

TED University
Sustainable Trade Research Center



Sustainability Agenda

Q2 • 2026



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Sustainability Review

Sustainability news and perspectives

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Summary

Sustainability moves from ambition to implementation

In the second quarter of 2026, sustainability increasingly appeared as an operating condition rather than a distant policy theme. Climate policy, carbon pricing, reporting standards and supply-chain resilience moved closer to the everyday decisions made by regulators, investors and companies. The quarter's developments show a landscape in which environmental commitments are being translated into rules, market signals, disclosures and procurement choices.

The European agenda remained central to this shift. On one side, the policy direction continued to point toward deeper decarbonization and stronger climate governance. On the other, simplification efforts reflected a growing concern that sustainability rules must be implementable, proportionate and aligned with competitiveness. This balance between ambition and administrative practicality defined much of the quarter's sustainability debate.

Carbon markets and climate related finance tools also became more operational. Developments around CBAM, emissions trading, carbon removal certification, green bonds and Paris Agreement crediting mechanisms show that sustainability is increasingly being managed through systems that create traceable costs, credits, disclosures and investment channels. For companies, this means that climate strategy is no longer only about public commitments; it is also about data quality, assurance, procurement contracts and exposure to regulated carbon costs.

For Türkiye, the quarter was especially relevant because global sustainability rules are becoming directly connected to export competitiveness, corporate reporting and energy planning. TSRS implementation, CBAM price discovery, CDP performance, renewable-energy investment models and offshore wind planning all point in the same direction: Turkish companies and institutions are entering a period in which sustainability information must be more comparable, auditable and strategically useful. The agenda is shifting from preparation to execution.

The wider climate backdrop makes these policy and market developments more urgent. Europe's recent climate signals, including extreme heat and marine heatwaves, underline that sustainability is not an abstract future risk. It is already shaping infrastructure, trade, finance, energy security and institutional planning. This issue of the Sustainability Agenda therefore reads the quarter not as a collection of separate news items, but as a connected transition in which climate, trade, finance and industrial policy increasingly move together.



EU gives final approval to Omnibus I cuts to sustainability reporting and due-diligence rules

On 24 February, the Council of the EU gave final approval to the first Omnibus simplification package, amending the EU's sustainability reporting and corporate due-diligence architecture. The measure narrows and phases the application of CSRD and CSDDD obligations, with the stated objective of reducing administrative burdens and limiting the "trickle-down" effect of reporting demands on smaller companies outside the formal scope. For sustainable-trade policy, the change is material because it recalibrates the data and due-diligence expectations that exporters, suppliers and EU buyers had begun building into contracts and procurement systems.



EU adopts a legally binding 2040 climate target with limited use of international credits

EU ministers gave final approval to an amendment of the European Climate Law establishing a binding 2040 climate target: a 90% net greenhouse-gas reduction compared with 1990 levels. The compromise allows the use of high-quality international carbon credits from 2036, capped at up to 5% of 1990 EU net emissions, while requiring at least 85% of reductions to be delivered domestically. This creates a formal link between the EU's internal transition path and Paris Agreement crediting mechanisms. The decision is significant for carbon markets and trade-exposed sectors because it gives international credits a limited role in EU climate compliance while preserving a largely domestic mitigation requirement.



EU Council backs CBAM expansion to downstream products and tighter anti-circumvention rules

The Council agreed its negotiating position on strengthening the EU Carbon Border Adjustment Mechanism. The proposal would extend CBAM beyond the initial sectors, iron and steel, cement, fertilisers, aluminium, electricity and hydrogen, toward selected downstream products, while addressing circumvention risks and including pre-consumer metal scrap. The Council also narrowed conditions under which the mechanism could be suspended in serious or unforeseen circumstances.

The move matters as CBAM has operated in its definitive regime since 1 January 2026, making product coverage, exemptions and anti-circumvention design commercially relevant for exporters into the EU. Trilogue negotiations will begin once the European Parliament adopts its position.



EU negotiators agree ETS2 price-containment safeguards before fuel-market launch

The Council and European Parliament reached a provisional agreement on market-stability safeguards for the EU's second emissions trading system, ETS2, which will cover emissions from buildings and road transport fuels. The deal doubles the automatic release from the market stability reserve to 40 million allowances if the ETS2 carbon price exceeds €45 per tonne of CO₂ equivalent, expressed in 2020 prices. Reuters reported that the mechanism can operate twice annually, implying up to 80 million allowances in a year.

The agreement is important for climate-policy implementation because ETS2 is politically sensitive: it extends carbon pricing to household heating and transport fuels while trying to limit price spikes that could trigger public opposition.



ESMA opens final implementation work for the EU ESG-ratings regime

The European Securities and Markets Authority launched a consultation on endorsement guidelines for ESG rating providers under the EU ESG Ratings Regulation. ESMA's implementation page states that the regulation applies from 2 July 2026 and that providers wishing to continue operating in the Union must consider notification and authorisation requirements. The consultation ran until 29 May, placing the ratings regime into its final supervisory-preparation phase.

The development is relevant for sustainable finance and trade because ESG ratings influence capital allocation, supplier assessment and investor perception of transition risk. The EU's approach aims to bring greater transparency, governance and conflict-of-interest controls to a market that had previously been fragmented and weakly supervised.



EU carbon-removal certification framework moves from legislation toward first methodologies and scheme recognition

In May, the European Commission used its Carbon Removals and Carbon Farming Certification Framework update to signal the move from rulemaking to implementation. The CRCF is the EU's voluntary framework for certifying permanent carbon removals, carbon farming and carbon storage in products. Following the adoption of the first certification methodologies earlier in 2026, the Commission said it would begin recognising certification schemes, a necessary step before certified units can be generated and used in voluntary or policy-linked contexts.

The first methodology package covers technology-based and durable removal routes such as direct air capture with storage, bioenergy with carbon capture and storage, and biochar carbon removal.



UN Article 6.4 mechanism approves its first Paris Agreement carbon credits

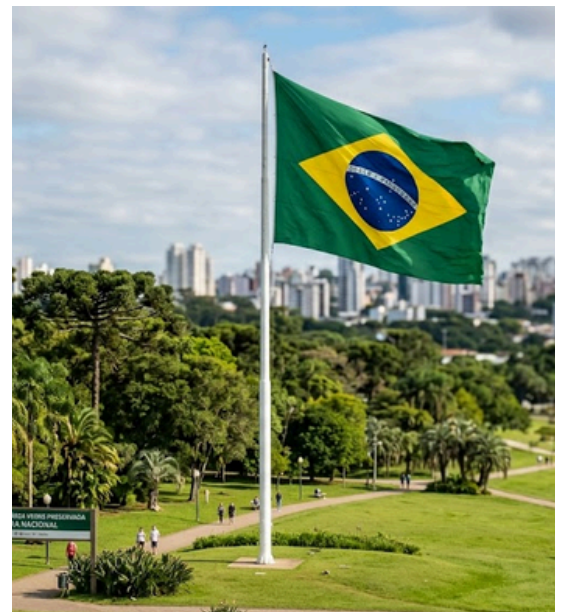
On 26 February, the UNFCCC announced the first approved issuance of credits under the Paris Agreement Crediting Mechanism, often referred to as Article 6.4. The credits came from a clean-cooking project in Myanmar, with authorised units eligible for transfer to the Republic of Korea's emissions trading system and use toward Korea's nationally determined contribution; the remainder can be used by Myanmar. The UNFCCC said credited reductions were around 40% lower than under the previous CDM approach, reflecting tighter accounting. In May, the Article 6.4 Supervisory Body also adopted a methodology for reducing nitrous oxide emissions from nitric acid production, as it widens the future project pipeline.



Brazil proposes phased rollout of its regulated carbon market from 2027

Brazil proposed a phased rollout of its regulated carbon market beginning in 2027. The first phase would cover sectors including pulp and paper, iron and steel, cement, primary aluminium, oil and gas, refining and air transport, but would focus on emissions reporting rather than immediate compliance costs or mandatory reduction obligations.

The proposal is significant as it places Brazil among major emerging economies moving toward regulated carbon-market infrastructure, with implications for industrial competitiveness, climate finance and cross-border carbon accounting.



EU and United States launch a critical-minerals partnership with an action plan for trade coordination

In April, the EU and the United States launched a strategic partnership on critical minerals, signing a memorandum of understanding and agreeing an EU-U.S. Critical Minerals Action Plan. The initiative aims to coordinate trade policies and measures around critical-minerals supply chains, including possible steps toward a binding plurilateral arrangement. Reuters reported that the cooperation is designed to reduce dependence on China-dominated supply chains and that the EU wants pilot projects before year-end.

