

TANAP is Key to Energy Transition



TANAP SUSTAINABILITY REPORT
2022





CONTENTS



FOCUS ON

The Sustainability Report is the yearly prepared voluntary document through which TANAP aims to transparently and clearly describe its performance and progress regarding environmental, social, and governance (ESG) topics in light of its Sustainability Strategy, as well as its contribution to the UN SDGs and the goals of the Paris Agreement.

The aim of the document is to strengthen the relationship and collaboration with a wide audience of stakeholders (shareholders, lenders, authorities, and communities as well as our employees) in addition to having a functional communication tool for effectively managing our impacts and beyond that, enhancing our benefits.

The Report is a voluntarily prepared document, the contents of which have been prepared in-house under the coordination of the TANAP Sustainability Coaches, *with reference to* the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards); particularly GRI 11: Oil and Gas Sector 2021. All information and opinions covered by the Report have been provided by TANAP itself, other than the scores of stakeholders for materiality assessment.

As this is the first Sustainability Report by TANAP, the information provided here does not only cover the year 2022; but also includes an overall background of our current performance, facilitating a comprehensive picture providing a basis for TANAP's Strategic Sustainability Aims and Targets.

CONTACT POINT

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Shareholders	: The shareholders of TANAP are the Southern Gas Corridor Company (SGC) (51%), BOTAŞ (30%), BP Pipelines (TANAP) Limited (12%), and SOCAR Türkiye Enerji A.Ş. (7%)
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The Report has been independently reviewed for External Assurance, The Statement of Independent Assurance Opinion is available in the Appendix, and has been prepared only for informational purposes.

RESTATEMENT OF INFORMATION

As this is the first Sustainability Report by TANAP, the restatement of information will be noted in the following years.

MANAGEMENT LETTER TO STAKEHOLDERS



Dr. Hüseyin Saltuk DÜZYOL
TANAP
Chief Executive Officer

Dear Stakeholders,

We, at TANAP, the operator of the longest natural gas pipeline ever built in Europe, that transports natural gas from the Shah Deniz-II gas field of Azerbaijan to Türkiye and Europe, are proud to share our first Sustainability Report with our stakeholders.

TANAP, as the centerpiece of the Southern Gas Corridor, plays a crucial role in enhancing the energy security of the countries along the supply chain, offers a great opportunity for the South-East European countries to diversify their routes. It improves sources of supply that are currently experiencing a high level of import dependence on a single source country with rather poor interconnectivity with Europe's major gas networks.

We would like to underline that various geographical, technical, environmental, and social challenges have been encountered while implementing this mega project along the 1,811 km long corridor passing through 20 provinces, 67 districts, and nearly 600 villages across Türkiye, from east all the way to west. TANAP, acting responsibly towards its stakeholders, has so far demonstrated considerable success in handling these challenges and turning them into an opportunity for the benefit of people and the environment. Today, TANAP continues to prioritize people and the environment in all its operations.

We, at TANAP, regard ourselves as one of the key stakeholders, aiming at contributing to the collective efforts for clean and secure Energy Transition to build a greener future, which is, today noticeably vital, for the well-being of People and for the good of the Planet.

With this motivation, we set our strategy to manage the operations of TANAP in a way that serves the low-carbon economy and that contributes to the Energy Transition in the long run for a more liveable common future by avoiding and mitigating the impacts of TANAP's activities and investments on the environment and people, and beyond that, by enhancing the economic and social benefits it would create for the entire country.

We truly believe in the criticality of providing secure and reliable natural gas transmission services to Türkiye and Europe in compliance with the United Nations (UN) Sustainable Development Goals (SDGs) and the Paris Agreement. We predict that natural gas, as the most environmentally friendly source among other fossil fuels, will maintain its importance for many years to come as a transition fuel to a low-carbon economy and the pipelines will still maintain as the most economical, safe, and clean way of natural gas supply to end-users.

As TANAP, we are dedicated to applying the best available techniques to reduce emissions from our operations, and in this respect, to maximize the use of greener energy sources.

