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CLIMATE LAW

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PART ONE
General Provisions
CHAPTER ONE
Initial Provisions

Objective and scope

ARTICLE 1 – (1) The objective of this Law is to mitigate climate change in line with the green growth vision and net-zero emissions target.

(2) This Law covers the reduction of greenhouse gas emissions, which is fundamental to mitigating climate change, and climate change adaptation activities, as well as planning and implementation instruments, revenues, permits and supervision, and the procedures and principles of the legal and institutional framework related to these.

Definitions

ARTICLE 2 – (1) The following shall apply in the implementation of this Law:

a) Fair transition: Policies and practices that ensure an inclusive process in mitigating climate change and achieving green growth, particularly prioritizing groups most affected by the process such as children, women, the elderly, and persons with disabilities, where employment is managed through appropriate measures, new job opportunities are created, and economic, environmental, and social benefits are maximized.

b) Minister: The Minister of Environment, Urbanization and Climate Change.

c) Ministry: The Ministry of Environment, Urbanization and Climate Change.

ç) Director: The Director of Climate Change.

d) Directorate: The Presidency of Climate Change.

e) Primary market: The market in which allowances are distributed to market participants through tenders.

f) Offsetting: The use of carbon credits within the scope of the Emissions Trading System or for fulfilling voluntary commitments.

g) Emissions Trading System (ETS): A national and/or international market-based mechanism operating on the principle of setting an upper limit compatible with the net-zero emission target for greenhouse gas emissions, and encouraging greenhouse gas emission reductions through the trading of allowances.

ğ) Emissions Trading System market (ETS market): Primary and secondary markets, organized and operated by a market operator and conducting regular activities, where purchase and sale of allowances and/or other standardized emission trading contracts are conducted.

h) Flexibility mechanisms: Processes allowing operators within the ETS to use allowances from the previous or subsequent period, or offsets, and similar options to meet their compliance obligations.

ı) Embedded greenhouse gas emissions: Direct emissions generated during the production of a product, and indirect emissions arising from the use of energy such as electricity, heat, steam, cooling, and compressed air in the production process.

i) Voluntary carbon markets: Markets where carbon credits are traded on a voluntary basis.

j) Secondary markets: Markets where allowances are traded after free distribution and/or sales in the primary market.

k) Climate justice: Policies and practices aiming to eliminate inequalities caused by climate change and efforts to prevent or adapt to it.

l) Climate change adaptation: The process of preventing the existing or potential adverse effects of climate change, or minimizing possible damages, or taking advantage of potential opportunities that may arise.

m) Climate financing: Local, national, supranational, or international financing provided from public, private, and alternative sources as part of efforts to combat climate change, aimed at supporting greenhouse gas emission reduction and climate change adaptation activities.

n) Climate change mitigation incentive: Incentives supporting greenhouse gas emission reduction and climate change adaptation activities through planning and implementation instruments within the scope of mitigating climate change.

o) Carbon pricing instruments: ETS and/or carbon-based taxes and similar instruments implemented to reduce greenhouse gas emissions.

ö) Carbon credit: A credit, expressed in terms of one tonne of carbon dioxide equivalent, obtained as a result of the validation and verification of greenhouse gas emission reduction or removal activities by independent entities and the certification of such activities by a standard-setting body.

p) Carbon dioxide equivalent: A metric measure expressing the quantity or global warming potential of greenhouse gases in terms of carbon dioxide.

r) Central clearing institution: The institution established as a central clearing house under the Capital Markets Law No. 6362 dated 6/12/2012, responsible for financial operations such as cash settlement and collateral management between market participants, as defined in the relevant regulation.

s) Net-zero emissions: A state where there is no net increase in greenhouse gas emissions by reducing greenhouse gas emissions due to human activities through technology and other methods and/or balancing them through sinks.

ş) Common but differentiated responsibilities and respective capabilities: The principle recognized in international agreements acknowledging that countries have different capacities and responsibilities in mitigating climate change.

t) Ozone-depleting substances: Chemicals and their isomers that have ozone-depleting potential, whether used alone or in mixtures, and are controlled under the Montreal Protocol on Substances that Deplete the Ozone Layer, approved by the Council of Ministers Decision No. 90/733 of 1/8/1990.

u) Market stability mechanism: Actions and processes implemented to ensure price stability of allowances.

ü) Market operator: Enerji Piyasaları İşletme Anonim Şirketi

v) Planning instruments: Plans, programs, strategies, action plans, and other policy documents prepared by institutions and organizations that directly or indirectly contribute to mitigating climate change.

y) Project owner: The natural or legal person developing the activity that will generate carbon credits.

z) Greenhouse gas emission: The release of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and other gas-like atmospheric components that absorb and re-emit infrared radiation, originating from both natural and anthropogenic sources.

aa) Reduction of greenhouse gas emissions: Activities to reduce greenhouse gas emissions and to protect, enhance, and improve sink areas.

bb) Carbon Border Adjustment Mechanism (CBAM): The mechanism for managing greenhouse gas emissions associated with imported goods within the customs territory.

cc) Allowance: A fungible, transferable, dematerialized right corresponding to one ton of carbon dioxide equivalent of greenhouse gases for a specific period.