The partnership is material for sustainable trade because critical minerals are a core input for batteries, grids, renewables, electric vehicles and defence-industrial supply chains. It also shows how climate-policy supply chains are increasingly being managed through geoeconomic trade instruments.



EU and Australia conclude FTA negotiations with critical minerals and Paris Agreement commitments

On 24 March, Australia and the European Union announced the conclusion of negotiations on a free trade agreement after eight years of talks. The agreement is expected to remove tariffs on almost all goods, improve EU access to Australian critical minerals, and strengthen strategic trade ties. Australia's official summary states that the agreement includes a binding commitment to implement Paris Agreement obligations and eliminates tariffs on environmental goods such as wind turbines, lithium batteries, and solar panel components.

The agreement is notable because it combines conventional market access with climate and supply-chain objectives. For the EU, Australia is a strategically important supplier of minerals needed for the energy transition; for Australia, the agreement links export diversification to lower-carbon industrial goods and sustainability linked trade rules.



France launches large renewable-energy tenders with European-content criteria

On April, France launched tenders for 12 GW of renewable-energy capacity, including seven offshore wind projects totalling 10 GW, plus 1.2 GW of solar and 0.8 GW of onshore wind. Reuters reported that the package includes “Made in Europe” criteria intended to reduce dependence on imported clean-energy components. In June, France moved ahead with the offshore component, opening a tender for 10 GW of capacity split between fixed-bottom and floating wind projects.

The tenders support France’s target of reaching 15 GW of offshore wind capacity by 2035. They are also trade-relevant because procurement rules increasingly combine decarbonisation, industrial-policy and supply-chain-resilience objectives.

Cypress Creek secures \$3.5 billion financing for major U.S. solar-and-storage complex

Cypress Creek Energy secured \$3.5 billion in financing for the Arkansas Steel River Energy Center, a large U.S. solar-and-storage project. Reuters reported that the first two phases will comprise 1.63 GW of solar generation and 1.9 GWh of battery storage, with the full project expected to reach 2.45 GW of solar and 2.9 GWh of storage by 2029. The output is backed by a virtual power purchase agreement.

The deal is significant because it combines utility-scale solar, large batteries and long-term contracted demand at a time when U.S. power markets are being reshaped by electrification and data-centre load growth.



Cypress Creek Secures \$3.5 Billion for Massive Arkansas Solar-Storage Hub · Oilprice.com

EU supported Global Green Bond Initiative Fund supports green-bond mobilisation for emerging market infrastructure

The EU and partner developmental finance institutions launched the Global Green Bond Initiative Fund, part of the wider Global Green Bond Initiative. The Fund aims to unlock up to €3 billion in green bonds in partner countries, while the wider initiative is presented as capable of mobilising up to €20 billion in private capital for sustainable infrastructure in low- and middle-income countries. On 4 June, the European Investment Bank announced its first financing agreement with the UN Green Climate Fund to support the initiative.

Its importance for sustainable finance is caused by the fact that it links development finance, green-bond market infrastructure and climate-investment mobilisation in emerging markets. Rather than only providing direct public finance, the initiative seeks to deepen local and international green-bond channels for infrastructure projects aligned with climate objectives.



Denmark awards major carbon capture and storage subsidy to decarbonise cement production

Denmark awarded cement producer Aalborg Portland a large carbon capture and storage subsidy for industrial decarbonisation. Reuters reported that the contract provides support of 875 Danish kroner per captured tonne of CO₂, with annual support capped at 1.1 billion kroner over 15 years. The project covers the capture, transport and storage of up to 1.25 million tonnes of CO₂ per year.

The award is notable because cement is one of the most difficult industrial sectors to decarbonise, with process emissions that cannot be eliminated through renewable electricity alone. The Danish contract illustrates how governments are using long-term public support to make CCS bankable for heavy industry.



European Commission approves Germany's €5 billion carbon contracts scheme for heavy industry

The European Commission approved a €5 billion German state-aid scheme to support industrial decarbonisation through two-way carbon contracts for difference. The Commission said the contracts can run for 15 years and are designed to bridge the cost gap between conventional and low-carbon production processes. It is reported that Germany planned to make up to €5 billion available in 2026 for factories cutting CO₂ emissions by switching to cleaner technologies. The scheme is important for trade-exposed sectors because it complements carbon pricing and CBAM by financing abatement in heavy industry, rather than relying only on carbon-cost pressure.



Enbridge and Meta expand clean power partnership with Wyoming solar-and-storage project

On 19 May, Enbridge announced the first phase of the Cowboy solar-and-storage project in Wyoming to support Meta's data-centre operations. Enbridge's project page lists the project at 365 MW of solar capacity and a 200 MW / 1600 MWh battery energy storage system. The company said the project expands its contracted capacity with Meta to around 1.6 GW across North America. The development is notable because data-centre electricity demand is increasingly shaping clean-power procurement, while battery storage is becoming central to making solar procurement more reliable for large corporate offtakers.



World Bank reports record carbon-pricing revenues and wider global coverage

On 19 May, the World Bank's State and Trends of Carbon Pricing 2026 reported that direct carbon-pricing revenues reached more than \$107 billion in 2025, with 87 carbon-pricing policies in place globally. Reuters reported that the average carbon price had doubled over the decade to nearly \$21 per tonne of CO₂ equivalent, while the World Bank said carbon prices had risen 7% since the previous edition. The report is significant for sustainable trade because explicit carbon costs are becoming more common across jurisdictions, strengthening the policy backdrop for border measures, industrial decarbonisation support and carbon-market linking discussions.

- 1 Direct carbon pricing now covers 29 percent of global GHG emissions through 87 implemented policies, with ETS coverage tripling since 2016, from 8 percent to over 24 percent.
- 2 If all ETSs and carbon taxes currently under development are fully implemented by 2030, nearly one-third of global GHG emissions will be covered by carbon pricing.
- 3 Five new national-level carbon pricing instruments launched in the past year; India's CCTS, Japan's GX-ETS, Vietnam's ETS, and carbon taxes in Mauritania and Serbia.
- 4 The average carbon price across all implemented instruments has doubled between 2016 and 2026, rising from roughly US\$10 to nearly US\$21 per tonne of CO₂ equivalent.
- 5 Annual government revenues from ETSs and carbon taxes reached US\$107 billion in 2025, with ETSs now contributing over 70 percent of that total.
- 6 Almost all carbon pricing revenues are concentrated in high-income countries, while middle- and low-income countries, despite hosting roughly 70 percent of covered emissions, generate only about one percent of global carbon pricing revenues.
- 7 The EU CBAM entered its definitive phase in January 2026, applying a carbon price to embedded emissions in select imports, and is already motivating other countries to develop their own carbon pricing or border adjustment instruments.
- 8 Overall carbon credit issuances rose 8 percent from 2024 to 2025, reaching 433 million credits, though they remain roughly 23 percent below the 2022 peak.
- 9 Carbon credit retirements declined by around 11 percent in 2025, primarily because California compliance retirements returned to normal levels after an unusually large spike driven by its three-year compliance cycle in 2024.
- 10 The first carbon credits under the newly operational Paris Agreement Crediting Mechanism (PACM) were provisionally issued to a clean cookstoves project in Myanmar, marking a milestone for the mechanism that is administrated by UN established under Article 6.4 of the Paris Agreement.



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Interview

Exclusive interviews directly on sustainability efforts

In a recent interview conducted by research assistants Ezgi Eylem Erdoğan and Arda Akgül, Prof. Dr. Erdem Başçı discussed recent developments at the intersection of sustainability, financial governance, and macroeconomic policy. His remarks highlighted the evolving role of central banks in addressing climate-related risks, the policy significance of CBAM, and the institutional importance of sustainability reporting frameworks. ■

1) How do you evaluate the steps taken by leading central banks (the ECB, the Fed, etc.) to integrate climate change-related risks into their macroeconomic analyses and monetary policies?

Today, climate change risks are being evaluated by an important organization called the Network for the Greening of the Financial System (NGFS). This organization is a voluntary international group with 149 members, formed by central banks and banking supervisory authorities. The Federal Reserve, the central bank of the United States, recently decided to withdraw from this organization. Despite this, the organization continues to work intensively on the possible effects of climate change-related risks on the financial sector and the broader economy, as well as on possible policy measures. I would recommend the NGFS website to our readers who are interested in this topic.

2) Do you think central banks will add sustainability as an objective in the coming period? Have there been any steps taken in this regard?

The European Central Bank (ECB) has to prioritize the issue of price stability, as written in its founding law. We call this its legal mandate. At the same time, the law also grants it duties and powers regarding financial stability. Although the climate issue is not explicitly written in the law, steps can still be taken in Europe by evaluating this matter within the scope of financial stability. Many other central banks approach the climate issue in a similar way. Here, the Federal Reserve (Fed) stands out as an exception, as it takes a more distant view of this issue.

