause it to face legal problems.	• The introduction of the cost of carbon per ton in trade with EU countries in the medium term, or the regulations that may subsequently affect the reputation of the institution and cause a loss of public trust. • Sanctions to be encountered as a result of the increase in greenhouse gas emissions may adversely affect the financial status of the institution and cause it to face legal problems. • Stakeholder trust. • The fact that the supply due to climate change may cause processes to be negatively affected.	• Environmental fines, permit and license cancellations that may arise from the inability to meet the commitments may adversely affect the reputation of the company and impose a great financial burden. This can stop the organization's ability to continue its operations and negatively impact future business opportunities. • Repeated non-compliance may lead to significant repercussions, such as the revocation of operating licenses. This can disrupt operations of licenses. In addition, the execution of permits and licenses may also entail the obligation to cease or modify the company's existing operations, which can seriously jeopardize business continuity. • Situations may arise including interruptions in import and export operations, decreases in customer satisfaction, and a contraction of the customer portfolio.	• Green energy supply opportunities give rise to a strategic that aims to increase the share of renewable energy in the energy mix by using environmentally friendly and sustainable energy sources. This strategy includes the expansion and use of renewable energy sources such as solar, wind, hydroelectric, geothermal and bioenergy. Green energy is seen as an effective tool for reducing greenhouse gas emissions because, unlike fossil fuels, it does not release harmful gases into the atmosphere and therefore contributes to the fight against climate change. This approach also offers economic opportunities, as the green energy sector often opens up new areas for employment and innovation, as well as stimulating the development of energy efficiency and renewable energy technologies. It is possible to expand the scope of this opportunity definition. For example, **Hydrogen Supply Chain and Energy Storage:** Given the fluctuating characteristics of renewable energy sources, energy storage solutions, such as battery technologies, battery systems, and pumped storage hydropower plants (PSPHs), are essential for ensuring a continuous and reliable energy supply. Hydrogen, particularly the production and storage of hydrogen, significantly contributes to the reduction of carbon emissions by facilitating its substitution for fossil fuels, particularly within the industry, transportation, and energy sectors. Digital Investments: Digital solutions enable more efficient energy management, forecasting, minimize system losses, and optimize the use of renewable energy sources. **Circular Economy:** Energy production from waste biomass, widespread recycling, and applications in the energy sector, and carbon capture technologies are key components facilitating sustainable energy transformation. Turning to renewable energy production and expanding the energy portfolio with these types of investments and technological applications will increase the share of renewable and environmentally friendly energy sources. It enables more use of energy obtained from renewable sources such as solar, wind, hydroelectric, geothermal and bioenergy. Strengthening the corporate governance structure in line with climate and sustainability goals (e.g. monitoring climate risks in the board of directors' meeting, complying with the Türkye Green Taxonomy) will facilitate the company's access to new investment and finance sources.	• Increased incentive to transition to a sustainability-oriented business model. • Widespread use of renewable or green energy certified energy sources. • Enhancing production efficiency through the increased use of renewable energy in production processes. • The development of green finance facilities in line with the increase in demand for sustainable and green investment opportunities. • Governance improvements strengthen investor confidence. • Collaboration with public authorities and sector stakeholders through providing feedback to decision-makers in the development of climate policies and standards can facilitate the attainment of flexible transition periods or incentives.	• Reducing greenhouse gas emissions by using green energy supply sources. • Opportunities for lower-cost credit and incentives can be improved for energy projects within the green and sustainable category. • Participating in sectoral initiatives facilitates the acceleration of technology and knowledge transfer.	• Reducing environmental impact by focusing on renewable energy production and supporting the energy portfolio. • Energy adaptation to climate change and the attainment of cost advantages through investments in renewable energy supply and efficiency. • Reducing fluctuations in energy supply and increasing energy security by making the energy supply more balanced and flexible with the use of various energy sources. • A robust ESG performance enhances the market value and reputation of the company. • Establishing a trust relationship with policymakers mitigates the regulatory risk associated with the company's strategic plans.	