MANAGEMENT LETTER TO STAKEHOLDERS

Since the first days of the Project execution phase, we've walked the talk; planned and implemented numerous programs for the sustainability of our business, and our processes, as well as for the utmost benefit of our people. In this Report, you may find some detailed information about our exemplary works with coverage from Livelihood Restoration Programmes to Social and Environmental Investments reaping the high value of social return; from well-designed HR practices to our digital transformation journey, from our recovery actions initiated for the conservation of biodiversity to preventive actions taken to reduce our footprint on the lands and forests; from safety and well-being campaigns to the robust stakeholder engagement practices and many others.

The next step is to raise the bar and remain the role model in the oil and gas sector to embrace Sustainability as the core of our business during the Operations Phase, as well as for potential Expansion Projects.

With these aspirations, our ultimate goal is to ensure operational sustainability in a safe, efficient, and reliable manner by maintaining the integrity of our facilities for a secure, uninterrupted, affordable, and reliable energy supply. Allocating an annual "Green Budget" and taking actions to reduce our emissions, in addition to assessments of the potential use of renewable energy sources in our facilities and of the compatibility of our systems for hydrogen blending will be the main pillars of actions serving our Energy Transition Agenda.

Through various programs, we will also make further efforts to increase the awareness of our employees and local communities on the vitalness of acting together for a sustainable future.

Finally, as an integral part of our environmental goal of caring for the planet, we will continue to take further recovery actions with our employees and stakeholders in collaboration.

Before I finish, I would like to express my cordial gratitude to our shareholders and employees. We could not have made any of these achievements without your strong commitment and support. We will continue working very hard to deserve your continued support in the pursuit of being a leading pipeline operator in the oil and gas sector with the delicate ingredient of sustainability, embedded in what we do.

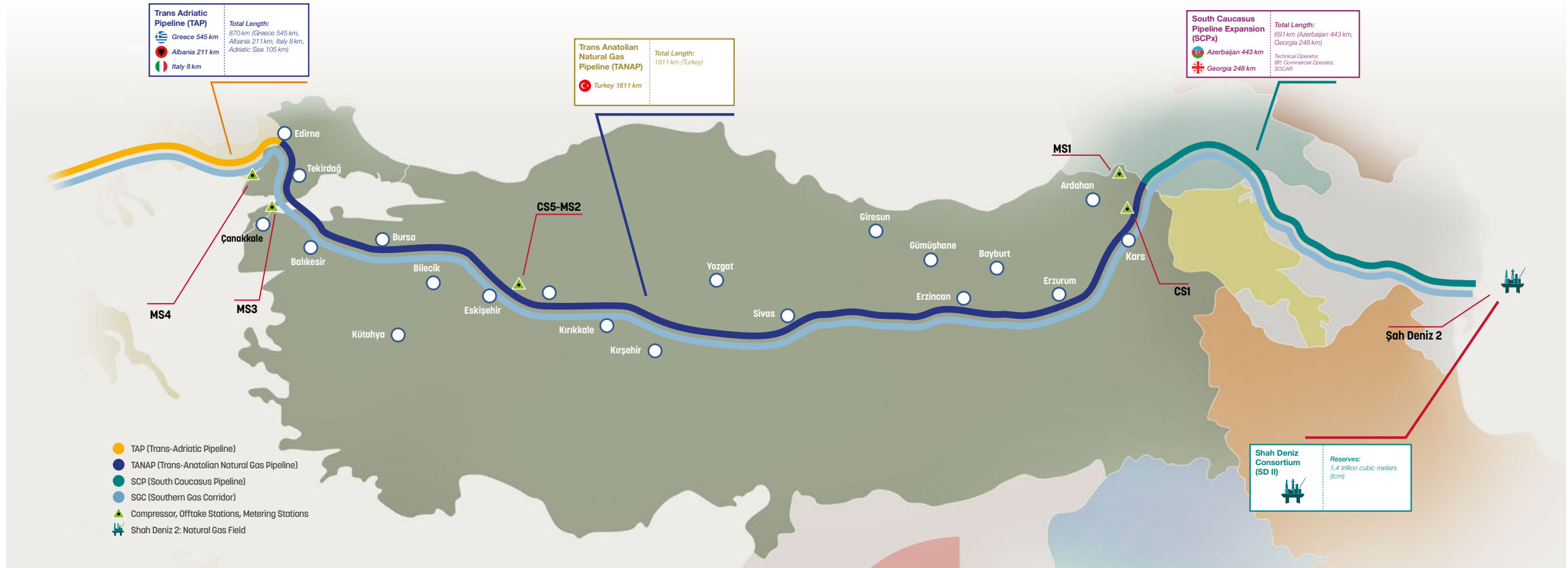
Thank you.