çç) Türkiye Green Taxonomy (Taxonomy): Classification systems that define principles and criteria for economic activities contributing to climate change mitigation in line with set environmental goals, thereby facilitating the mobilization of climate finance.

dd) Nationally Determined Contribution: The document prepared periodically under the coordination of the Directorate, in cooperation with relevant institutions and organizations, taking into account international agreements and standards, incorporatingthe targets and commitments for greenhouse gas emission reduction and climate change adaptation, and submitted to the Secretariat of the United Nations Framework Convention on Climate Change.

ee) National allowance plan: The total amount of allowances set within an upper limit for a specific period.

ff) International carbon markets: Mechanisms established under international agreements to which our Country is a party, aimed at achieving the targets set out in the Nationally Determined Contribution.

gg) Implementation instruments: Activities related to financing, technology development and transfer, and capacity building for mitigating climate change.

ğğ) Green jobs: Jobs supporting sustainable development and green growth by contributing to the protection of the environment and natural resources, enhancing environmental quality..

hh) Sink: Processes, activities, and mechanisms that absorb carbon from the atmosphere through forests and other ecosystems, thereby balancing carbon dioxide emissions.

CHAPTER TWO
General Principles and Procedures

Principles

ARTICLE 3 – (1) The general principles of mitigating climate change are as follows:

a) In mitigating climate change, the approaches of equality, climate justice, precaution, participation, integration, sustainability, transparency, fair transition, and progression shall be taken as the basis, taking into account the principle of common but differentiated responsibilities and respective capabilities of our country.

b) Public institutions and organizations, as well as natural and legal persons, are obliged to comply in due time with the measures and regulations to be adopted in accordance with this Law in consideration of the public interest, and to implement them.

c) In the Nationally Determined Contribution, the country's development priorities and specific circumstances shall be taken into account in line with the net-zero emission target, and measures shall be taken within this framework.

Procedures

ARTICLE 4 – (1) Progress related to greenhouse gas emission reduction and climate change adaptation activities shall be monitored annually by the Directorate.

(2) Within the scope of this Law, the Directorate shall be authorized, within its field of responsibility, to ensure inter-institutional coordination, to determine activities and standards, to monitor developments, and to regulate market-based mechanisms related to carbon pricing for the purpose of taking necessary measures.

(3) Public institutions and organizations, as well as natural and legal persons, shall prepare, commission, implement, support, and cooperate on plans and projects within the scope of their authorities and responsibilities.

(4) Without prejudice to the provisions of the Law on the Protection of Personal Data No. 6698, the Directorate shall be authorized to directly request any information, documents, and data it deems necessary for the implementation of this Law from public institutions and organizations, as well as from natural and legal persons. Those requested to provide information and documents are obliged to share them with the Directorate free of charge and within the specified period. The Directorate shall primarily obtain the data it requires for its own operations from the National Geographical Information Platform, and it shall transfer both the data obtained and the data it produces to the National Geographical Information Platform to be shared with public institutions and organizations. If the data needed are not available on the National Geographical Information Platform, the Directorate may obtain them from the relevant public institutions and organizations through protocols. The procedures and principles for sharing information and documents related to national defense and national security shall be jointly determined by the Ministry and the relevant ministry.

(5) With respect to the powers granted to the Ministry under this Law, the Ministry may, clearly defining the scope and in written form, delegate such powers to the Directorate when deemed necessary.

PART TWO
Climate Change Mitigation
CHAPTER ONE
Climate Change Mitigation Activities

Greenhouse gas emission reduction activities

ARTICLE 5 - (1) Greenhouse gas emissions shall be reduced in line with the Nationally Determined Contribution, the net-zero emission target, and the strategies and action plans issued or updated by the Directorate.

(2) Sectoral greenhouse gas emission reduction activities specified in the Nationally Determined Contribution shall be carried out by the relevant institutions and organizations within the scope of their duties and responsibilities defined by legislation. In accordance with the sectoral policies and targets set forth in the Nationally Determined Contribution, the duties and responsibilities of the relevant institutions and organizations shall be reviewed in line with the principles set out in this Article, taking into account emerging needs. Within this framework, relevant public institutions and organizations may establish regulations consistent with the Nationally Determined Contribution and the net-zero emission target, following consultation with the Ministry and other relevant bodies.

(3) Relevant public institutions and organizations shall be responsible for adapting, preparing, implementing, monitoring, and updating their planning instruments containing medium- and long-term targets within the framework of greenhouse gas emission reduction activities.

(4) Institutions and organizations shall, in line with the net-zero emission target and the circular economy approach, be responsible for implementing mitigation measures in the sectors identified in the Nationally Determined Contribution. Such measures shall include improving energy, water, and raw material efficiency; preventing pollution at its source; increasing the use of renewable energy; reducing the carbon footprint of products, enterprises, and institutions; promoting the use of alternative clean or low-carbon fuels and raw materials; expanding electrification; and enhancing the development and use of clean technologies. These measures shall be implemented in accordance with the principles of a fair transition, and institutions and organizations shall also be responsible for establishing, implementing, and monitoring zero-waste systems.