Transition	Medium	• We carry out studies on the use of green energy for our domestic operations and we continue our work. • We offer REC certificate service. • We offer Solar Roof Projects to customers through EPC companies. • We share the Green Service Dashboard and set targets and KPI cards for green service products. • We continue to develop our business development projects within the scope of Petkim REX GPP (HYBREX) and R&D* SPP Projects. In this context, the following EIA reports have been created: MLH-2022-045 - Hybrid SPP Investment in WPP Site MLH-2022-046 - Elsewhere Own Floating SPP Investment MLH-2022-032 - Renewable SPP Investments MLH-2022-010 - WPP Site Additional Wind Turbine Investment • We closely follow the processes by maintaining communication with the Ministry of Environment, Urbanization and Climate Change, EMRA and the Association of Natural Gas Distribution of Türkiye (GAZBIR). • We are implementing cooperation projects with the Ministry of Environment, Urbanization and Climate Change and we have established working group to align emission reduction targets with sector realities. • We are working on corporate strategies to address the additional costs associated with the carbon footprint of our operations. • We aim to constitute sustainability roadmaps. We are preparing a roadmap including topics such as evaluating sustainable fuel production opportunities by processing renewable raw materials or wastes, examining renewable energy sources, and plastic recycling. We are developing our carbon emission targets and we are preparing carbon reduction goals to align with the commitment to achieve zero emissions by 2050. • To achieve our short, medium, and long-term goals, we prioritize projects outlined in the Strategic Plan and implement those deemed appropriate following resource planning. • We monitor the effects of emission reduction targets mandated by local and international regulations and relevant legislation on our companies' products and processes, focusing on competition and profitability. We aim to maintain our competitive advantage and ensure our products gain a competitive advantage in light of regulated emission limits, taxes, and additional financial obligations. • A Renewable PPA (Power Purchase Agreement) has been signed for the WPP with an installed capacity of 29 MW. • Petkim became a signatory to the EBRD's Regarding 'Green Cities' programme and started to work on a Green City Action Plan in order to develop environmentally and nature-friendly projects and to provide financing thereby. In this context, we participated in the Bursa Green City Action Plan workshop. • We aim to minimize gas emissions associated with the scheduled maintenance of our facilities. In accordance with the relevant maintenance protocols, Various projects are implemented to reduce the number of unplanned maintenance. • To prevent emission-related damage resulting from natural gas distribution pipeline failures, contractor companies with a high incidence of pipeline damages are warned, and initiatives are implemented to decrease such occurrences through training programs.	• We plan to carry out responsible supply chain practices for our suppliers. • Within the scope of the Green Procurement Policy we have prepared, we plan to observe social, economic and environmental requirements in supplier selection. • We aim to update our processes with a sustainability and ESG perspective. • In our purchases, we aim to disseminate practices that support sustainability and reducing carbon footprint.	• We have put into practice the Reciprocity Program, through which we intended value awareness for the wide range of products and services of SOCAR Türkiye and group companies, to increase our trade volume, to develop cooperation and create shared value with all stakeholders in our ecosystem, from our contractors to our customers.	• Social Capital • Human Capital • Financial Capital • Intellectual Capital	• Business Ethics • Corporate Governance • Transparency and Risk Management
	Sustainable corporate reputation and stakeholder loyalty and trust	• Reputational damage may cause the company to lose its social prestige, reduce demand for its products and services, and adversely affect its competitiveness. The establishment of new business partnerships and the provision of green financing may also be adversely affected. This situation may also adversely impact the company's reputation and capital access as a result of regulatory pressures and investor demands.	• Damage to reputation in society may cause loss of customers' and investors' trust. • Dissatisfaction of customers, employees, business partners and other stakeholders may also lead to a loss of trust and reputation. • Attacks on industrial control systems may cause disruptions in processes and operations designed to foster stakeholders' trust. False or misleading information, along with greenwashing, may result in regulatory non-compliance stemming from insufficient transparency in sustainability performance. This situation may adversely impact the company's reputation and capital access as a result of regulatory pressures and investor demands.	• A decrease in demand for products and services can cause a financial downturn. • It may lead to loss of competitiveness. • It may make it difficult for the company to establish new business partnerships. • The inspections and audits by regulatory authorities may adversely affect the company's investor relations. • A decrease in stakeholders' trust may make it difficult to access sustainable financing.	• Financial losses may adversely affect the company's growth targets. • Negative impact on R&D and innovation studies may cause the sector to lag behind. • Permanent damage to investors' confidence could diminish shareholder value and hinder growth. • Companies with low ESG performance may face the risk of being excluded from green bonds and sustainable financing sources.	• As a result of projects that increase the welfare of the society, the company means that it increases the reliability and reputation of the society by increasing the quality of life of the society through social responsibility projects or beneficial activities for the society. • Strengthening the company's reputation increases its attractiveness, productivity increases and consumer satisfaction is provided. This reflects the organization's ability to continuously renew itself and increases its growth potential. • Strong stakeholder communication helps increase trust, improve reputation, and create long-term value for the company. • Employee satisfaction can increase the productivity of the workforce, while customer satisfaction increases loyalty and strengthens brand reputation. • For employees, engagement can increase work efficiency and reduce staff turnover rates, while for customers, engagement can increase loyalty and repeat transaction volume. Therefore, employee and customer engagement is critical to the long-term success of an organization. • Regular and transparent reporting of ESG performance, adherence to ethical principles, and implementation of open communication policies can enhance corporate reputation. A strong corporate reputation improves investors', customers' and business partners' trust, supporting long-term growth and sustainable competitiveness. This reputation is higher ratings awarded by international sustainability assessment institutions (e.g., MSCI, S&P Global, Sustainalytics, Refinitiv).	