Dr. Hüseyin Saltuk DÜZYOL
TANAP Chief Executive Officer



Section 1

TANAP: Key to Energy Transition



WHO WE ARE

The Trans-Anatolian Natural Gas Pipeline (TANAP), Silk Road of Energy, is the longest section of the Southern Gas Corridor (SGC) transporting Azerbaijani gas from the Shah Deniz-II Gas Fields in the Caspian Sea and other fields of Azerbaijan (and other possible neighboring countries) to Türkiye and to Europe. The TANAP System consists of a pipeline stretching for approximately 1,811.7 km, from the Georgian/Turkish border to the Turkish/Greek border.

WHAT WE DO

As part of the SGC, TANAP, the natural gas Transmission System Operator (TSO), is undertaking a crucial role in the security and diversity of energy supply to the Region by contributing to the Region's social and economic development.

WHO WE ARE

TANAP, as the longest and largest diameter natural gas pipeline in Türkiye, the Middle East and Europe, stretching 1,811 kilometers from east to west in Türkiye with the sea crossing through the Dardanelles Strait, is a \$6.3-billion mega energy investment.

The Trans-Anatolian Natural Gas Pipeline (TANAP) is among the most crucial and successful cooperation projects conducted by Türkiye and Azerbaijan to date in the field of energy. The project further underlines the historical bonds of brotherhood between the two countries and the "One Nation Two States" spirit, and can be considered the signature of the two countries, Türkiye and Azerbaijan, on Anatolia.

TANAP constitutes the foundation of the 3,500-kilometer energy corridor that runs from Azerbaijan to Europe. TANAP is the most important component of the Southern Gas Corridor (comprising three pipelines: The South Caucasus Pipeline (SCP), TANAP, and the Trans-Adriatic Pipeline (TAP), and not only enhances the energy security of Türkiye and Europe but also contributes to peace and stability in the region by bringing the Caspian region, Türkiye and the EU closer together. It also has the potential for expansion through the corridors it creates to all other natural gas-producer countries in the region, effectively reshaping the global geopolitical energy map.

TANAP starts from the Turkish village of Türkgözü in the Posof district of Ardahan on the border with Georgia and runs subsequently through 20 Turkish provinces, including Kars, Erzurum, Erzincan, Bayburt, Gümüşhane, Giresun, Sivas, Yozgat, Kırşehir, Kırıkkale, Ankara, Eskişehir, Bilecik, Kütahya, Bursa, Balıkesir, Çanakkale, Tekirdağ and Edirne. After meeting the Greek border in the İpsala district of Edirne, it connects to the TAP Pipeline which conveys the natural gas to Europe.

The entire pipeline system, aside from the Above-Ground Installations (AGIs), has been designed to be buried. The pipe diameter running from the Georgian border to Eskişehir is 56", where it reduces to 48" for the section running to the Greek border. The Dardanelles Offshore Pipeline Crossing consists of a twin pipeline system with a diameter of 36".

There are two off-take stations within Türkiye where TANAP is connected to the national grid – one in Eskişehir and the other in Trakya. TANAP comprises approximately 1,811 km of pipeline and a number of above-ground installations, details of which are given below:

56

56"/1,339 km

Phase 0/Ardahan-Eskişehir

48

48"/455 km

Phase 1/Eskişehir-Edirne

36

36"/17,5 km*2

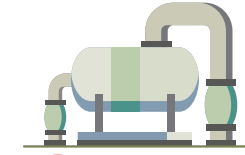
Dardanelles Offshore Crossing



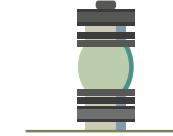
1,811 km

Total Length of Pipeline

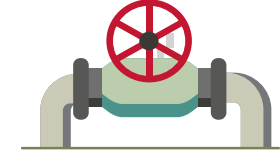
TANAP OPERATION



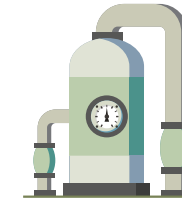
2 Compressor Stations (CS)



