

CDP Turkey 2013 Climate Change Report Launch and CDP Turkey 2013 Climate Leaders Award ceremony

Implemented by the Sabancı University Corporate Governance Forum with the sponsorship of Akbank and report sponsorship of EY (Ernst & Young) Turkey, CDP (Carbon Disclosure Project) Turkey revealed its 2013 report on November 26, 2013. The event included a keynote speech by Coca-Cola VP of Environment and Water Resources Jeff Seabright, and the presentation of CDP Turkey Climate Change Leaders awards.

CDP Turkey is being implemented since 2010 by the Sabancı University Corporate Governance Forum with the sponsorship of Akbank and **report sponsorship** of EY Turkey. CDP Turkey 2013 Report was revealed in an event at the Sabancı Museum – the Seed on Tuesday, November 26, 2013. As a platform for companies to disclose their climate change strategies to international corporate investors, CDP is considered the world's most prestigious and comprehensive environmental initiative.

CDP Turkey 2013 Climate Change Report is an analysis of responses given by Turkish companies to the CDP and a summary of climate change-related trends in Turkey with forewords by United Nations Environment Program Finance Initiative (UNEP FI) Chairman David Pitt-Watson, CDP CEO Paul Simpson, and Akbank President Suzan Sabancı Dinçer, CDP Turkey 2013 Report received responses from 28 companies, which is an improvement of 65% compared to the 2012 figure of 17.

CDP Turkey 2013 Climate Change Report launch event began with the introductory remarks of Cenk Göksan, President of Investor Relations and Sustainability, Akbank. This was followed with the keynote by Coca-Cola VP of Environment and Water Resources, Jeff Seabright. After further speeches by CDP Vice President Sue Howells and Director of Innovation and Sustainability Manuel Villen of OHL, one of the world's leading construction companies, Sabancı University Corporate Governance Forum and CDP Turkey Director Melsa Ararat presented the findings of the CDP Turkey 2013 Climate Change Report.

In his speech Cenk Göksan, President of Investor Relations and Sustainability, Akbank, mentioned investors' sustainability risk approaches, global trends and developments in Turkey in this area. Göksan pointed out that investors started to avoid volatility comes from high risked projects and also avoid investments which may not be consistent with corporate' managerial standards. He commented 'In the past, even sustainability was not as important as today for investors, today it completely becomes component of their investment approaches. On the other hand, investors use ESG statistics which reflect environmental, social and managerial data to filter while they are managing corporate risks.'

In his speech, Coca-Cola VP of Environment and Water Resources, Jeff Seabright said 'CDP Turkey 2013 Climate Change Report, is a clear demonstration of the growing engagement of Turkish businesses to transparently report their climate change policies, actions to reduce emissions and manage climate risks. I am particularly proud that our local bottling partner, Coca-Cola İçecek, was recognized for their leadership both on climate performance and reporting. Sabancı University's credible leadership on Carbon Disclosure is making an important difference in Turkey.'

In her speech, CDP Vice President Sue Howells said 'While governments prioritize areas like economic growth and employment, corporations should support growth strategy which uses natural resources wisely. CDP is supporting companies in Turkey and all over the world to be one step ahead by governments by following lower carbon growth strategy and with support from investors.'

Director of Innovation and Sustainability Manuel Villen of OHL said in his speech 'For OHL, low carbon economy transfer and protecting ecosystem are main priorities. Thanks to 94B score in CDP, OHL is the third in CDP's Climate Change Leadership Index. OHL accomplish to be at 8th rank among all sectors and leave behind many prominent companies.'

In her speech, Sabancı University Corporate Governance Forum and CDP Turkey Director Melsa Ararat said 'Our research showed that apart from financial performance, transparency is one of the most important factors which affect corporates' stock market value. CDP Turkey affects stock values in positive way by contributing public corporations' transparencies. On the other hand, for project companies, it provides chance to systematically evaluate their risk and opportunities according to climate changes. We believe Sustainability Index which will be launched by Istanbul Stock Exchange (BIST) in 2014 will improve transparency culture and also increase CDP responses. Our target is to cover all BIST-100 companies.'

CDP Turkey 2013 Climate Change Leaders received awards in Disclosure and Performance

The event concluded with the CDP Turkey 2013 Climate Change Leaders Awards Ceremony, where climate change leaders, chosen among companies responding to CDP from Turkey that were rated by EY Turkey in accordance with the international rating criteria of CDP, were presented their awards.

CDP Turkey 2013 Climate Change Leaders Awards in Disclosure were received by Coca-Cola İçecek, Duran Doğan Basım Ambalaj, Türkiye Sınai Kalkınma Bankası and Türk Telekomünikasyon. Awards were presented by EY Turkey Climate Change and Sustainability Services Partner Zeynep Okuyan. On behalf of their companies awards were received by Coca-Cola Corporate Affairs Director Atilla Yerlikaya, Duran Doğan Basım Ambalaj Deputy General Manager Ali Can Duran, Türkiye Sınai Kalkınma Bankası Senior Deputy General Manager Orhan Beşkök and Türk Telekomünikasyon Public Affairs Manager Belma Kılıç.