• Increased trust and loyalty along with strong stakeholder communication. • It further increases the ability to invest in new sectors. • Compliance with global standards (e.g. GRI, SASB, CDRC) in corporate governance and sustainability reporting increases investor confidence. • High ESG ratings will contribute to positive assessments by credit rating institutions, thereby will provide financial advantages.	• Ensuring sustainability in corporate governance will increase investors' confidence, attract new investors to the company and improve financial performance, thus increasing long-term growth potential. • Sustainable corporate reputation will increase the number of business partnerships, strengthen customer loyalty, and create new business cooperation opportunities and support the long-term success of business partners. • The company with a robust corporate reputation can enhance its brand value by consistently being included in sustainable indexes (such as BIST Sustainability Index). • The company will be able to maintain its sustainability principles in the face of crisis by establishing strong relationships with stakeholders that are founded on mutual trust.	Transition	Medium	• We generate advantages for society by investing in corporate social and environmental responsibility initiatives. • We execute our procedures with the confines of the corporate policies and procedures that we have established. • We aim to provide accurate, transparent, timely, and two-way communication environment for our stakeholders in order to foster trust. • We improve the satisfaction of our stakeholders by implementing ethical reporting channels, suggestion and complaint systems, and managing these systems in accordance with the ISO 10002 Customer Complaints Management Standard. • We maintain an ongoing dialogue with public institutions and organizations regarding the implications of climate change legislation. • We aim to increase our transparency and reliability by ensuring that the information we provide to our stakeholders regarding sustainability through Sustainability Reporting. • We conduct our business with our suppliers within the framework of the written contracts concluded, and we take the necessary measures to ensure the continuity of our business relations. • In our purchasing processes, we assess supportive practices that will reduce our carbon footprint and promote sustainability. • We aim to adhere to national and legal standards by having our contractors submit reports for long periods in the RFSU field inspected by the Petroleum Pipeline Authority. • We strive to enhance customer satisfaction and regulatory conduct satisfaction assessments by Bursagaz and Kayseri gaz Customer Relations and Customer Experience divisions affiliated to the Gas Business Unit. • We have implemented numerous campaigns for our customers within our natural gas distribution activities. • While preparing Petkim N11 Integrated Annual Report, we took into account the requirements of the International Integrated Reporting Framework published by the Value Reporting Foundation, the GRI Standards 2021 and GRI 11: Standards for Oil and Gas Industry 2021 published by GRI, as well as the expectations of the Turkish Sustainability Reporting Standards (TSRS), which are based on the IFRS S1 and S2 framework.	• We plan to carry out responsible supply chain practices in our suppliers. • Within the scope of the Green Procurement Policy we have prepared, we plan to observe social, economic and environmental requirements in supplier selection. • We aim to update our processes with a sustainability and ESG perspective. • In our purchases, we aim to disseminate practices that support sustainability and reducing carbon footprint.	• We have put into practice the Reciprocity Program, through which we intended value awareness for the wide range of products and services of SOCAR Türkiye and group companies, to increase our trade volume, to develop cooperation and create shared value with all stakeholders in our ecosystem, from our contractors to our customers.	• Social Capital • Human Capital • Financial Capital • Intellectual Capital	• Business Ethics • Corporate Governance • Transparency and Risk Management
	Geopolitical conflicts	• Increasing geopolitical tensions and regional armed conflicts pose a threat to the security of energy supply, complicate the logistics of raw materials and products, disrupt supply chains, and complicate access to markets. This situation increases uncertainty and is exacerbated by factors such as exchange rate volatility, trade restrictions, and sanctions, which directly influence operational decision-making processes.	• Fluctuations in raw material and energy prices may affect profitability	• Trade sanctions or embargoes may disrupt supply chains	• The value of assets/properties in unstable regions may decrease or be lost.	• Transforming regional conflicts into opportunities by evaluating alternative trade routes, new export markets, and localized production opportunities, and developing diversified resources, market, and supply chains can enable the company to strengthen its position in the region. The geographical advantage of Türkiye, in accordance with the vision of becoming a regional energy hub, to assume a critical role in energy and trade corridors. • Proactively using financial insurance and derivative instruments can further improve the company's financial resilience against unexpected events.	