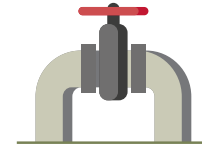
11 Pig Stations



2 Off-take Stations to Supply Gas to Türkiye's National Natural Gas Network



4 Metering Stations (MS)



49 Block Valve Stations (BVS)



Metering Station (MS-4) Edirne



MS-2 - CS5, Eskişehir



Compressor Station (CS-1) Ardahan



Metering Station (MS-3) Edirne



Main Control Center (MCC) Ankara



Metering Station (MS-1) Ardahan

WHAT WE DO

We are contributing to energy needs of Türkiye and Europe by transporting total of 16 bscm* (10 bscm to Europe, 6 bscm to Turkish market) annually.

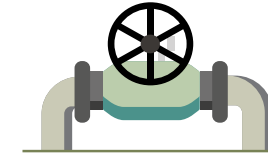
An initial amount of 16 billion standard cubic meters of natural gas transported annually, of which 6 billion standard cubic meters is being utilized in Türkiye. The pipeline diameter has been selected to allow the capacity of the TANAP System to be increased to 31 bcm through the installation of additional units at the existing stations and/or the construction of new compressor stations at predefined locations.

*Billion standard cubic meters

TANAP OPERATION

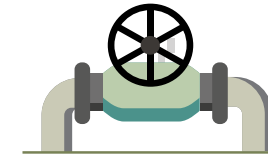
Delivered gas to Türkiye :
(since mid-2018 to the end of 2022)

19.59 BScm*



Delivered to gas to Europe :
(since end of 2020 to the end of 2022)

19.49 BScm



*Billion standard cubic meters

TANAP IN NUMBERS



Highest Point on P/L:
2,760 m
KP 621 (Red Mountain)



Total length of
56" P/L section
laid in
one month: **120 km**



No of
correspondences
made:
168,850



Steepest Slope:
30° KP 14
(Ilgar Mountain)



No of land entry
protocols signed:
21,759



Time for 2x36" (35 km)
offshore pipe laying,
incl. above water tie-ins:
51 days



No of **56"**
pipe joints welded in
one day by one welding team:
145 joints (2,000 m/day)



No of pipes welded
131,620
(1.31 M tons)



Deepest Point on P/L:
- 67.5 m
(Dardanelles)



Most **36"**
offshore pipe joints
welded in one day:
136 joints
(1,670 m/day)



No. of permits
obtained
7,368



Longest river crossing
by HDD in Europe:
1,107 m
(Sakarya River)



No of landowners:
115,466



Longest **56"**
P/L section laid in
one day: **10 km**



No of crossings appr.:
7,000



Time between first pipe
weld in Phase 0 and linefill
(1,339 km 56" dia.) P/L:
887 days



No of acquired
land parcels:
21,242 private
7,701 public

LEGAL & REGULATORY BASIS

The legal basis of the Project is the “Intergovernmental Agreement concerning the Trans-Anatolian Natural Gas Pipeline System between the Government of the Republic of Türkiye and the Government of the Republic of Azerbaijan” signed on June 26, 2012, and its annex, the “Host Government Agreement” signed also on the same date and subsequently amended on May 26, 2014 and May 13, 2015. The Company has been officially established on December 24, 2012.

The Trans Anatolian Natural Gas Pipeline (TANAP) continues on its mission to operate a natural gas transmission pipeline system that will both support the economic development of the country and protect the sustainability of its natural resources. To fulfill this overall objective:

- ☐ TANAP has worked with national and international consultants to assess the environmental effects and likely impacts of the Project activities throughout the planning phase. To this end, TANAP prepared a comprehensive **ESIA Report** that was discussed with all stakeholders and approved by the competent authority.
- ☐ Due consideration has been given to all applicable requirements specified in Turkish Environmental Legislation, as well as the international standards and best practices that prevail in the pipeline sector.