(5) To balance emissions in line with the net-zero emission target, relevant institutions and organizations shall take measures to prevent carbon sink losses in forest, agricultural, pasture, and wetland areas, and shall ensure the protection and enhancement of sinks and protected areas.

Climate change adaptation activities

ARTICLE 6 – (1) In line with the Nationally Determined Contribution, the net-zero emission target, and the strategies and action plans issued or updated by the Directorate, relevant institutions and organizations shall carry out adaptation activities to prevent or minimize existing or potential climate-related losses and damages, reduce risks, or utilize emerging opportunities.

(2) Climate change adaptation activities specified in the Nationally Determined Contribution shall be carried out by institutions and organizations within the scope of their legal duties and responsibilities. In line with the needs arising from the implementation of sectoral policies set out in the Nationally Determined Contribution and the achievement of targets, the existing duties and responsibilities of relevant institutions and organizations shall be reviewed in line with the principles set forth in this Article. Within this framework, and in consultation with the Ministry and relevant bodies, public institutions and organizations may establish regulations consistent with the Nationally Determined Contribution and the net-zero emission target.

(3) Relevant public institutions and organizations are responsible to prepare and commission planning instruments, as well as vulnerability and risk analyses, at national and local levels related to climate change adaptation, taking these instruments and analyses into consideration in investment and planning processes and duly implementing them.

(4) To ensure effective management of water resources against the impacts of climate change, relevant public institutions and organizations shall prepare and implement appropriate planning instruments.

(5) Relevant public institutions and organizations shall take measures to reduce the impacts of climate change on ecosystems and biodiversity and to ensure sustainable ecosystem management. Marine and terrestrial protected areas shall be preserved, their quality and coverage enhanced, and land degradation neutrality shall be ensured in areas affected or likely to be affected by climate change. Sinks established in non-forest areas under afforestation, soil conservation, and erosion control efforts shall be sustainably managed in line with the net-zero emission target.

(6) Relevant public institutions and organizations shall develop planning instruments for the agricultural sector that incorporate ecosystem-based adaptation, nature-based solutions, and water budgeting approaches, with the aim of ensuring food security and the sustainability of agriculture through climate-resilient crop patterns. In doing so, they shall observe the balance between conservation and use of natural resources, ecosystems, and biodiversity, and promote the dissemination of necessary techniques and technologies.

(7) To reduce losses and damages caused by climate-related disasters, risk assessment, monitoring, information, and early warning systems shall be developed based on the principles of integrated disaster management.

CHAPTER TWO
Planning and Implementation Instruments

Planning instruments

ARTICLE 7 - (1) In the plans, programs, strategies, action plans, and other policy documents prepared by institutions and organizations, the strategies and action plans issued by the Directorate for mitigating climate change within the framework of the green growth vision and the net-zero emission target, as well as the principles set out in this Law, shall be taken into account.

(2) Climate change strategies and action plans shall be periodically prepared, implemented, monitored, evaluated, and, when necessary, updated at the national or regional level under the

coordination of the Directorate, in cooperation with relevant institutions and organizations, to carry out greenhouse gas emission reduction and climate change adaptation activities.

(3) In each province, a Provincial Climate Change Coordination Board consisting of representatives of the relevant institutions and organizations, including, where applicable, their provincial or regional branches, and representatives of local administrations shall be established under the chairmanship of the governor to determine strategies, actions, and areas of implementation in accordance with provincial conditions and to ensure their execution. The secretariat of the Board shall be carried out by the provincial organization of the Ministry, and the working procedures and principles of the Board shall be determined by the Ministry.

(4) Local climate change action plans, aimed at greenhouse gas emission reduction and climate change adaptation while ensuring the requirements of a fair transition, shall be prepared or commissioned under the coordination of the governor as an integrated plan for each province. In metropolitan provinces, the plans shall be prepared jointly by the metropolitan municipality; in other provinces, by the provincial municipality and the provincial administration, with the participation of relevant institutions and organizations.The plans shall then be submitted to the Provincial Climate Change Coordination Board for approval. During the preparation or monitoring of local climate change action plans, relevant institutions and organizations shall share requested documents, information, and data in accordance with the provisions of the applicable legislation.

(5) Sectoral vulnerability and risk analyses shall be periodically prepared and updated by the Directorate, using climate models, to serve as a basis for the preparation of strategies and action plans.

Implementation instruments

ARTICLE 8 - (1) The principles regarding financial instruments within the scope of this Law are as follows:

(a) For activities and investments to be carried out by institutions and organizations for mitigating climate change, it is essential to develop and utilize climate finance and climate change mitigation incentive resources, to enhance insurance instruments, and to promote green and sustainable capital market instruments, bank financing, and other financial mechanisms.