• The introduction of alternative raw material suppliers and transportation routes may help to ensure supply continuity. • Benefiting from global fluctuations in energy prices can create short-term cost advantages. • The strategic geopolitical location of Türkiye may cause an increase in short-term transit trade revenues	• Investments in national stock capacity and logistics infrastructure can be put on the agenda to improve energy supply security. • Product and energy trade opportunities in new markets (e.g. Africa, Asia, and the Middle East) can arise. • The dependence on imports may be reduced through investments aimed at increasing local production	• In the context of Türkiye's aspiration to establish itself as an energy hub, regional crises can be leveraged to enhance the country's geopolitical significance and bargaining power. • Investments in national stock and logistics infrastructure can provide the company with a competitive advantage in similar crises in the future. • Geographic diversity and supply chain resilience can become a structural advantage that reduces ESG risks.	Transition	Medium	• We closely follow the decisions of the relevant authorities regarding international trade sanctions applicable to SOCAR Türkiye, and share current information and developments with the company's senior management and relevant departments. • We implement control measures and awareness initiatives in order to guarantee that the transactions are conducted in accordance with the compliance policies and procedures of SOCAR Türkiye. • We regularly review our risks, make necessary updates and determine actions when necessary.	• Measures and actions that can be implemented to mitigate the risks are currently being assessed, and studies on the issue is still in progress.	• Measures and actions that can be implemented to mitigate the risks are currently being assessed, and studies on the issue is still in progress.	• Social Capital • Financial Capital • Manufactured Capital	• Supply Chain Sustainability • Corporate Governance • Business Ethics • Transparency and Engagement • Human Rights • Transparency and Risk Management
	The path to the committed targets	• The risk of loss of reputation is expressed by stakeholders in the event that strategic, financial, etc. targets prepared intensively within the organization are not achieved.	• Dissatisfaction of customers, employees, business partners and other stakeholders can cause loss of trust and reputation.	• Loss of trust among stakeholders can negatively affect the company's reputation and relationships.	• Significant negative impacts can occur on financial parameters such as revenue, profitability, and market share. • Financial and operational performance may be damaged and investors' confidence may be shaken. • There may be a risk of falling into a disadvantageous position in markets that require competitive advantage, such as new project proposals. • There is a possibility that R&D and innovation studies will be adversely affected.	• Activities such as training programs, mentoring, coaching, seminars and workshops that aim to increase employee awareness and provide learning and development opportunities helps employees develop their skills, increase motivation, and achieve their long-term career goals. • It is aimed to work more efficiently and effectively by reviewing existing processes and creating innovation and innovation opportunities. This can lead to the development of new business models and methods and the development of innovative solutions. • With the increase in competitive advantage with the developed innovation and efficiency, it is aimed to increase the job satisfaction of the employees, and thus the talent pool is strengthened in accordance with the qualifications required by the organization. • The sustainable financial model aligns profitability, growth and value creation goals with sustainability principles. In this way, the organization strengthens its relationships with the environmental and social performance to drive long-term success and stakeholder value. • Financial sustainability and growth of the organization may be facilitated by developing projects/initiatives that are eligible for receiving the incentives granted by public institutions. These incentives can be directed towards various sub-sectors such as innovation, green energy transformation and digitalization. • Undertaking international projects allows the organization to develop its capabilities in these areas and increase its overall quality and competitiveness. International business partnerships contribute to the growth of the organization by facilitating access to knowledge transfer, technological innovations and financing resources.	• Opening up space for learning and development opportunities can increase the skills and knowledge of employees. More competent and knowledgeable employees can work more efficiently and positively impact the company's business results. • Reviewing existing processes and creating opportunities for innovation can increase the efficiency of the company's business processes. This can improve effective and innovative business processes can reduce costs, improve quality, and increase customer satisfaction.	• Increasing competitive advantage with developed employee competencies can lead to increased profitability, market share, and customer relations. More skilled and knowledgeable employees can provide better service to customers and improve the company's competitiveness.	• Creating a more sustainable financial model can improve the longterm financial health of the company. This can increase profitability and customer relations. More skilled and knowledgeable employees can provide better service to customers and improve the company's long-term growth potential.	Transition	Low	• We regularly monitor customer and employee feedback and evaluate the results to improve our business processes. • We organize training and development programs to increase the skills and competencies of our employees and include them in our strategic goals. • We carry out our work through a comprehensive corporate risk management system. We identify and manage risks that may affect the company and its systematically manage risks and opportunities. • We conduct target-based risk assessments, impact analyses and opportunity assessments. We manage these risks through the risk management process managed by Risk Committees. • We periodically review our strategic goals and revise them when necessary. Increasing our chances of adapting to changing conditions faster and achieving our goals.	• We shape our Corporate Strategy in order not to encounter reputational risks. • We diversify our R&D studies on circular economy, sustainability and environmental technologies, and our search for new joint studies and technologies is continuous according to current developments.	• Through the work of our Investor Relations Department, Communication and Sustainability Department, and Human Resources Department, we inform our stakeholders about our sustainability efforts, receive their feedback and evaluate these notifications in our work.	• Social Capital • Human Capital • Financial Capital • Intellectual Capital	• Transparency and Risk Management • Labor Practices • Corporate Governance