The Turkish legal framework for environmental protection was developed in line with national and international initiatives and standards, and some of them have been revised recently to be harmonized with the EU Directives in the scope of pre-accession efforts of Türkiye to the EU.

The main legal basis for TANAP in the Turkish environmental legislation is Environment Law no. 2872, the objective of which is the protection of the environment in accordance with sustainable development principles.

Compliance with the relevant legislation, including without limitation, regarding expropriation processes, labour and social security matters and data privacy is also of utmost significance for TANAP. Accordingly, Labour Act no.4857 and Occupational Health and Safety Law no.6331 have been strictly adhered to throughout the project as well as in Operation Phase. Expropriation, by its nature, is also a very procedural legal process and similarly all the legal requirements have been taken into account by TANAP. The same approach is also followed with respect to data privacy as every measure has been taken to ensure that the Personal Data Protection Law no.6698, and relevant secondary legislation is abided by.

In addition to Turkish legal and regulatory framework, TANAP also considers International Best Practices and complies with applicable International Finance Institutions’ social and environmental standards on particularly but not limited to, the following topics: labour and working conditions, occupational health & safety, biodiversity, land acquisition, and stakeholder engagement (The list of relevant IFIs’ Standards, Requirements and Guidelines that TANAP adhered to are given in Appendix-1). Notwithstanding the Turkish legislation, compliance with such environmental and social standards has always been a priority of TANAP since its initiation, as this is explicitly stipulated in the Intergovernmental Agreement and the Host Government Agreement, the founding documents of TANAP, which are also accessible via <https://www.tanap.com/en/agreements>

BUSINESS CULTURE



ETHICS AND COMPLIANCE MANAGEMENT

TANAP, due to its partnership structure, is subject to both global and local Anti-Bribery & Corruption (ABC) laws, such as the United Kingdom Bribery Act (UKBA), Foreign Corrupt Practices Act (FCPA), and Turkish Criminal Code (TCK). In order to strengthen compliance with both global and local Anti-Bribery & Corruption laws, the Compliance Directorate was established in 2015 and has been directly reporting to the Board of Directors of TANAP since then.

TANAP is not involved in any engagements with any business associations and/or political parties, and no direct or indirect participation in the process of public policy development in line with TANAP ABC Policy.

TANAP has robust policies and procedures in place that require compliance with applicable Anti-Bribery & Corruption laws and prohibits the facilitation of payments or receipt of bribes. Potential impacts of corruption or risks of corruption are managed by Integrity Due Diligence Procedure (IDD). The purpose of this procedure is to guide TANAP to conduct counterparty due diligence with a view to mitigating the risk of becoming involved in corruption through counterparties TANAP does business with.

ETHICS AND COMPLIANCE MANAGEMENT

The mentioned procedure was prepared in order to guide TANAP's "Anti-bribery and Corruption Policy", along with the applicable laws, including but not limited to "the UKBA", the "FCPA", any successor legislation and legislation implementing "the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions" or "the United Nations Convention Against Corruption"

TANAP has a unique hotline, called "Speak-Out." According to the TANAP Anti-Bribery & Corruption Policy and Code of Conduct, if any employee comes across cases of potential breaches of the Company's ethical requirements, these concerns must be reported immediately. The Speak Out mechanism is also available to contractors of TANAP.



ANTI-CORRUPTION

CORRUPTION RISK ASSESSMENT FOR COMPANY OPERATIONS

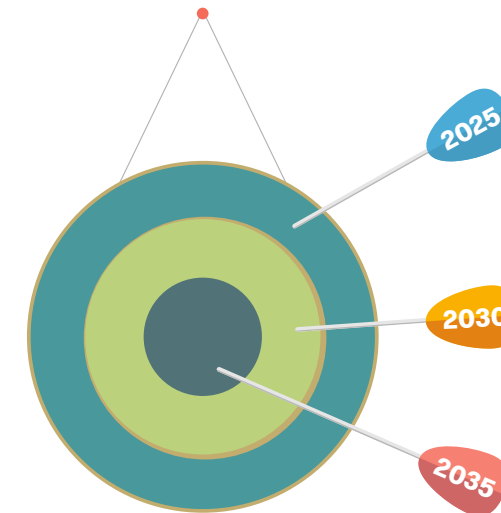
As per TANAP Anti-bribery and Corruption Policy, Compliance Officer is responsible for conducting Annual Ethics, Compliance, and Integrity Risk Assessment to identify and prioritize internal and external corruption risks faced by the Company.