3) What are the possible macroeconomic effects of the Carbon Border Adjustment Mechanism (CBAM) on Türkiye's exports and current account balance? How should central banks manage such transition-period shocks?

The Carbon Border Adjustment Mechanism is a European Union practice that concerns our country closely. The idea behind it is that Europe's own producers and foreign producers exporting goods to Europe should be subject to equal treatment in terms of carbon emissions. If these foreign companies have already paid a price for carbon emissions in their own countries at a level similar to the EU, they will be able to continue exporting as before without paying any additional tax. If they have paid a lower price in their own countries, then a payment similar to a customs tariff will be made at the EU border equal to the difference.

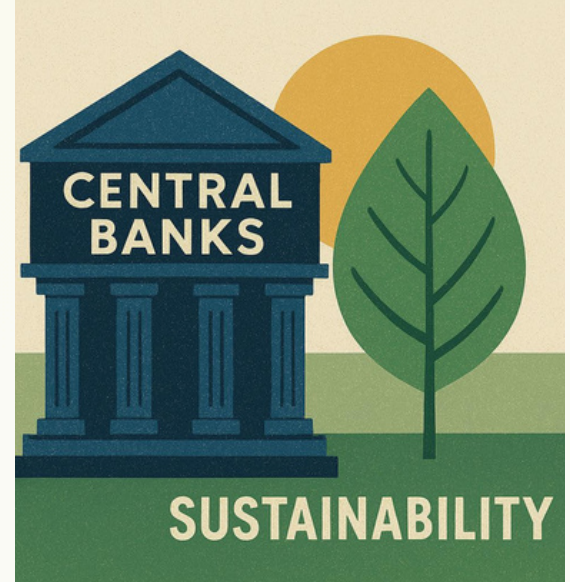
This issue concerns not so much our Central Bank as it does our Ministry of Trade, Ministry of Environment and Urbanization, and Ministry of Energy. Its impact will initially be on six sectors. These are sectors with high carbon emissions. In terms of our country's exports, the iron and steel, aluminium, and cement sectors stand out more prominently. Although its effect on the current account deficit is limited at this stage, it is a regulation that will have especially important consequences for our iron producers. Under our newly enacted Climate Law, establishing the carbon market that is currently being set up in our country constitutes the most important measure we can take on this issue.

4) Is “greening” central banks’ balance sheets according to sustainability criteria, for example, giving priority to green assets in collateral, an effective tool for accelerating market transformation?

Pioneering steps in this matter are being taken by the European Central Bank (ECB). The important difference between Europe and us here is that the ECB, even if only to a limited extent, can also purchase private sector bonds through open market operations. Similarly, it is possible for the ECB to prioritize green bonds among the securities it accepts as collateral. Our Central Bank Law is written in a more conservative way in this regard. At this stage, it would be more appropriate for our country to prioritize price stability. For this reason, the conservative approach followed in this matter seems more suitable.

5) What kind of role should the Central Bank of the Republic of Türkiye (CBRT) undertake in balancing the effects of the green transition on growth and inflation and in supporting sustainable finance?

As far as I can see, our Central Bank is closely monitoring global and regional developments in this field. Together with our banking supervision and regulation authority, the BRSA (BDDK), they are examining global best practices and making the necessary preparations. Of course, it is possible for them to carry out these preparations within the framework of the provisions related to financial stability, which are also included in our CBRT Law.



6) How can the tendency of firms toward greenwashing be reduced in the fight against the climate crisis? What is the latest point reached in the work on the Task Force on Climate-Related Financial Disclosures (TCFD), which began with the efforts of G20 central banks at the global level?

Your question here is about pretending as if. How can it be ensured that firms make sincere efforts on this issue? The answer to this question was provided, following the TCFD's final report, through the IFRS S1 and IFRS S2 reporting standards published globally under the umbrella of the International Financial Reporting Standards Foundation. The first of these addresses the matter in a more general way within the framework of the Sustainable Development Goals, while the second addresses it more specifically within the framework of climate risks. How developments in these areas will be reflected as financial risks and opportunities for firms should again be determined and disclosed by the firms themselves. This disclosure should be made at least once a year, within a certain standard framework, and simultaneously with other financial statements and reports.

Our regulatory institution in this field, the Public Oversight Authority (KGK), has brought these two standards into our country. The Türkiye Sustainability Reporting Standards (TSRS 1 and TSRS 2) were made mandatory primarily for our large-scale companies. This very important step makes it necessary for the issue of sustainability to be addressed seriously not merely by the communication units of companies, but at the highest level by the companies' management and supervisory bodies, and to be reported transparently to investors.

In this way, investors will be able to provide abundant and inexpensive financing to firms that are genuinely making an effort in the green transition. Firms that merely act as if they are making an effort, on the other hand, will be able to be easily identified through the reports they themselves have written thanks to these standards. Therefore, access to financing for such firms will become more difficult.

This is why Financial Reporting Standards are important. Since writing and auditing reports within the framework of the new-generation TSRS 1, and especially TSRS 2, requires special competencies, our Public Oversight Authority continues to take important steps regarding the training of experts and auditors in this field. I would recommend that our readers who are interested in this issue closely follow the "Sustainability" section on the KGK website.

I would also especially like to thank you for your excellent questions.

TSRS assurance moved into implementation, with KGK audit team guidance and 2025 limited-assurance reports

KGK published a notice on the conditions for audit teams to be formed under contracts for the audit of sustainability reports, while large issuers began publishing 2025 TSRS-compliant reports with limited assurance. One example is Akbank's 2025 TSRS-compliant sustainability report, which includes an independent auditor's limited-assurance report for TSRS information and refers to GDS 3000 and GDS 3410 for greenhouse-gas assurance. The development is important because TSRS compliance is no longer only a disclosure exercise: companies must now secure qualified assurance teams and defensible data systems, increasing the compliance burden but improving investor-grade comparability.

CDP Türkiye reported record environmental-disclosure performance by Turkish companies

At CDP Türkiye's 16th Climate Change & Nature Conference and awards on 15 May, CDP Türkiye and Sabancı University Corporate Governance Forum announced the 2025 Türkiye results. The reported outcome was striking: 45 Turkish companies appeared on at least one Global A List, and 5 of the world's 27 "Triple A" companies were from Türkiye. The report also indicated high management/leadership-level maturity across climate, deforestation and water themes, and noted broad alignment with TSRS and ESRS. This matters for export-facing Turkish firms because CDP leadership is increasingly a proxy for climate-risk governance, supplier credibility and sustainability-linked financing readiness.

TSKB and Arçelik entered Corporate Knights' 2026 Europe 50 ranking

Corporate Knights' 25 March 2026 Europe 50 ranking included two Turkish names: TSKB at #21 and Arçelik at #23, both with A-grades. Corporate Knights highlighted TSKB's sustainable-revenue profile among banks and Arçelik's circular economy appliance model, including refurbished products and Beko Europe's scale. For Türkiye's capital markets, this is notable because it shifts the sustainability story from disclosure alone to revenue exposure: investors increasingly look for companies whose business mix already reflects energy transition, circularity or social-impact financing. It also gives Turkish issuers a third-party benchmark against European peers, useful for ESG investor targeting and sustainable-finance roadshows.

CBAM entered a cost-discovery phase for Turkish exporters, with the first 2026 certificate price announced.

The Ministry of Trade stated in March that CBAM's financial phase began on 1 January 2026 and that EU importers would start buying 2026 CBAM certificates from February 2027, with certificate prices based on the quarterly average EU ETS allowance price. On 8 April, the Ministry announced the first-quarter 2026 CBAM certificate price at €75.36; on 13 April, it launched a sectoral survey to collect exporters' operational problems and practical difficulties for Türkiye–European Commission consultations. This matters because Turkish producers in CBAM-exposed supply chains now have a visible carbon-cost reference, strengthening the business case for MRV systems, product-level emissions data and domestic carbon-pricing alignment.

Türkiye announced candidate zones for its first offshore wind YEKA process

The Ministry of Energy and Natural Resources announced in May that four offshore areas, Saros Gulf, Gökçeada, Bozcaada and Edremit offshore zones, had been identified as candidate YEKA sites, with detailed work beginning before formal designation. Minister Alparslan Bayraktar said Türkiye aims to reach 5,000 MW of offshore wind capacity by 2035 and to hold the country's first offshore wind YEKA competition after permitting processes are completed. This matters because offshore wind would diversify Türkiye's renewable pipeline beyond onshore wind and solar, while creating new needs in ports, grid planning, marine permitting, turbine supply chains and project finance.