	Disasters and business continuity	• Natural disasters, climate change and other environmental factors that may adversely affect the Company's operations and business continuity.	• Temporary shutdowns of plants or production lines can cause significant disruptions in production and supply. • Disruptions in the supply chain may cause difficulty in material supply and operational delays. • It may lead to operational disruptions due to damage to natural gas distribution lines. • Disruptions in the raw supply due to climate change may cause processes to be negatively affected.	• Customer dissatisfaction and customer losses may be encountered. • The risk of loss of the company's market share may cause damage to the reputation of the company and legal problems. • Gas distribution line infrastructure works, which will require additional investment in the medium term, may be adversely affected.	• Damage caused by severe disasters can lead to increased long-term costs and negatively impact the company's financial structure. • As a result of the negative impact on business continuity, social reactions and loss of reputation may come to the fore. • Regulatory risks and penal sanctions may be encountered.	• Disaster and business continuity plans should be ready in advance • Earthquake resistance of the company, facilities and infrastructure	• The readiness of disaster and business continuity plans in advance ensures the continuity of critical operations and services and minimizes the effects of rapid response, reduction of legal and operational risks, ensuring business continuity, and protecting employee safety. • The company ensure business continuity by ensuring that the facilities and infrastructure are earthquake resistant. This brings reliability and stability to operations.	• It guarantees the maintenance of production and service continuity by minimizing operational risks associated with repair and reconstruction. It offers a decrease in insurance expenses.	• Well-structured disaster and business continuity plans developed in advance significantly enhance corporate reputation and foster stakeholder trust.	Physical	High	• In line with the goals of the Marmara Earthquake Program initiated in July 2021 at the Petkim Peninsula, the Earthquake Program has been prepared in the context of Business Continuity and Crisis Management plans. This initiative seeks to ensure the continuity of critical operations and services in the event of a significant and devastating seismic events. The earthquake program includes various initiatives aimed at enhancing the company's business continuity, technology continuity, crisis management, and risk management, etc. Field visits were conducted for Petkim, STAR, SOKA, and Bursagaz. Maturity analyses were performed based on the results of these visits, and a comprehensive roadmap proposal was presented to achieve the targeted level from the current maturity level. Intervention plans have been prepared for locations at risk of experiencing severe earthquake damage. • Crisis Drills, Strategic and operational level drills are being conducted within the framework of natural disaster scenarios to enhance crisis response capabilities. • We have established a comprehensive fire management system across the peninsula during emergencies. This system utilizes radio towers constructed on high ground to ensure communication even in the event of disasters, and it has established infrastructure in compliance with EU standards. • The Petkim Fire Station is equipped with modern equipment and a variety of systems and tools addressing effective emergency management. Active warning systems are in place across the peninsula, along with emergency management systems and evacuation plans for employees and visitors in the event of fire at all facilities. Alongside the implementation of safety measures for the facilities, we have established systems and marine vehicles dedicated to maintaining coastal safety. These systems are equipped with advanced tools to swiftly address potential pollution incidents on the sea surface. Additionally, we are equipped with marine pollution response materials, equipment, and marine vehicles, all ready for immediate deployment. • We have communication systems established to facilitate rapid and direct communication with the relevant authorities, including local and national organizations, key local stakeholders, and public institutions responsible for emergency response. We have established a dedicated emergency hotline (Ministry of Interior) and the fire department, during emergency situations. • We periodically check the current condition of emergency equipment. • We aim to enhance our skills by the training of emergency response equipment through the AKDAKS application. • We develop emergency plans within the scope of emergency preparedness and response and we continuously update these plans. • We periodically conduct earthquake, fire, search and rescue, terrestrial debris and marine pollution response drills. • We provide trainings to our employees. • We have completed the earthquake awareness projects related to disasters at schools. We conduct earthquake and fire drills at schools, we have a Bursagaz Search and Rescue Team, and we provide AFAD's Disaster Awareness Training to our employees. We have established a rapid response team (Bursagaz Search and Rescue Team) designated in the region (executed search and rescue operations). • We aim to minimize the impact of regional disasters by collaborating with a specialized company. • Control measures addressing the events that may disrupt critical activities are implemented at regular intervals. • Various projects and studies are implemented on the natural gas distribution network to mitigate the impacts of natural disaster risks. • We have established a cross-functional working committee to measure and analyze the impact of temperature fluctuations on natural gas consumption and to develop projections for the future based on climate change and other factors. This study has been introduced to the Natural Gas Distribution Industry as an innovative approach preparing the ground for further studies.	