In addition, all third parties and potential/existing contractors are subject to the "Integrity Due Diligence" process and periodic monitoring is carried out within the framework of the identified risks of them. In order to minimize the risks related to corruption, an "Annual Compliance Certification" is obtained from all TANAP employees and significant contractors.

COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

Proper training of company officers, employees, and third parties on relevant laws, regulations, corporate policies, and Code of Conduct is a key element of a strong Compliance Function. Moreover, TANAP maintains a "Risk Based Training Approach", which allows the Compliance Directorate to provide specific training to employees, based on the characteristics of specific risks associated with the departments. In line with the Annual Compliance Plan, training is given to more than 500 employees and third parties every year.

As of 2021; the content, format, and design of the training materials, including micro-learning modules, were updated. The new training format was adapted as a "narrator-based interactive video format". In addition, this system has an automatic reporting feature, which helps to assess the awareness level of the employees regarding the training topic.



Short-Term Targets:

- Performing at least 300 IDD (Integrity Due Diligence) monitoring every year

Mid-Term Targets:

- Continuous updates of ABC policy and procedures depending on the amendments in relevant national and international laws
- Digitalizing the "Integrity Due Diligence" processes for less paper usage and more efficiency

Long-Term Ambitions:

- Updating ABC policy and procedures in line with the changes in relevant national and international laws

RISK MANAGEMENT

TANAP Risk Management process aims to support the organization in achieving strategic ESG-focused goals and the related business/operational targets, empowering TANAP's sustainability strategy and ensuring that the preventive actions are taken to meet the targets through potential impact and probability assessments.

Our risk assessment methodology provides a comprehensive overview of the potential risks, uncertainties and opportunities facing TANAP. TANAP defines and monitors the key risks that could impact its operations, health and safety, environmental, social, sustainability strategy, financial performance, and reputation. It also highlights the measures that TANAP has taken to manage these risks and ongoing efforts to ensure safe, efficient and sustainable delivery of natural gas to Türkiye and Europe.

As a pipeline transmission company, TANAP recognizes that operations carry inherent risks to environment and communities surrounding the Pipeline, and Above Ground Installations. Therefore, a comprehensive risk management strategy is implemented to identify and mitigate potential risks throughout the operations.

TANAP's risk management approach includes regular risk assessments, rigorous safety applications, ongoing monitoring and evaluation of pipeline systems and equipment. We also maintain transparent communication channels (Grievance Mechanism, Planned and Unplanned Meetings, Physical Visits to Settlements) with local communities and stakeholders to understand their concerns and address them proactively. Furthermore, we prioritize sustainability in all aspects of our operations, from design and construction to maintenance, repair and inspection activities. We apply innovative technologies and best practices that minimize environmental impact and promote energy efficiency.

By implementing effective risk management strategies and promoting sustainability, we strive to operate and maintain a safe and reliable pipeline transmission system that meets the needs of our stakeholders while safeguarding the well-being of our employees as well as our neighbouring communities, and protecting the environment.

TANAP, which focuses on the environment and people in risk management as in every process, examines global risks such as climate, economic, geopolitical, technological etc. every year and reviews all risk registers accordingly. The environmental, safety, social impact, reputational and financial aspects of each identified risk are assessed and scored separately. In this respect, mitigation actions are determined by considering all these aspects and closely monitored.

RISK MANAGEMENT

All mentioned risk management processes are being conducted by the TANAP Risk Management Unit with the contribution of the TANAP Corporate Risk Committee established in 2015 by a centralized risk management approach. The TANAP Risk Management Unit, which also performs Performance Management and Reporting functions simultaneously, ensures that the risk registers and preventive plans are kept up to date, and identifies new risks by performing periodic risk assessment meetings with all departments.