Rönesans launched a renewable energy investment-and-supply model for corporate self-consumption

On 13 April, Rönesans Enerji and Rönesans Gayrimenkul Yatırım announced what they described as Türkiye's first 20-year Renewable Energy Investment and Supply Agreement model. Rönesans Enerji will build and operate 51 MW of assets for Rönesans Gayrimenkul's own-consumption needs, a 35 MWm wind plant in İzmir and a 16 MWp solar plant in Kırşehir. Expected annual generation is 142 million kWh, covering roughly 70% of the real-estate portfolio's electricity needs. The model matters because it offers a capital-light route for large consumers to procure long-term green power, lowering emissions and electricity-cost exposure without taking construction and operating risk onto the consumer's balance sheet.

Turkcell formalizes TSRS reporting on KAP for the 2025 reporting period

Turkcell İletişim Hizmetleri A.Ş. formally filed its TSRS-compliant sustainability report on KAP for the 2025 reporting period, covering the company and its subsidiaries. This matters as early and formal TSRS reporting by a large listed issuer helps set market practice for disclosure quality and comparability at a time when lenders and investors are placing greater weight on standardized transition-related reporting.

Tüpraş brings its TSRS compliant sustainability report into the mainstream reporting cycle

Tüpraş positioned its 2025 Integrated Annual Report around the publication of what it describes as its first sustainability report in full compliance with TSRS, tying disclosure more explicitly to its broader 2050 Strategic Transition Plan. For Türkiye's largest refiner, this is important not only as a reporting milestone but also as a sign that decarbonization strategy is being integrated more directly into mainstream investor communication and corporate governance.

Pegasus moves from sustainability disclosure to formal assurance governance

Pegasus disclosed its 2025 Sustainability Compliance Report on 4 March 2026, then used its 31 March AGM process to submit the 2025 TSRS Sustainability Report to shareholders. Aviation is under growing pressure to show credible transition progress, and the move from simple disclosure to formal assurance governance strengthens the reliability of sustainability information reaching the market.

THY implies TSRS sustainability reporting into its integrated annual reporting cycle

Türk Hava Yolları disclosed its 2025 Integrated Annual Report and TSRS-compliant sustainability report on 4 March 2026, then carried that reporting package into its general assembly process. This is strategically relevant because the flag carrier remains one of Türkiye's most internationally exposed service exporters, and more formalized sustainability reporting is becoming increasingly material for financing, international partnerships, and long-haul competitiveness.

Şişecam brings TSRS reporting and sustainable product economics into the general meeting discussion

At its 27 March 2026 AGM, Şişecam brought its 2024 TSRS-compliant sustainability report before shareholders and directly addressed an investor question on the revenue contribution and balance-sheet impact of sustainable products such as coated and solar glass. That matters because it shows sustainability moving beyond a separate ESG narrative and into the core industrial questions of product mix, margins, and export-oriented manufacturing strategy for one of Türkiye's most energy-intensive listed groups.

Türk Telekom couples TSRS approval with mandatory sustainability assurance setup

Türk Telekom published its first Türkiye Sustainability Reporting Standards (TSRS–compliant sustainability report in 2025, presented as a standalone TSRS compliant sustainability report alongside its annual reporting and addressing climate-related risks and opportunities under TSRS 1 and TSRS 2. The report was subjected to limited assurance under GDS 3000, with GDS 3410 applied to its greenhouse gas disclosures. This matters as it shows a large listed issuer putting the assurance and governance machinery that TSRS now requires formally in place, rather than treating sustainability as a disclosure practice alone, which is strengthening the credibility of the data reaching lenders and investors.

Arçelik places its low-carbon transition plan alongside TSRS reporting before shareholders

Arçelik's 16 March 2026 AGM agenda combined the discussion and approval of its 2024 TSRS-compliant sustainability report with shareholder information on the company's low-carbon economy transition plan. The move is important because white goods producers selling into Europe face rising pressure on product efficiency, supply-chain emissions, and climate credibility, making transition planning an increasingly strategic issue for export competitiveness.

Çimsa integrates TSRS 1 and TSRS 2 disclosures into the financial reporting cycle

Çimsa stated on its KAP sustainability page that its TSRS 1 and TSRS 2 disclosures were reported simultaneously with its financial statements and shared publicly through its 30 March 2026 general assembly cycle. This is a meaningful development for a cement producer because it places climate and sustainability information inside the core reporting architecture of a sector that is directly exposed to industrial decarbonization pressure and future carbon-cost scrutiny.

Coca-Cola İçecek formalizes TSRS approval and assurance at its annual general meeting

At its 8 April 2026 AGM, Coca-Cola İçecek A.Ş. approved its 2024 Sustainability Report prepared in compliance with TSRS, noted that the report had been subject to mandatory sustainability assurance audit by PwC, and approved related audit and governance steps. The development matters because it shows that formal TSRS reporting and assurance are spreading into large Turkish consumer-sector issuers with broad regional operations and material water, packaging, and logistics footprints.

Aygaz extends formal TSRS governance into the energy distribution ecosystem

Aygaz announced that its ordinary general assembly approved the company's TSRS-compliant Sustainability Report for 2024 alongside its annual report and financial statements. This is noteworthy because it shows TSRS adoption spreading beyond a narrow group of early mover industrial names and deeper into Türkiye's broader listed energy and distribution landscape.

Tat Gıda brings TSRS reporting and mandatory assurance into its AGM process

Tat Gıda's AGM documentation stated that its 2024 TSRS-compliant sustainability report, for which mandatory sustainability assurance had been completed by PwC, would be submitted to shareholders for reading, discussion, and approval. This matters because it brings food processing more clearly into the TSRS and assurance wave at a time when water use, agricultural sourcing, and export-market disclosure expectations are becoming more material for the sector.

The World We Live In



What is going on in the world we live in?
The efforts put in, and attentions paid are what matter
in this case. Sustainability and the data blend here to
show a worse picture of our world.

While the world warms, Europe is doing so twice
as fast as the global average. The data here tells a
story of records broken, ecosystems stressed, and a
continent running out of time.

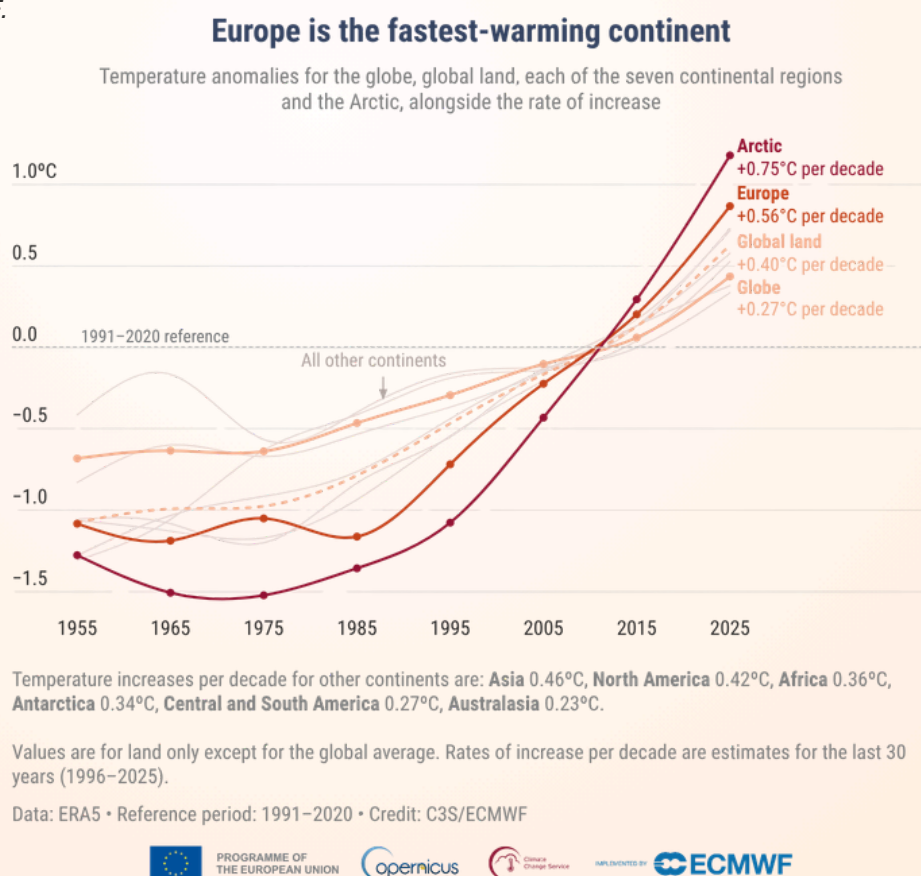
The Fastest-Warming Continent on Earth

The ESOTC 2025 report confirms that Europe has warmed at around $+0.56^{\circ}\text{C}$ per decade over the last 30 years, more than double the global average of around $+0.27^{\circ}\text{C}$ per decade. Since pre-industrial times, Europe has warmed by around $+2.4^{\circ}\text{C}$, compared with around $+1.4^{\circ}\text{C}$ globally. In practical terms, almost the entire continent, at least 95% of its land area, recorded above-average annual temperatures in 2025. Several northern European countries logged their warmest or second-warmest year on record.