• We regularly review the regulations and standards for potential changes and updates. • We regularly review insurance coverage and risk financing mechanisms as part of financial resilience strategies. • Key supplier and procurement tasks will be finalized, resulting in an enhanced disaster preparedness level within the supply chain.	• We are monitoring towards our goal of becoming carbon neutral by 2050 and we are working on new technology tools and related techniques while creating investment plans. • Our primary objective is to minimize natural resource consumption and greenhouse gas emissions through operational improvements and enhanced energy efficiency. A roadmap has been developed as part of the Energy Margin Improvement studies initiated for this purpose in 2024, with planning underway for new investment-requiring projects. • Academic studies were conducted in collaboration with universities to measure and analyze the impact of temperature fluctuations on natural gas consumption and to develop projections accordingly, resulting in a study that has been introduced to the Natural Gas Distribution Industry as an innovative approach preparing the ground for further studies.	• We are evaluating the installation of solar power plants on new water treatment facilities and wastewater treatment facilities to be constructed along the dam line, and the use of wave energy to mitigate losses due to evaporation and generate renewable energy. We are also planning to launch an afforestation project in the dam area.	• Financial Capital • Natural Capital	• Labor Practices • Corporate Governance
	Compliance with business ethics, social, environmental and other legislation	• This section addresses the potential risks associated with non-compliance to local legislation, regulations, and various social, environmental, and ethical considerations. SOCAR Türkiye may experience legal conflicts, financial challenges and reputational losses in case of any failure to comply with the national and international regulations and commitments, which may also lead to sanctions in all areas of its activities. Factors including non-compliance with business ethics, environmental responsibilities, social responsibility requirements, sectoral regulations, and regulations pertaining to Information and Communication Technologies (ICT) are encompassed within this risk.	• While comprehensive measures are implemented to comply with the regulations established by international sanctions authorities and the local legislation of the countries involved in trade, any potential non-compliance may result in the company incurring financial sanctions or penalties. • The company may face financial penalties, commercial losses and reputational loss. • The likelihood of facing legal sanctions may arise. • Financial losses may occur due to business continuity. • The company may encounter situations that may negatively affect international trade. • Relationships with financial institutions may be negatively affected, resulting in the potential recall of loans and challenges in securing new financing for the company.	• Potential adverse outcomes include a shrinkage in financial resources and a decline in company value. • There may be a decrease in the trust of current and potential customers, shareholders and employees. • The Company may need to undertake new investments in the context of new regulations and compliance. • There may be a loss of reputation due to non-compliance with legislation.	• The company may experience negative impacts on its financial situation due to reputation loss.	• Technological solutions can improve environmental performance, while also augmenting operational efficiency. • Customers and investors exhibit a more favorable disposition towards companies that demonstrate social and environmental sensitivity. Therefore, awareness of these issues confers a competitive advantage. • The company's commitment to transparency and adherence to environmental compliance through regular trainings, implementing long-term strategies for environmental compliance and utilizing natural resources efficiently can enhance its reputation and facilitate the effective achievement of their sustainability objectives. Furthermore, initiatives aimed at strengthening stakeholder relations, bolstering brand reputation, complying with regulations, fostering public and institutional relations, promoting collaboration, and elevating the information security framework can facilitate the effective implementation of a sustainability strategy by companies. • Monitoring and reporting compliance with legislation, under the digital transformation umbrella, establish a robust and efficient mechanism for oversight.	• Improving environmental performance and boosting operational efficiency through technological solutions can serve as a decrease in the company's environmental impact as well as a reduction in operational costs. This can generate a competitive advantage as well as fulfilling the company's environmental responsibilities. • The company's commitment to transparency contributes towards companies that exhibit social and environmental sensitivity, results in a competitive advantage and enhances the company's brand value. • The company's commitment to transparency and environmental compliance through regular employee trainings helps strengthen corporate culture and motivates employees. This further increases business performance and enables the company to achieve its sustainability goals.	