Periodically updated risk registers are presented to the TANAP Corporate Risk Committee for their review and approval, and the top 5 risks (as of this reporting period) listed below are also presented to the TANAP BoD (Board of Directors).

- Health and Safety Incident at Operational Sites
- Security Threats to Operational Sites
- Integrity Threats at pipeline and stations leading to LOPC (Loss of Primary Containment)
- Third Party Damage to pipeline and AGIs (Above Ground Installation) resulting in uncontrolled gas release and potential fire
- Pipeline Geotechnical hazards leading to LOPC

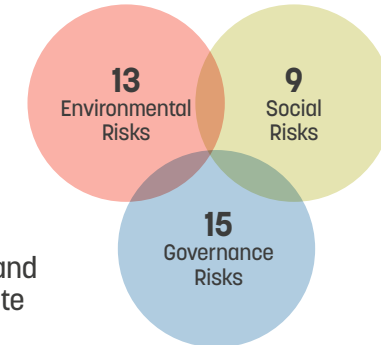
A detailed risk assessment was also performed, including all potential effects of TANAP operations on people, environmental, economic, and supply aspects related to the COVID-19 pandemic, which has deeply affected the world. Based on this analysis, a separate risk register was created and monitored.

With this approach, TANAP has already adapted sustainability risks, which include environmental, social and economic dimensions of sustainability, into the existing risk assessment process and has also determined plans to mitigate these risks since the project execution phase.

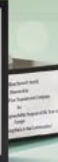
As part of the sustainability strategy, risk registers and risk mitigation plan follow up process has been digitized for systematic and meticulous monitoring of actions to eliminate potential risks.

TANAP, with a sustainability-focused risk management approach, increased operational efficiency (identify potential risks and opportunities for improvement, which can lead to more efficient operations and cost savings), improved reputation, reduced regulatory risks and achieved all strategic business/operational targets and sustainability strategy.

TANAP meticulously monitors the
37 ESG Risks



AWARDS



Project of the Year Award

TANAP received the "Project of the Year" award on October 20, 2020 from the Project Management Institute (PMI), which supports the development and implementation of professional standards in project, program and portfolio management. The "Project of the Year" award was given in recognition of TANAP's excellent project management, and the delivery of the Project on time and under budget, with focus on safety and quality, as well as the social, economic and cultural values that were promoted throughout the project, meeting in full the PMI project management standards.

Communitas Award

In early April 2019, TANAP's social and environmental initiatives, were recognized with a "Communitas Award" in the category of "Leadership in Community Service and Corporate Social Responsibility" for its exemplary efforts in giving back to the communities along the Pipeline route. A worldwide prestigious award that recognizes companies that bring benefit to local communities, Communitas Awards were given to a total of 15 companies in 2019 - 11 in the United States and four in the rest of the world.

International CSR Excellence Award

Following the Communitas Award, TANAP won a prestigious "International CSR Excellence Award" in the "Sustainability" category, receiving the award at a ceremony held at the Royal Academy of Dramatic Art (RADA) on July 22, 2019 in recognition of its investments and the development projects implemented along its route. The International CSR Excellence Awards are presented to conscientious companies that use their privileged position to help their colleagues, communities, customers, suppliers, the environment and the less fortunate. The award program, owned and operated by the Green Organisation, which has a worldwide reputation and with its independent jury, assesses the most successful projects in the area of public service. TANAP was invited to the CSR World Leaders Ceremony as a "CSR World Leader" on November 25, 2019 in the Houses of Parliament, Palace of Westminster, London.

The Green World Awards

In further recognition of its efforts, TANAP received an International Green World Award in August 2019 from The Green Organisation, UK in the "Best Environmental Practice" category for the various initiatives and achievements related to the environment conducted during the course of the Project, winning the award ahead of more than 500 other nominations. The Green World Awards are one of the world's most prestigious recognition campaigns, assessing and rewarding the endeavors of commerce, industry and governments that have a beneficial impact on the environment and that improve sustainability. The presentation ceremony was held in Vietnam on September 30, 2019. Furthermore, TANAP, as a "Green World Ambassador" (helping others to help the environment), was invited to another prestigious ceremony in the Houses of Parliament, Palace of Westminster, London, on November 25, 2019 where it was presented with a trophy and certificate honoring its achievements.