The asymmetry is stark. While the globe is warming, Europe is warming much faster than the global average, with particularly rapid warming in parts of central and eastern Europe and in the European Arctic. This acceleration is linked to a combination of factors, including changing weather patterns, reduced snow cover, reduced air pollution and Europe's geography, including its extension into the rapidly warming Arctic.

Europe's surrounding seas also showed exceptional warming in 2025. The European ocean region recorded its highest annual average sea surface temperature on record, while the Mediterranean Sea recorded its second-highest annual average sea surface temperature, behind 2024. For context, 2025 remained among Europe's warmest years on record. Warming is not a future risk for Europe; it is already the continent's present climate condition.

Figure 1.1: 10-year average temperature anomalies (vs. 1991–2020) across global, Arctic, and continental regions. Values are land-only (except global) and feature linear trends for 1996–2025. Data: ERA5. Credit: C3S/ECMWF.



In simple terms: Europe's thermometer is rising roughly twice as fast as the planet's average. By the end of 2025, the continent sat 2.4°C above where it was before the industrial era, a level that would have been considered a worst-case projection only two decades ago. ■

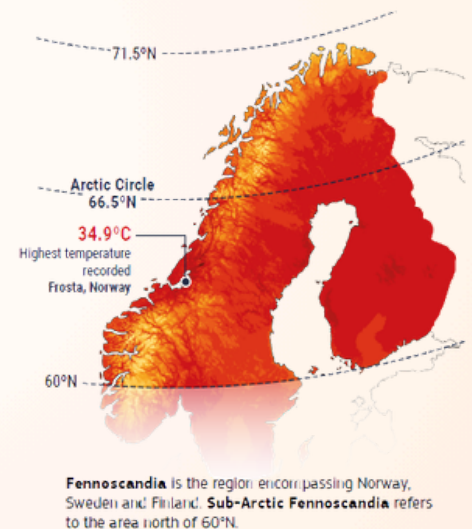
Record Heat from the Arctic Circle to the Mediterranean

In 2025, Europe experienced one of its most severe heatwave periods on record. The most dramatic event unfolded in sub-Arctic Fennoscandia, the region covering northern Norway, Sweden, and Finland north of 60°N, which recorded its longest and most severe heatwave in observed history. The event lasted 21 days, from 12 July to 1 August, with a mean temperature anomaly of +10.2°C. Temperatures reached or exceeded 30°C close to and within the Arctic Circle, peaking at 34.9°C in Frosta, Norway.

The same anomalous heat pattern extended into Europe's surrounding seas. The annual sea surface temperature for the entire European ocean region set a new all-time record in 2025, and a record 86% of that ocean area (excluding ice-covered zones) experienced at least 'strong' marine heatwave conditions. The entire Mediterranean Sea experienced such conditions for the third consecutive year (2023, 2024, and 2025).

Marine heatwaves are not merely an environmental footnote. They drive mass mortality events in marine species, destabilise fish migration patterns, and fuel atmospheric instability that feeds extreme coastal weather. For the Mediterranean in particular, where the *Posidonia oceanica* seagrass ecosystems that act as critical carbon sinks have already declined 34% in 50 years, the persistence of extreme ocean heat represents a slow-moving structural crisis.

Arctic Norway saw temperatures in July that would not be unusual in southern Spain. And 86 out of every 100 square kilometres of European ocean were experiencing a marine heatwave. These are not anomalies, they are the new baseline.



Extreme heat to be a crisis

Europe's climate in 2025 was defined by records that no longer surprise, they accumulate. The continent warmed at more than twice the global average rate, its seas reached all-time high surface temperatures, and sub-Arctic Fennoscandia recorded a 21-day heatwave, with temperatures reaching or exceeding 30°C close to and within the Arctic Circle and peaking at 34.9°C in Frosta, Norway. Drought gripped the soil across most of the continent while wildfires consumed record areas in Spain, the UK, and Germany, not as isolated disasters, but as predictable outputs of a physical system that is systematically shifting. The data from the European State of the Climate 2025 does not describe a bad year; it describes a direction. ■

Cutting-Edge Publications

A summary of what's published in sustainability field.

Horowitz, Russell, Dirk-Jan van de Ven, and Georg Holtz. 2026. "The Role of Carbon Border Adjustment in Steel Decarbonization.,, Environmental Research Letters 21(3): 034025. DOI: <https://doi.org/10.1088/1748-9326/ae3fb1>

This article asks how a carbon border adjustment mechanism would affect global iron and steel production, trade, leakage, and technology deployment under deep decarbonization. The authors modify GCAM 7.0, an integrated assessment model covering 32 global regions, by expanding steel technologies from 9 to 18, capping global scrap use at 1,090 Mt in 2050, and differentiating six steel trade pools by origin and emissions intensity. The steel sector is policy-relevant because the authors note that it represents about USD 2.5 trillion in revenue and 7% of energy-sector CO₂ emissions. The most policy-relevant result is conditional on free allowances outside the OECD: an OECD CBAM raises OECD consumption of OECD steel by 139 Mt, or 73.9%, reduces consumption of non-OECD steel by 148 Mt, or 65.3%, increases OECD low-emissions steel by about 65%, and cuts global steel-sector CO₂ by 0.33 Gt in 2030 and 0.32 Gt in 2050. However, when CBAM is combined with removing OECD free allowances, OECD exports to non-OECD markets fall by 94.4 Mt, or 85.1%, in 2030; emissions fall by about 0.5 Gt in 2030 but rise by about 0.2 Gt in 2050 as cleaner OECD steel is displaced. The implication is that CBAM can protect domestic markets and accelerate low-carbon steel, but it must be paired with careful treatment of export competitiveness and support for green industrial development in developing regions.

The Potential of Carbon Border Adjustments to Support Climate Cooperation

Beaufils, Timothé, Joschka Wanner, and Leonie Wenz. 2026. "The Potential of Carbon Border Adjustments to Foster Climate Cooperation.,, Journal of the Association of Environmental and Resource Economists.

This JAERE article examines whether the EU CBAM can induce trade partners to adopt their own carbon prices, rather than merely reducing leakage at the EU border. The authors combine a general-equilibrium quantitative trade model with a coalition-formation game, using empirical trade-flow data for 56 sectors and 43 countries; their benchmark models EU climate policy at a carbon price of USD 100/tCO₂. The article is listed by PIK as a 2026 online Journal of the Association of Environmental and Resource Economists article. Without border adjustment, EU carbon pricing cuts European emissions by 505 MtCO₂ per year, but global emissions fall by only 305 MtCO₂ because leakage offsets 40% of the EU reduction. With CBAM, leakage falls to 15% and global emissions reductions rise to 399 MtCO₂. With policy response by trading partners, global reductions reach 691 MtCO₂, 73% above the EU-only policy case, because Canada, Japan, South Korea, and Taiwan join the "climate coalition." The authors also report that broader CBAM product coverage or inclusion of indirect emissions expands coalition incentives, while export rebates make coalition membership unattractive. The policy implication is that CBAM design affects not only competitiveness and leakage, but also international policy diffusion; export rebates may weaken that diplomatic-climate channel.

Do Decarbonization Policies Work? Evidence from a Global Meta-Analysis

3) Zhang, Weimin, Benjamin K. Sovacool, and Cutler Cleveland. 2026. "Do Decarbonization Policies Work? Evidence from a Global Meta-Analysis." *Energy Economics* 154: 109145, 14 pp.

This article synthesizes ex-post empirical evidence on whether decarbonization policies measurably reduce emissions. The authors conduct a systematic meta-analysis of 99 empirical studies, harmonizing more than 1,000 standardized effect sizes across 37 policy instruments worldwide. The article is published in *Energy Economics*, volume 154, article 109145, and the Aarhus University Pure record identifies it as a peer-reviewed journal article with 14 pages. The central quantitative result is that multi-model comparisons produce average national emissions reductions of 10.5%–12.6% across the policy estimates included in the study. The evidence base is geographically uneven, with most studies drawn from the EU, United States, Canada, and China. The meta-analysis finds statistically significant mitigation effects for market-based instruments, especially carbon pricing and taxation, and for several ETS designs, including the UK's carbon price support, Canada's ETS, U.S. cap-and-trade, and China's ETS. By contrast, net energy metering, emissions performance standards, and the Swiss ETS are reported to have counterproductive effects, meaning emissions increases in the evidence reviewed. The policy implication is not simply "more policies," but better instrument-sector matching: energy-efficiency policies perform differently when applied within one sector versus across sectors, and market mechanisms display sectoral selectivity. For agenda-setting, this supports pairing carbon pricing with sector-specific design and expanding empirical evaluation beyond high-income and large-emitter jurisdictions.