(b) Within the framework of circular economy objectives and zero waste practices, studies aimed at determining mandatory utilization rates for products obtained through reuse, the use of waste as by-products or alternative raw materials and recycling/recovery shall be carried out by the Ministry in coordination with the relevant ministries, and corresponding support mechanisms shall be developed.

(c) Within the scope of this Law, the Directorate shall prepare national, sectoral, and thematic reports; develop climate change incentive mechanisms to facilitate the direction of financial resources toward climate change mitigation investments; and establish and operate the Türkiye Green Taxonomy.

(ç) To address the embedded greenhouse gas emissions of goods imported into the Turkish Customs Territory, a Carbon Border Adjustment Mechanism may be established. The reporting, scope, content, procedures, and principles regarding the CBAM shall be determined by the Ministry of Trade in coordination with the relevant ministries.

(2) The principles regarding technology instruments within the scope of this Law are as follows:

(a) In the planning and implementation instruments prepared by relevant institutions and organizations, it shall be a primary objective to enhance technological self-sufficiency capacity, with an emphasis on developing and promoting the use of clean technologies.

(b) The Directorate is authorized to cooperate with relevant institutions for monitoring new technological developments related to climate change mitigation such as carbon capture and storage technologies and hydrogen technologies to promote the development of projects in these areas, to guide institutions toward work in such fields, and to ensure coordination among them.

(c) In coordination with the relevant institutions affiliated with the Directorate, institutes and research and application centers may be established.

(3) The principles regarding capacity building instruments within the scope of this Law are as follows:

(a) Institutions and organizations shall carry out education, awareness-raising, and capacity-building activities to increase public awareness and to foster societal sensitivity regarding the impacts of climate change.

(b) In coordination with the relevant ministries, the Ministry of National Education and the Council of Higher Education shall take the necessary steps to update curricula and educational programs at all levels of education and to train a green workforce.

(4) The procedures and principles concerning the implementation of this Article shall be determined by the relevant public institutions and organizations within their respective mandates, in line with the Nationally Determined Contribution, long-term climate change policy documents, and the net-zero emission target, taking into consideration the opinion of the Ministry.

CHAPTER THREE
Carbon Pricing

Establishment of the Emissions Trading System and principles of allowances

ARTICLE 9 - (1) The ETS shall be established by the Directorate, which shall also prepare the national allowance plan and carry out the distribution of allowances. In this context, flexibility mechanisms and market stability mechanisms may also be developed.

(2) The market operator shall operate the ETS market.

(3) Facilities conducting activities that cause direct greenhouse gas emissions, the principles of which are determined by regulation within the scope of ETS, shall be required to obtain a greenhouse gas emission permit from the Directorate in order to carry out such activities.

(4) In accordance with the procedures and principles set forth by regulation, during the validity period of the greenhouse gas emission permit, any changes in the nature or operation of the facility, or changes involving the natural or legal person holding the permit, shall result in the permit being updated or revoked by the Directorate.

(5) Facilities included within the ETS shall be obliged to surrender annual allowances corresponding to their verified annual greenhouse gas emission values. A facility that fails to fulfill its annual allowance surrender obligation shall, when surrendering allowances for the following calendar year, also be required to surrender an amount of allowances equal to the greenhouse gas emissions subject to the sanction specified in subparagraph (c) of paragraph four of Article 14.

(6) Free allowances within the ETS may be provided in proportion to historical emission data or benchmark values.

(7) National allowance plans shall be published in the Official Gazette.

(8) Transactions and procedures related to the allowances traded in the ETS market shall not be subject to the provisions of the State Procurement Law No. 2886 dated 8/9/1983.

(9) Allowances may not be subject to collateral agreements. Free allowances subject to surrender obligations may not be seized unless they have been transferred from the account to which they were initially issued in the registry system. Allowances shall be electronically issued and recorded, and the related rights shall be monitored on a holder-specific basis.

(10) Termination of a facility's operations, liquidation of the enterprise, or issuance of a concordat decision prior to the time for fulfilling the surrender obligation shall not exempt the operator from such obligation.

(11) Within the scope of this Law, the collateral and default guarantee account assets created for financial settlement and other financial transactions shall not be used for purposes other than intended, shall not be seized, pledged, or affected by administrative liquidation decisions, shall not be included in the bankruptcy estate, and no precautionary measures may be imposed upon them.

Duties, powers and responsabilities

ARTICLE 10 - (1) Without prejudice to the provisions of this Law and other relevant legislation regarding powers and responsibility:

a) Carbon Market Board:

1) The Board shall be chaired by the Minister, and composed of one Deputy Minister representing, respectively, the Ministry of Environment, Urbanization and Climate Change, the Ministry of Energy and Natural Resources, the Ministry of Treasury and Finance, the Ministry of Industry and Technology, the Ministry of Trade, the Ministry of Agriculture and Forestry, and the Ministry of Transport and Infrastructure; the Deputy President of the Strategy and Budget Directorate; the President of the Capital Markets Board; the President of the Energy Market Regulatory Authority; and the Director of Climate Change. The Directorate shall act as the secretariat of the Board. When deemed necessary, representatives of other public institutions and organizations, non-governmental organizations, professional associations, universities, and the private sector may be invited to the meetings without voting rights.