• Strengthening stakeholder relations allows the company to communicate better with its external environment. Strong relations with stakeholders can strengthen a company's reputation and provide support in crisis situations. • Adhering to regulations mitigates the organization's legal risks while enhancing its reputation and ensuring business continuity. This strengthens the company's reputation and prevents potential future problems. • Effective communication with public institutions that oversee our operations enables us to influence legislation and proposed changes while ensuring adherence to regulatory requirements.	• Natural resources can be used more sustainably through the implementation of long-term environmental adaptation strategies.	Transition	High	• We periodically monitor environmental impacts using Continuous Emission Measurement Systems and report them to data feeds. We monitor the Continuous Emission Measurement System data through the CES system and report the data to the relevant authorities in accordance with the law. • Through the Wastewater Monitoring System (SWS), we ensure that wastewater is discharged in accordance with the law. • We implement the currently applicable Code of Ethics and review it regularly. • We conduct training and awareness activities to increase the awareness of our employees regarding business ethics, human rights, and the fight against corruption. Upon their initial employment, we require orientation training on ethics and human rights for our employees and provide training. • We annually receive compliance declarations from all employees, review these declarations and provide communication as necessary. • We aim to conduct our business activities with transparency and continue our operations in line with the updates to the legislation. • We have a zero tolerance policy against forced labor and child labor throughout the supply chain. • We have maintained ISO/IEC 27001 Certificate and annually conduct internal and external audits, as well as risk assessments and risk reduction activities. • We conduct activities, distribute notifications, and publish announcements to raise our employees' awareness of cyber threats. We present in our endeavors to cultivate an information security culture. • We continue our work to establish a comprehensive control measure within the scope of compliance with the Personal Data Protection (KVKK) legislation. We keep on our efforts to ensure that our business processes are in compliance with the law. • We focus on preventing forced and compulsory labor and child labor throughout the supply chain. • We aim to prevent bribery and pollution, including discovery and concealing, into operation for the protection of personal data in SOR VIP environments. • We conduct compliance checks on all suppliers with whom we establish business relations, and we do not establish business with those whose checks have not been approved by the Compliance Departments. • We have established a Data Protection Committee to ensure that our companies within the scope of compliance with the amendments to the Personal Data Protection Law (KVKK). • We apply a checklist to measure whether prospective suppliers fulfill their obligations arising from the Personal Data Protection Legislation. • We have established a Data Protection Committee to ensure that our companies within the scope of compliance with the amendments to the Personal Data Protection Law (KVKK). • We apply a checklist to measure whether prospective suppliers fulfill their obligations arising from the Personal Data Protection Legislation. • We aim to carry out our work in accordance with the applicable information security and cyber security in our country and contribute to the legislation to be enacted with our opinions and suggestions. • We aim to prevent bribery and pollution in our operations and projects from an ERM2 perspective. Within the context of the ERM2, it is important to focus on the prevention of bribery and pollution. In this context, we aim to increase our rating awareness of our processes including Legislation Compliance Tracking, Information Security, Business Continuity Management, Incident Management, Incident Investigation Process Management, and Contractor Management.	• We plan to further implement local legislation, regulations and other social and environmental issues as part of the supplier audit plan. • We aim to provide a safe working environment using tools such as the DHS-E Monitoring and Reporting Program, Periodic Field Inspections (PFI) Program, DHS-E Risk Management, Forklift Safety Program, Fire Safety Management Program, Process Safety Management, Digital MOC System and Safety Systems By-Pass Process Digital System.	• We plan to implement in detail the potential and regulatory framework for obtaining electrical energy from alternative renewable energy sources (WPP, SPP, geothermal, etc.) in the national grid. • We continue our feasibility studies, environmental impact assessments, and studies, as well as planning activities, focused on new energy generation technologies, including renewable energy generation, green hydrogen, bio-methane, carbon capture, and electrification. • In line with the framework developed by our strategy team, we have initiated a Culture Project under the ownership of our HR, Communication and Digital Transformation teams. • We are assessing recycled naphtha, bio-feedstock alternatives, and SAF production opportunities in accordance with the Petkim Strategy. • Indoor inspections, thermal imaging, thickness measurement, and gas leakage inspections will be conducted at Petkim and STAR production facilities using drones, thereby reducing the need for human intervention. • We are planning to install a solar power plant on the roof top of the SOCAR Tower Administrative Building in Baku. • We are further planning to install a solar power plant on the roof top of the SOCAR Tower Archive building. • We are continuing our renewable energy supply projects with I-REC (International Renewable Energy Certificate) and Renewable Energy Source Guarantee Certifications (YEK-G).	• We update the Information Security strategy and roadmap every year and plan the necessary projects and studies accordingly.	• Human Capital • Social Capital • Financial Capital • Natural Capital • Manufactured Capital	• Business Ethics • Transparency and Risk Management • Labor Practices • Air Quality • Water Stewardship • Corporate Governance