State and Trends of Carbon Pricing

World Bank. 2026. *State and Trends of Carbon Pricing 2026*. Washington, DC: World Bank, 76 pp.

This flagship World Bank report provides the annual global stocktake of direct carbon pricing instruments: emissions trading systems, carbon taxes, and carbon crediting mechanisms. The report page states that the 2026 edition draws on compliance instruments and carbon-crediting data, while the World Bank dashboard structures the data into compliance instruments and carbon crediting markets, including coverage, prices, revenues, issuances, and Article 6.2 participation. The core quantitative findings are that direct carbon pricing now covers just over 29%, or nearly 30%, of global GHG emissions across 87 implemented policies; this is up by seven policies from the previous year. Carbon pricing mobilized more than USD 107 billion for public budgets in 2025, tripling from below USD 30 billion in 2016. Direct carbon prices rose 7% since the prior edition, doubled over the decade, and averaged nearly USD 21/tCO₂e. On carbon credits, overall issuances rose 8% from 2024 to 2025, while prices declined slightly; credits eligible for international aviation use or highly rated forest conservation and reforestation projects retained a premium. The policy implication is that carbon pricing is now mainstream fiscal-climate infrastructure, especially as all large middle-income economies have implemented or are planning direct instruments; the next frontier is effective price levels, revenue use, and credit-market quality rather than headline adoption alone.

DATA CORNER

Taking a look at metrics

FIGURE 1 | S&P 500 vs S&P 500 ESG



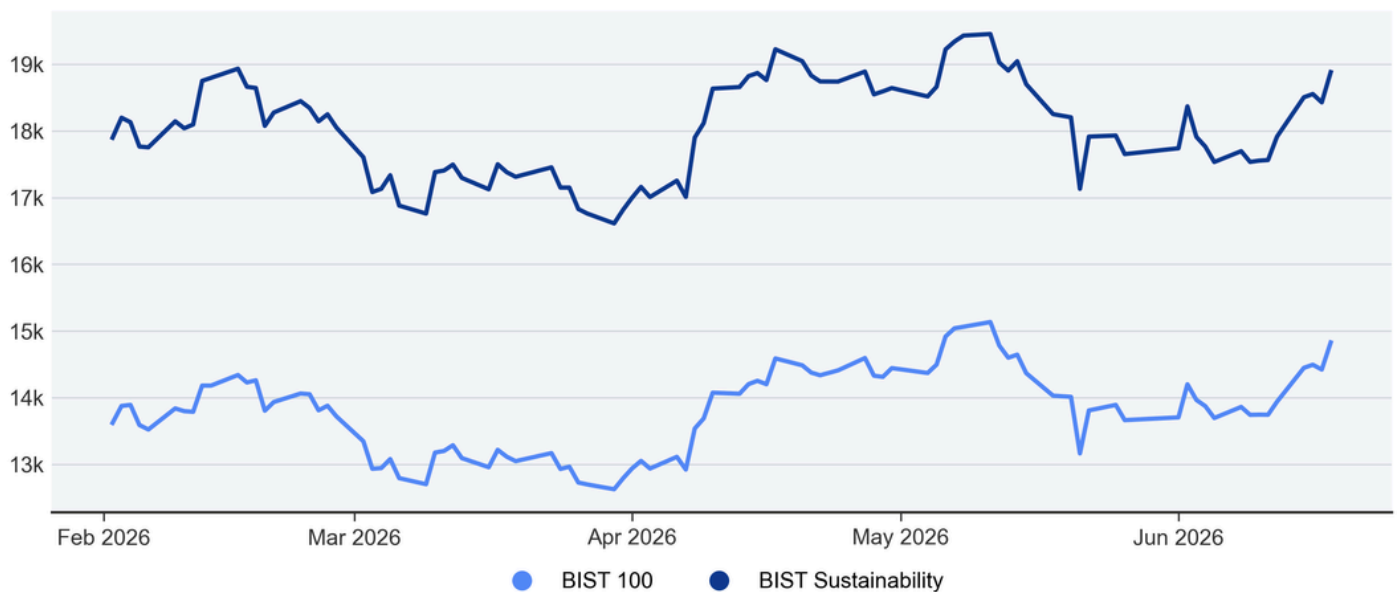
Source: Yahoo Finance

The index opened 2026 near 6,800, sold off hard into late March as the war hit (the VIX spiked toward 31), then recovered from end-March on the AI mega-cap earnings engine. A small cohort; Micron, Nvidia, Alphabet; accounted for over 40% of the year's S&P 500 EPS revision, which is what pulled the index back to records. The ESG line tracks the parent almost perfectly because the S&P 500 ESG index is a broad re-weighting that preserves sector exposure, the honest takeaway is that ESG screening neither helped nor hurt materially over this window.

DATA CORNER

Taking a look at metrics

FIGURE 2 | BIST 100 vs BIST Sustainability



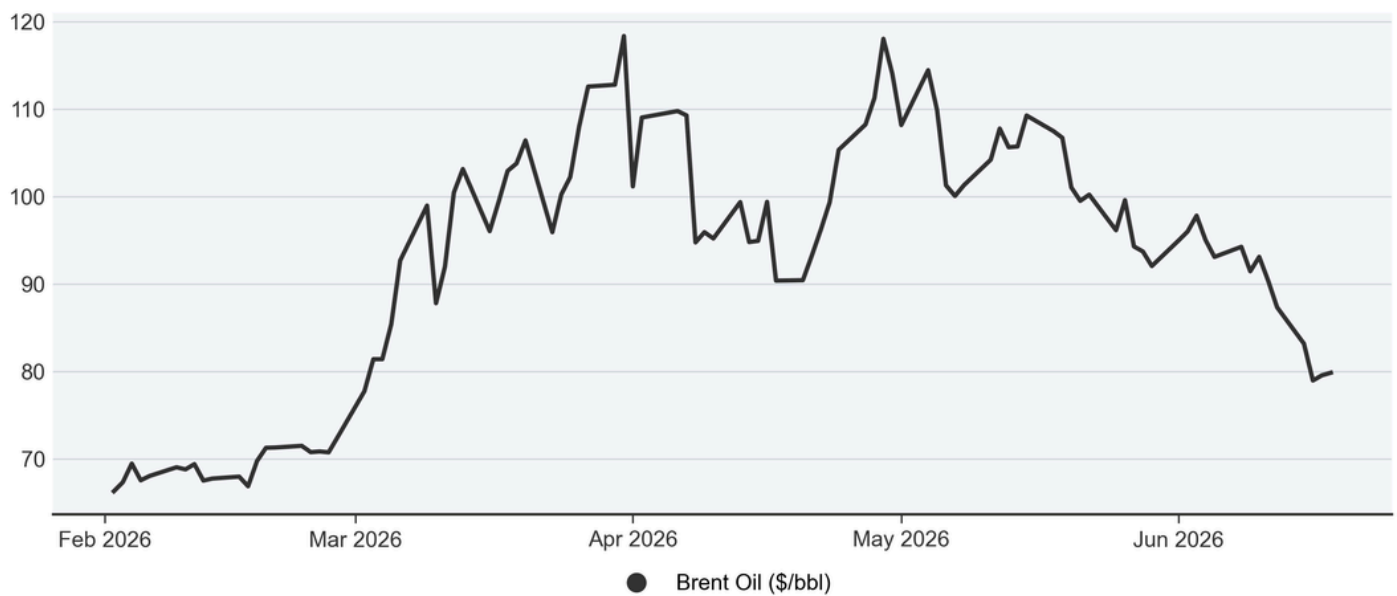
Source: BIST Data via CSV

Turkish equities followed the same broad risk cycle but with additional local sensitivity to energy prices, the lira and domestic policy expectations. The early-March decline was consistent with regional-war risk and safe-haven flows. It was reported that BIST 100 fell from a February record as Middle East conflict drove investors away from Turkish assets, pressured the lira, and raised expectations that the central bank would pause rate cuts. The BIST Sustainability Index moved closely with the BIST 100 because it is still exposed to Türkiye's overall equity market beta, sustainability screening did not isolate itself from macro and geopolitical shocks.