2) The Board shall approve the National allowance plan, decide on the distribution of free allowances within the ETS market, determine the quantity of allowances to be offered for sale in the primary market, decide on the proportion of offsetting transactions that may be used under the ETS, and establish plans, policies, strategies and actions related to the ETS. It shall also identify sectors, projects and activities that may be subject to international carbon markets, determine relevant limitations, and establish the basic policy on imports and exports.

3) The Board shall convene with a two-thirds majority of its full membership. Decisions shall be taken by open vote and by simple majority of the full membership. In the event of a tie, the chairman shall have casting vote.

b) Advisory Board; shall be chaired by the President of the Turkish Union of Chambers and Commodity Exchanges and composed of one senior-level representative from the Independent Industrialists' and Businessmen's Association, the Turkish Industry and Business Association, the International Investors Association, the Turkish Exporters Assembly, the Foreign Economic Relations Board, the Banks Association of Türkiye, the Turkish Insurance, Reinsurance and Pension Companies Association, the Financial Institutions Association, the Turkish Capital Markets Association, and the Chamber of Environmental Engineers of the Union of Chambers of Turkish Engineers and Architects, other relevant public institutions, professional organizations, non-governmental organizations, and universities may also be invited, depending on the subject matter, as well as one representative from the Directorate.The secretariat of the Advisory Board shall be carried out by Turkish Union of Chambers and Commodity Exchanges. The Advisory Board shall adopt advisory decisions concerning strategies and actions related to the ETS and international carbon markets. These decisions shall be submitted by the secretariat to the Directorate, together with their justifications, for presentation to the Carbon Market Board.

c) The Directorate; shall manage allowance processes, oversee the monitoring, reporting and verification of greenhouse gas emissions, regulate offsetting activities, determine the use of carbon credits within the ETS, and carry out actions to develop policies and make decisions regarding the import and export of carbon credits at the international level. It shall cooperate with other markets and carry out studies to establish plans and policies for the conclusion of mutual recognition agreements under the ETS.

ç) Energy Market Regulatory Authority; Pursuant to this Law, the Electricity Market Law No. 6446 dated 14/3/2013, and the Organization and Duties of the Energy Market Regulatory Authority Law No. 4628 dated 20/2/2001, shall determine, after obtaining the opinion of the Capital Markets Board, the procedures and principles for market surveillance and supervision concerning market-distorting behaviors within the ETS market.

d) The Market operator; shall carry out financial settlement and other financial transactions related to the markets and shall report market-distorting behaviors to the Directorate and Energy Market Regulatory Authority. The market operator shall organize the trading of allowances and other standardized contracts related to emissions trading deemed appropriate by the Directorate and Energy Market Regulatory Authority within the ETS market, and fulfill the duties of a market operator. Market operator shall also establish a registry system for the issuance, holding, transfer, cancellation and redemption of allowances, record dematerialized allowances and the related rights electronically on a holder basis, ensure their safekeeping, and maintain the confidentiality of the records in accordance with the relevant legislation.

e) The Central Clearing Institution; shall conduct collateral management and cash settlement activities related to the ETS market.

(2) To ensure market transparency, data on free allowances, verified annual greenhouse gas emission values, and information regarding compliance with allowance surrender obligations of installations may be made publicly available upon the decision of the Carbon Market Board. The relevant provisions of the Electricity Market Law No. 6446 shall apply to any information and document requests made by Energy Market Regulatory Authority and the market operator as part of their supervision and monitoring activities in the ETS market.

(3) The Directorate shall determine the procedures and principles regarding the practices, scope, and operation of the ETS referred to in this Article, while the Energy Market Regulatory Authority, in coordination with the Ministry, the Ministry of Energy and Natural Resources, and the Capital Markets Board, shall determine the operational principles of the ETS market in accordance with these procedures and principles.

Voluntary carbon markets and offsetting

ARTICLE 11 - (1) Within the scope of the ETS, offsetting may be permitted for the purpose of fulfilling a portion of the allowance surrender obligations through the use of an equivalent amount of carbon credits.

(2) The Directorate shall determine the principles of a national carbon crediting and offsetting system to generate carbon credits through greenhouse gas emission reduction or removal activities, as well as activities that aim to enhance carbon sinks, to be used for offsetting transactions carried out under the ETS and voluntary commitments.

(3) In cases where the information, documents, or data submitted for offsetting projects referred to in second paragraph are found to be incorrect or fraudulent, the corresponding offset amount shall not be used to fulfill the allowance surrender obligation, and such obligation shall be deemed unfulfilled. In this case, the project owner shall be subject to the sanction specified under subparagraph (c) of paragraph four of Article 14 of this Law.

(4) The Directorate shall determine the procedures and principles regarding the use and generation of carbon credits, as well as the establishment and implementation of the national carbon crediting system under second paragraph. For this purpose, the Directorate may cooperate with relevant organizations to develop national standards and methodologies.