During the award ceremony, EY Turkey Climate Change and Sustainability Services Partner Zeynep Okuyan commented 'One of the biggest problems in Turkish business is to transfer in to lower carbon economy while continue economic growth. In the responds of CDP Turkey 2013, we see many companies started to actualize climate change strategies; however they see increase in their emissions.'

CDP Turkey 2013 Climate Change Leaders Awards in Performance were received by Akbank, Arçelik, Coca-Cola İçecek, TAV Havalimanları Holding, Türkiye Sınai Kalkınma Bankası, Vestel Beyaz Eşya and Zorlu Enerji Elektrik Üretimi. Awards were presented by Sabancı University Vice President Sondan Durukanoğlu Feyiz. Awards were received by Cenk Göksan on behalf of Akbank, İsmail Hakkı Sağır on behalf of Arçelik, Atilla Yerlikaya on behalf of Coca-Cola İçecek, Bengi Vargül on behalf of TAV Havalimanları Holding, Orhan Beşkök on behalf of Türkiye Sınai Kalkınma Bankası, Nedim Sezer on behalf of Vestel Beyaz Eşya and Sinan Ak on behalf of Zorlu Enerji Elektrik Üretimi.

During the award ceremony, Sabancı University Vice President Sondan Durukanoglu Feyiz commented 'As Sabancı University, we see spiral interest in CDP Turkey project, which helps to improve new human and environment friendly norms in business, as a measure for Turkish companies preparation to these kinds of projects and feel enjoyable responsibility.'

CDP Turkey 2013 Climate Change Report Results

In 2013, CDP requested climate change information from BIST-100 companies, and also extended invitations to companies that were included in BIST-100 and have responded to the questionnaire in previous years. CDP Turkey 2013 Climate Change report presents the progress achieved by responding companies in reducing emissions, responding to climate-related risks and opportunities, and mobilizing influence to manage climate change. Key findings are summarized below:

In summary, in spite of growing interest and commitment from many of the leading companies in Turkey, overall, business needs to do more, and more quickly, to seek ways to reduce emissions whilst not jeopardizing future business growth. The more proactive Turkish companies will be best placed to take advantage of the opportunities and to mitigate the risks involved in making the transition to a low-carbon economy.

In 2013, company responses in Turkey were assessed by EY Turkey both for disclosure and performance, according to the CDP scoring methodology. Disclosure Leaders and Performance Leaders in Turkey are the companies that achieved a score within the top 10% of the total population of responding companies. Because there were no Turkish companies at the A level, 2013 performance leaders determined as 7 companies at B level. Some main outcomes explained below.

- **65% increase in BIST-100 response rate to CDP:** Response rates from BIST-100 companies increased significantly from 17 in 2012 to 28 in 2013. This year, 39 Turkish companies in total responded to CDP including non-BIST-100 respondents, marking the highest response rate to CDP Turkey since 2010.
- **Reluctance to report publicly:** 10 out of the 26 direct BIST 100 respondents chose non-public disclosure. Although these levels represent an improvement in terms of transparency from 2012 (only six out of 15 direct respondents were public), private companies continue to be reluctant to report publicly.
- **Improved emissions reporting:** In 2013, 32 (89%), representing an increase from 2012 (80%) of total respondents reported their core emissions (Scope 1 and Scope 2).
- **Lack of external verification despite plans for a regulatory framework:** Levels of external verification and assurance remain low at 25% from total responses and 31% amongst the BIST 100 respondents. Interest in carbon verification and assurance is growing in Turkey and is expected to increase further in the coming years given the Government's plans to establish a regulatory framework for an MRV system in the light of growing stakeholder demand for robust carbon data.
- **Early stages in managing climate-related risks despite high level responsibility assigned to managing climate-related issues:** 83% of this year's total respondents report they have assigned board-level or senior management responsibility to managing climate change-related issues. However, only 65% report that they have processes for managing climate change risks to their businesses. Many leading companies are still at an early stage in dealing with their climate change risks.

• **Targets are insufficient:** Only 50% of companies have targets for reducing emissions from their core operations. More should be done to decouple business growth from emissions growth as Turkey's economy is expected to grow in the near future and a significant portion of BIST-100 respondents (eight out of 21 companies with more than one year's emissions data) reported an increase in their emissions.

• **Achieved reductions in emissions:** On the positive side, 11(39%) of the BIST 100 companies reported that they had managed to reduce core emissions from the prior year in absolute terms, mainly due to their emission reduction activities.

About CDP

CDP is an international, independent not-for-profit organization that reports on how climate change risks are managed by companies on a global scale, and has the world's largest database of climate change data. In 2013, the organization acted on behalf of 722 corporate investors managing total assets of 87 trillion dollars. More than 5000 companies in 60 countries measure and disclose their greenhouse gas emissions, water resource management and strategies for climate change through CDP to set reduction targets and improve environmental performance. CDP harmonizes this data and seeks to improve international reporting standards. In Turkey, CDP is being implemented by the Sabancı University Corporate Governance Forum since 2010 with the sponsorship of Akbank and report sponsorship and rating partnership of EY Turkey. Since 2011, companies on the Istanbul Stock Exchange 100 (BIST-100) index are called upon by CDP to disclose their strategies for climate change and emissions data.