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Taking a look at metrics

FIGURE 3 | Brent Oil Futures



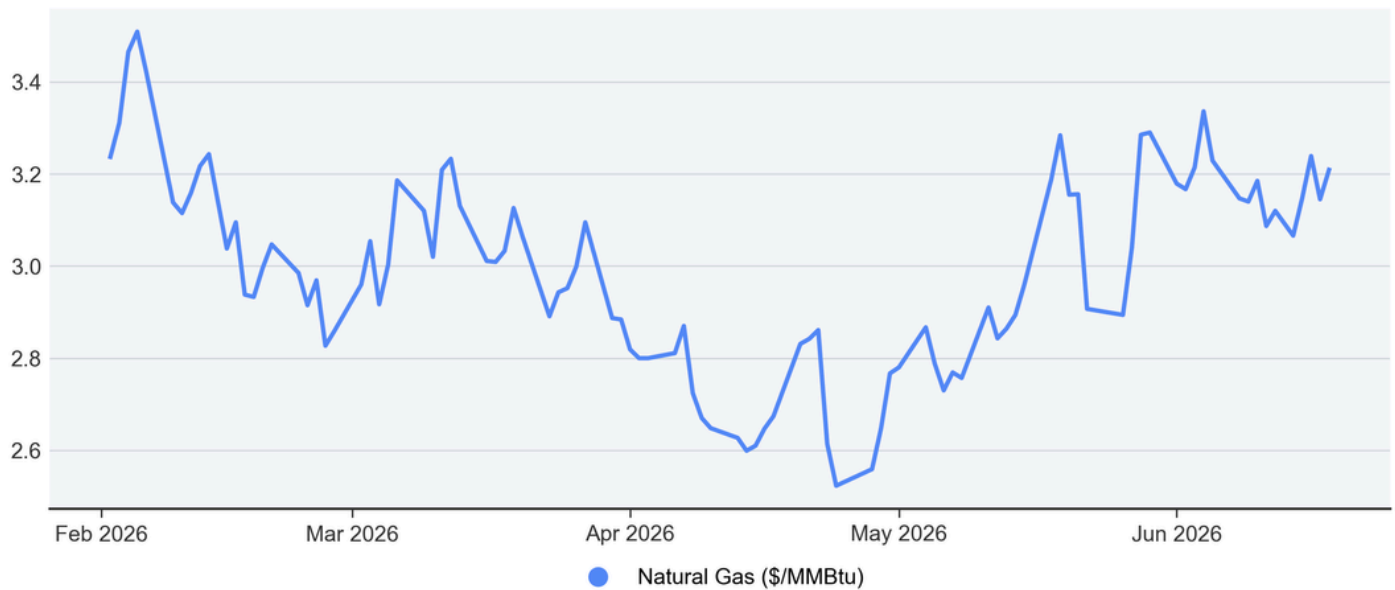
Source: Investing.com CSV

Brent is the clearest geopolitical-supply-risk chart in the Data Corner. Prices rose from the high \$60s/low \$70s zone into the March spike because the Strait of Hormuz disruption directly threatened a major global oil transit route. The brief dip below the peak reflected temporary ceasefire hopes, while renewed uncertainty over the durability of the ceasefire and the pace of shipping normalization kept prices volatile into May.

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Taking a look at metrics

FIGURE 4 | Natural Gas Futures



Source: Investing.com CSV

Natural gas stayed much more range-bound than Brent because it is primarily a North American domestic gas benchmark and mild spring weather, healthy storage injections and strong supply expectations kept prices from following oil into a full geopolitical spike.

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Taking a look at metrics

FIGURE 5 | Copper Futures



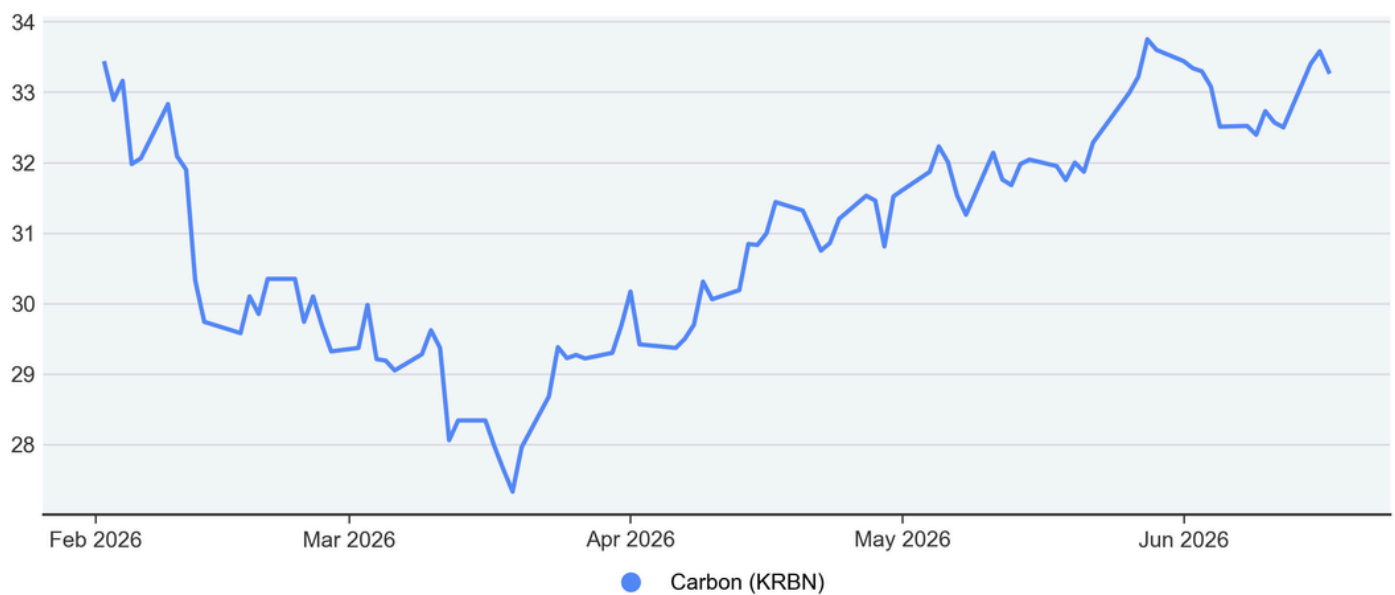
Source: Investing.com CSV

Copper initially sold off because the Hormuz shock and energy-price surge raised fears about global manufacturing demand, which is central to copper consumption. Reuters later described the war as pushing up energy prices and straining manufacturing, a strategic demand sector for copper. The rebound was not only a demand story; it was also driven by U.S. tariff-risk positioning and physical market arbitrage. It was reported that U.S. imports of refined copper more than doubled YoY in the first quarter, CME stocks rose sharply, and LME metal was migrating toward the United States as traders positioned ahead of possible refined copper tariffs. The June easing should therefore be described as a mix of profit-taking and macro caution, macro concerns and higher-rate risks were outweighing tariff support by 10 June.

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Taking a look at metrics

FIGURE 6 | Carbon Emissions (KRBN ETF)



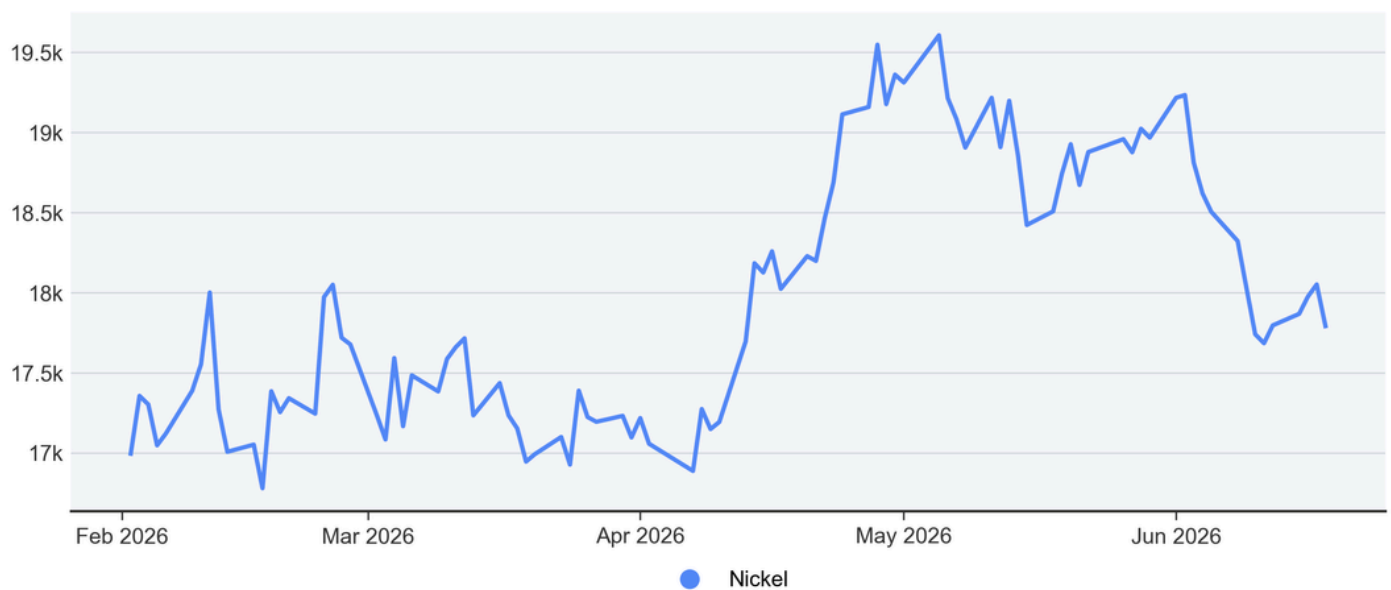
Source: Yahoo Finance

The March trough in KRBN is consistent with the parallel weakness in EU carbon prices, which were hit by policy-intervention risk, industrial cost concerns and the broader risk-off environment. It was reported that EU benchmark carbon prices fell sharply in February, and by March the benchmark contract touched its lowest level since April 2025 after signals that the EU might moderate tightening and free-allocation rules. The later recovery toward the mid-\$30 area reflects the same normalization seen in European allowances as energy panic eased and carbon prices rebounded.