(5) Project owners of activities implemented or to be implemented within Türkiye that have produced or will produce carbon credits under national or international standards within any voluntary carbon market in Türkiye shall be obliged to register their projects in the carbon credit registry system within the period determined by the Directorate. The Directorate may cooperate with organizations that develop international standards within the scope of this Article.

PART THREE
Revenues, Sanctions and Miscellaneous Provisions

CHAPTER ONE
Revenues and Use of Supports

Revenues and revolving funds

ARTICLE 12 - (1) To be used for the purposes set forth in this Law, the following revenues shall be recorded as special revenues in the general budgets Schedule (B):

a) Revenues obtained from the issuance of greenhouse gas emission permits.

b) Revenues from the sale of allowances in the primary market under the ETS, and revenues arising from market stability mechanism transactions.

c) Fifty percent of the revenues obtained by the market operator from the ETS market.

ç) Contributions collected for carbon credits authorized in international carbon markets.

d) Fifty percent of administrative fines imposed under this Law.

(2) The total amount of revenues recorded in the general budgets Schedule (B) corresponding to the revenues listed in above paragraph shall be earmarked as a special appropriation in the Directorate budget and shall be administered by the Directorate. The Director shall have the authority to allocate additional appropriations in the event of revenue exceeding the appropriation, and to carry over unspent portions of the appropriations recorded in the budget to the following year. The procedures and principles regarding the collection of the revenues listed in the first paragraph and the use of appropriations allocated in the budget shall be determined by a regulation issued by the Directorate, upon the approval of the Ministry of Treasury and Finance and the Strategy and Budget Directorate.

(3) The Directorate is authorized to establish a revolving fund enterprise.

(4) The initial capital of the revolving fund enterprise shall be 10 million Turkish Liras. The President is authorized to increase this capital up to five times the initial amount.

(5) The areas of activity, duties, revenues, expenses, functioning, supervision, and implementation procedures of the revolving fund enterprise shall be regulated by a regulation issued by the Directorate, in accordance with the approval of the Ministry of Treasury and Finance and the Strategy and Budget Directorate.

(6) Revenues earmarked under this Article shall not be used for purposes other than green transition and climate change mitigation. Up to ten percent of these revenues may be used for activities carried out under the scope of fair transition practices. Accordingly, resources allocated as special appropriations in the Directorate budget for this purpose may be transferred as special appropriations to institutions covered by the general budget exclusively for use in fair transition applications, or to other central government administrations in accordance with relevant legislation. Transfers to other administrations under this paragraph shall not be subject to the limitations on budgetary transfers set forth in Article 21 of Public Financial Management and Control Law No. 5018 dated 10/12/2003 or the relevant provisions of the annual central government budget law. The President is authorized to carry over unspent portions of appropriations transferred to institutions covered by the general budget to the following year's budget.

Use of green transition and climate change mitigation supports

ARTICLE 13 - (1) In order to support Türkiye's green transition and efforts to mitigate climate change, it is essential to support activities and mechanisms implemented within this scope that contribute to climate-friendly investments with high potential for greenhouse gas emission reduction or climate change adaptation, as well as to research, development, and sectoral technological transformation required by green growth.

(2) In accordance with the decisions of the Carbon Market Board, appropriate mechanisms shall be established to ensure or encourage the use of green transition, climate change mitigation, and fair transition support by legal entities and public institutions operating primarily in ETS-covered sectors or in strategically prioritized sectors for the applications specified in this Law.

(3) Revenues of institutions and organizations within the scope of their own legislation shall be used, within the scope of their duties, to make, commission, or promote climate investments; to support the development of insurance instruments aimed at reducing perceived risks and borrowing costs of climate investments, to promote the issuance of green and sustainable capital market instruments, and to support the development and implementation of financial instruments that can also provide guarantees, grants, and financial cost support.

(4) The stock value of multi-year commitments in the use of green transition and climate change support shall not exceed twice the sum of the final realized special revenues of the last four years, calculated by increasing each year according to the revaluation rate determined and announced pursuant to the repeated Article 298 of the Tax Procedure Law No. 213 dated 4//11961 for the previous year.

(5) The procedures and principles regarding the implementation of this Article shall be determined by the Ministry, upon obtaining the opinions of the Ministry of Treasury and Finance, the Strategy and Budget Directorate, and the relevant public institutions and organizations.

CHAPTER TWO
Penal Provisions

Administrative sanctions

ARTICLE 14 – (1) Violations of prohibitions or limitations related to greenhouse gas monitoring:

a) Persons failing to submit their verified greenhouse gas emission report within the specified period shall be subject to an administrative fine ranging from 500,000 Turkish Liras to 5,000,000 Turkish Liras. The procedures and principles for implementing this paragraph shall be determined by regulation, taking into account the annual emissions prudently calculated according to the installed capacity of the facilities.

b) For enterprises covered by the ETS, the fines specified in subparagraph (a) shall be applied as double the amount.