	Information protection and cyber security	• It refers to the risks of breaches in access to Information and Communication Technologies (ICT), integrity and confidentiality of data due to cyber-attacks.	• Business interruptions or service interruptions may occur due to cyber attacks. • Information leaks may result in reputational losses. • The company may be subject to penal sanctions in case any corporate information is disclosed. • Attacks on industrial control systems may cause disruptions in processes and operations. • Interventions in operational technology (OT) infrastructure may hinder with the risk of physical damages. • Ransomware attacks increase the risk of access problems and data encryption.	• A potential decrease in current and potential customers', stakeholders', and investors' trust may result in consumer dissatisfaction and a loss of competitive advantage. • Data leaks resulting due to cyber attacks may pose a risk of non-compliance with the Personal Data Protection Law (KVKK) and international regulations (e.g. GDPR). • Interventions in operational technology infrastructures can permanently erode consumer trust and competitiveness. • There may be significant increases in insurance premiums against cybersecurity-related risks.	• The company may experience negative impacts on its financial situation due to reputation loss. • The company's digital transformation strategy may be disrupted by recurrent cyber attacks. • Cyber breaches may lead to the risk of annulment or non-renewal of licenses subject to regulations. • Cyber attacks and cyber attack threats specific to the energy industry (for example: SCADA systems) may jeopardize operational security.	• By consistently implementing new and secure technologies, the company can enhance its cybersecurity infrastructure and optimize its business processes. Increased trust of stakeholders further provides a competitive advantage by reinforcing the company's reliable image. • Strategic investments in cybersecurity infrastructure also enhances the reputation of the company and strengthens the confidence of customers and stakeholders in the company. This also allows the company to be positioned as a leader in sustainable digital transformation due to its proactive threat intelligence, regulatory-compliant data management applications, integrated OT/IT systems, and AI-supported security systems.	• The company's ongoing adoption of secure and innovative technologies can lead to long-term cost savings by reducing cyber risks and related expenses. It further reduces environmental impact by enabling the adoption of more sustainable business practices. • Monitoring systems enable the early detection of threats. • High level and strict compliance with KVKK and ISO 27001 improves customer trust.	• Investments in national stock capacity and logistics infrastructure can be put on the agenda to improve energy supply security. • Product and energy trade opportunities in new markets (e.g. Africa, Asia, and the Middle East) can arise. • The dependence on imports may be reduced through investments aimed at increasing local production	• Strong relations with stakeholders can strengthen a company's reputation and provide support in crisis situations. The green economy and renewable energy investments can create new opportunities. • A reliable corporate image helps gain the preference of customers and other stakeholders. This further provides a competitive advantage. • Leadership in digital transformation can create a competitive advantage.	Transition	High	• Online data security awareness training is mandatory for all newly recruited employees. We provide training to our employees on data security and cyber security during before entering the field. • We conduct phishing simulations at least three times a year to raise awareness and improve their preparedness. • We aim to carry out our Information Security Management Processes identified vulnerabilities are graded based on criticality level and monitored according to the score. The Security Information and Event Management (SIEM) system is used to monitor and manage vulnerabilities. • With the Cyber Attack Simulation platform, we can verify our security controls and cyber security readiness against real-world cyber attacks and take the necessary actions to mitigate our risks. • With the Cyber Threat Intelligence Services, we detect the threats that address, that will target or currently targeting our organization. • The Security Operations Center (SOC) of our subsidiaries' Managed Security Service Providers (MSSP) monitors, detects, analyzes, and responds to cyber threats and announcing relevant departments to take action. • Our Cyber Threat Intelligence Platform (CTIP) is used to detect suspicious or malicious activities on the network and respond to cyber threats. • We aim to prevent data loss and unauthorized changes to sensitive files on servers and team-use against unauthorized interventions. • With DB Check Software, real-time data protection is provided for databases and critical data against unauthorized changes. • The use of USB devices is restricted, and security measures are implemented on the endpoints. • Mobile Threat Defense (MTD) is used to protect against attacks specific to mobile devices, including malicious applications, phishing, and network attacks. • The DDoS Protection safeguards against distributed denial of service attacks. • Our Computer Forensic Analysis Capabilities have been improved with the Forensic Workstation. • CASB (Cyber Attack Surface Management) ensures that all cyber assets are monitored and managed. • Dynamic Application Security Testing (DAST) and/or Static Application Security Testing (SAST) are performed on critical applications to identify vulnerabilities in the source code. Secure Code Reviews are implemented to ensure secure software development. • Penetration tests are conducted annually by external (outsourced) organizations in accordance with the SWIFT regulatory malware analysis, security audits, and penetration tests