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Taking a look at metrics

FIGURE 7 | Nickel Futures



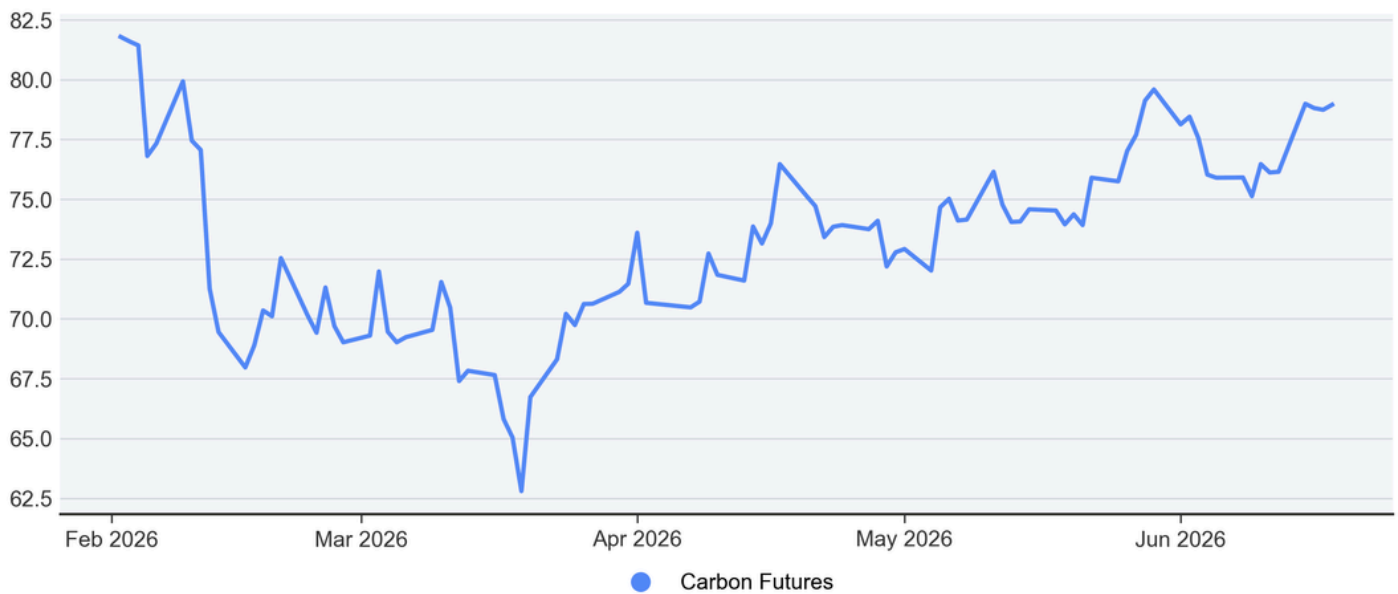
Source: Investing.com CSV

Nickel's pattern is better explained by supply-chain stress than by demand alone. Prices were choppy in the \$17000-\$18000 range early in the period, then rallied as Indonesian supply constraints became more credible. Surging sulfur prices caused by the continued Hormuz closure were affecting Indonesia's nickel sector, while tighter mine quotas and changes to ore-pricing rules raised costs for producers. The May rally toward the two year high therefore reflects a combination of Indonesian supply discipline, higher HPAL (High Pressure Acid Leaching) input costs and expectations that years of oversupply might finally ease.

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Taking a look at metrics

FIGURE 8 | Carbon Emissions Futures - Mar 2026



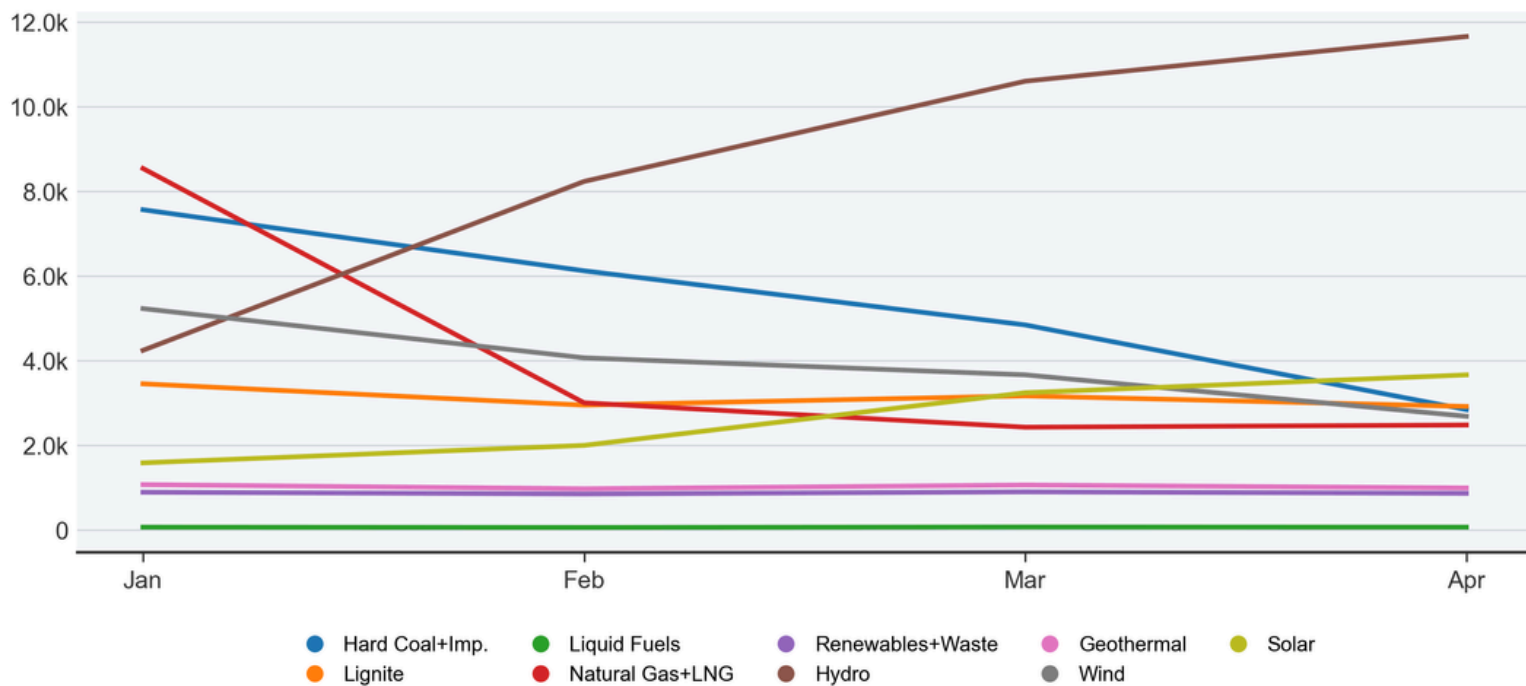
Source: Investing.com CSV

EU Allowances started 2026 strong, sold off to a March low due to policy intervention risk, industrial-cost concerns and broader risk-off sentiment, then recovered to the high €70s.

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FIGURE 9 | Electricity Generation by Source (2026)



Source: TEİAŞ (Apr 2026 Report)

Heavy spring rains filled the dams, so hydro surged from around 4.2k GWh in January to around 11.6k by April and became the dominant source, displacing both expensive gas and expensive imported coal, as the latter made costlier by the war.

The effect was displacement, when hydro is abundant, gas and imported coal are pushed down in the order, which matters especially when imported fuel prices rise during geopolitical shocks. The sustainability takeaway is that rainfall-driven hydro materially lowered short-term fossil generation and import exposure, but it also highlights weather dependence; without continued reservoir inflows, the system could swing back toward gas and coal later in the year.



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