(2) Violations of procedures and principles, prohibitions, or limitations concerning ozone-depleting substances under relevant legislation:

a) Persons using, importing, trading, or supplying ozone-depleting substances shall be subject to an administrative fine of 2,500,000 Turkish Liras.

b) Natural or legal persons providing maintenance, repair, or servicing of products or equipment containing ozone-depleting substances shall be subject to an administrative fine of 250,000 Turkish Liras.

c) Persons failing to comply with labeling requirements for products or equipment containing ozone-depleting substances shall be subject to an administrative fine of 120,000 Turkish Liras.

(3) Violations of procedures and principles, prohibitions, or limitations concerning fluorinated greenhouse gases:

a) Persons using, trading, or supplying fluorinated greenhouse gases shall be subject to an administrative fine of 2,500,000 Turkish Liras and shall not be issued a Hydrofluorocarbon Control Certificate for a period of 3 to 6 months.

b) Persons importing fluorinated greenhouse gases in excess of or without a quota shall be subject to an administrative fine of 1,000,000 Turkish Liras, and their quota shall be reduced in the following year in proportion to the excess.

c) Persons failing to comply with labeling requirements for containers and products or equipment containing fluorinated greenhouse gases shall be subject to an administrative fine of 120,000 Turkish Liras.

ç) Persons failing to submit or update reports and notifications in the database within the prescribed period shall be subject to an administrative fine of 120,000 Turkish Liras.

d) Natural or legal persons intervening in equipment containing or operating with fluorinated greenhouse gases shall be subject to an administrative fine of 120,000 Turkish Liras.

(4) Violations of ETS-related procedures and principles, prohibitions, or limitations:

a) If a verified greenhouse gas emission report is not submitted on time under the relevant legislation, transactions involving allowances in the registry system shall be blocked, except for fulfilling surrender obligations. The block shall be lifted upon submission of the verified emission report. The lifting of the block does not exempt the entity from administrative fines.

b) Enterprises operating without an emission permit, or with expired or revoked permits under ETS:

1) Enterprises with verified annual emission reports shall be fined 5 Turkish Liras per ton of carbon dioxide equivalent based on the highest emissions reported to the Directorate in the last five years.

2) Enterprises without verified annual emission reports shall be subject to an administrative fine ranging from 1,000,000 to 10,000,000 Turkish Liras. When calculating fines for such enterprises, consideration shall be given to comparable enterprises with verified emission reports in the same sector and capacity. The specific conditions and amounts shall be determined by regulation issued by the Directorate.

c) Enterprises failing to surrender the required allowances under ETS on time shall be fined twice the higher of the three-month primary market weighted average price or secondary market weighted average price for each missing allowance, corresponding to the year of the verified emission report.

ç) Enterprises failing to meet at least 80% of their annual allowance surrender obligations for three consecutive years shall have their greenhouse gas emission permit revoked, and a new permit shall not be issued for 3 to 6 months.

(5) Project owners failing to fulfill the registration obligation under paragraph five of Article 11 shall be subject to an administrative fine of 120,000 Turkish Liras. This fine does not eliminate the registration obligation.

(6) Any natural or legal person failing to provide required information, documents, or data, or providing misleading information under this Law, shall be subject to an administative fine of 170,000 Turkish Liras.

(7) Violations under this Law concerning activities subject to electricity market legislation shall be sanctioned by the Energy Market Regulatory Authority in accordance with Law No. 6446 and related legislation.

(8) The provisions of the Turkish Criminal Code No. 5237 dated 26/9/2004 and other laws regarding acts constituting a criminal offense are reserved.

(9) Administrative fines specified in this Law shall be increased by 100% for the first repeated offense within three years and shall be increased by 200 percent for the second and subsequent repeated offenses, calculated from the date of notification of the initial violation.

(10) Persons acting contrary to this Law or the regulations issued under it may be granted a single remedial period of up to one year by the Ministry to correct the non-compliance. If the non-compliance is not remedied within the given period, the activity shall be partially or fully suspended until the non-compliance is resolved. Granting the remedial period or suspending the activity does not prevent the application of administrative fines provided under this Law.

(11) The maximum administrative fine for each violation under this Law shall not exceed 50,000,000 Turkish Liras.

Authority for supervision andsanctions

ARTICLE 15 - (1) Subject to the provisions of Law No. 6446, the authority to supervise acts subject to administrative sanctions due to non-compliance with obligations under this Law rests with the Directorate. In cases where on-site inspection and supervision are required, such supervision may, if deemed necessary, be carried out on behalf of the Directorate by the Ministry's provincial organization in cooperation with the relevant units of the Directorate.

(2) Relevant parties are obliged to provide the necessary environment and submit all requested information and documents to the Directorate or the authorized supervisory unit during inspections including information regarding activities potentially causing climate change, such as the raw materials and fuels used, products and waste generated, emission quantities, emergency plans, monitoring systems, greenhouse gas emission reports, and other relevant documents. They must also facilitate all procedures during inspections or cover the costs of any analyses or measurements conducted by the authorized personnel.

(3) The authority to issue administrative sanction decisions foreseen under this Law rests with the Directorate.

Enforcement, collection and legal remedies for administrative sanctions

ARTICLE 16 - (1) For acts requiring the imposition of administrative sanctions under this Law, inspection officers authorized by the Directorate, whose qualifications and scope are determined by regulation, shall draft an inspection minutes. These minutes are submitted to the

Directorate. The Directorate evaluates the inspection minutes and issues the necessary administrative sanction decision. The administrative sanction decision shall be notified to the concerned party by the Directorate in accordance with the provisions of the Notifications Law No. 7201, dated 11/2/1959.

(2) Administrative sanction decisions may be challenged in administrative courts against the Directorate. Filing a lawsuit does not suspend the collection of the administrative penalty imposed by the administration.

(3) The procedure for collecting administrative fines is carried out in accordance with the provisions of the Misdemeanors Law No. 5326, dated 30/3/2005.

CHAPTER THREE
Miscellaneous and Final Provisions

Regulatory measures and miscellaneous provisions

ARTICLE 17 - (1) Unless otherwise stipulated in this Law, the procedures and principles for the implementation of this Law shall be determined by the Directorate.

(2) In cases not explicitly regulated in this Law, the relevant provisions of the Environment Law No. 2872, dated 9/8/1983, the Law No. 5326, the Law No. 6446, the Law No. 4628, and other applicable laws shall apply to the extent that they are consistent with the nature of this Law.

Amended and repealed provisions

ARTICLE 18 - (1) The Environment Law No. 2872, dated 9/8/1983:

a) In Article 12, paragraph 1, the phrase “to the Ministry;” is amended to read “to the Ministry; and to the Climate Change Directorate,”.

b) Subparagraph (çç) of paragraph 1 of Article 20 is repealed.

(2) The Organization and Duties of the Energy Market Regulatory Authority Law No. 4628 the, dated 20/2/2001, Article 5, paragraph 6, is amended by inserting the following subparagraph: “r) To perform the duties and exercise the powers assigned to the Authority under the Electricity Market Law No. 6446, dated 14/3/2013, and other applicable laws in relation to the Emissions Trading System.”

(3) The Electricity Market Law No. 6446 , dated 14/3/2013, Article 16, is amended by inserting the following paragraph after paragraph 8, and subsequent paragraphs are renumbered accordingly:

“(9) Market-distorting behavior or attempts that may lead to such distorting effects detected in markets operated or financially settled by EPİAŞ, including the Emission Trading System market, as well as through bilateral agreements, may be sanctioned by the Authority with administrative fines of up to two million Turkish Liras on individuals and up to twenty million Turkish Liras on legal entities depending on the severity of the violation. If the market-distorting act results in the gaining of a benefit or results in damages, the amount of the administrative fine shall not be less than twice the value of such benefit gained or damage inflicted. The procedures and principles for taking and implementing all necessary measures, including temporary suspension in part or whole of the authorization to operate in the market, to ensure the effective and healthy functioning of the market, as well as the factors to be considered in determining the amount of administrative fines to prevent market-distorting behavior and to address such behavior, shall be addressed in a regulation issued by the Authority, after obtaining the opinion of the Capital Markets Board..”

Transitional provisions

PROVISIONAL ARTICLE 1 – (1) A pilot phase shall be implemented prior to the full implementation of the ETS. The scope, duration, and procedures and principles of the pilot phase shall be determined by the Carbon Market Board after consulting with the relevant institutions, organizations, and non-governmental organizations. During the pilot application period, administrative fines imposed for failure to fulfill the obligations specified in this Law shall be applied at a rate reduced by 80%.

(2) Within three years from the date this Law enters into force, businesses that will be included in the scope of the ETS must obtain a greenhouse gas emission permit. Within this three-year period, businesses shall be deemed to have greenhouse gas emission permits on a one-time basis in order to continue their activities within the ETS. If deemed necessary, the Directorate is authorized to extend the period specified in this paragraph for up to two years from the expiration date, in accordance with the decision of the Carbon Market Board.

(3) The penalty provision specified in the fifth paragraph of Article 14 of this Law shall come into effect upon the Directorate establishing the carbon credit registration system and announcing on its official website the period determined by the Directorate pursuant to the fifth paragraph of Article 11 of this Law.

PROVISIONAL ARTICLE 2 – (1) The obligations regarding the preparation and adaptation of legislation and planning instruments specified in Articles 5 and 6 of this Law shall be fulfilled by the relevant institutions and organizations by no later than 31/12/2027. The President is authorized to extend the period specified in this paragraph by up to one year.

(2) The local climate change action plans specified in the fourth paragraph of Article 7 of this Law shall be prepared by no later than 31/12/2027. The Ministry is authorized to extend the period specified in this paragraph by up to one year.

Enforcement

ARTICLE 19 – (1) This Law shall enter into force on the date of its publication.

Execution

ARTICLE 20 – (1) The provisions of this Law shall be enforced by the President.

8/7/2025