IBA (International Business Awards)

TANAP received "The Stevie® Award" in the category of "Corporate Social Responsibility Program of the Year - in Europe" in August 2019. Honoring and generating public recognition of the achievements and positive contributions of organizations and working professionals worldwide, the Stevie® Awards are the world's premier business awards, with recipients being selected by a panel of judges that includes many of the world's most respected executives, entrepreneurs, innovators and business educators.

PR Daily's Corporate Social Responsibility Awards

Adding to its achievements, TANAP was recognized with a reputable "PR Daily's Corporate Social Responsibility Award" in the category of "Community Affairs" in late August 2019. The PR Daily Award Program celebrates the most successful campaigns, initiatives and teams working in the communication, PR and marketing sectors. The US-based PR Daily's Corporate Social Responsibility Awards reward communicators, teams and agencies who create and cultivate best practices, and who know how to deliver powerful messages about how their organizations – or the organizations they represent – are doing their part to make the world a better place.

European Excellence Awards

In another achievement in recognition of the exemplary social and environmental practices it has conducted along its route, on November 29, 2019 TANAP was granted a reputable "European Excellence Award" in the category of "Turkey". The European Excellence Awards, which are hosted by Quadriga – a Berlin-based knowledge hub of excellence in education, information, networking and business IT solutions – honor outstanding performances in the field of PR and communications. With in-depth categories that cover everything from internal communications to public relations, the Awards open a window onto the most exceptional examples of this field in Europe.

The Peer Awards for Excellence

TANAP was handed a double award by the UK-based "Peer Awards" in early 2020 in the categories of "Corporate Responsibility" and "Corporate Responsibility - Practical Community Projects". The Peer Awards recognize those who deliver great business value and transformational impacts through their innovations and implementations, serving as a powerful platform for the showcasing of interesting projects and for the sharing of best practices with one's peers, who may be hugely inspired by being able to learn from one another.

GBO Awards 2020 (Global Business Outlook)

TANAP was honored in July 2020 with the "Company of the Year - Turkey 2020" award, granted by the UK-based publication "Global Business Outlook", which is dedicated to providing an overview of the vital industrial sectors and developments in the business world.

World Commerce & Contracting, Innovation and Excellence Awards

The most recent achievement of TANAP, in December 2020, was its receipt of an "EMEA - Delivering Social and Economic Benefit Award" and a "Global - Delivering Social and Economic Benefit Award" by the US-based "World Commerce & Contracting, Innovation and Excellence Awards", which recognize organizations who engage in initiatives that deliver meaningful change and impact, and that achieve the highest standards in the field of commercial and contract management.



The background features a complex pattern of overlapping circles in various shades of green and teal. A fine grid of small white dots is visible across the entire background. The text is positioned on the left side, within a lighter green area.

Section 2

TANAP Sustainability Strategy & GOVERNANCE

TANAP Sustainability Governance Framework

Sustainability Governance Framework is a crucial element of our strategic sustainability aims, and it outlines our approach to managing sustainability risks and opportunities within the TANAP organization.

This Framework aims to ensure that sustainability is embedded throughout our operations, and our governance structure reflects this by ensuring that sustainability is integrated into all levels of decision-making. TANAP has expanded the operational framework and made sustainability a crucial element by aiming for safe, efficient and reliable operations, as well as increasing the awareness of the employees and local communities on the vitality of acting together for a sustainable future and taking actions to reduce carbon footprint, and assess the potential use of greener energy sources.

We focus on operational sustainability by developing policies and procedures to ensure the safety of employees, operations, and communities, including adherence to all relevant regulations. Accordingly, TANAP developed emergency response plans, which are being updated when necessary, and organizes regular training in this context. The overall pipeline system is maintained to the highest standards of safety, reliability, efficiency and through clear maintenance protocols and framework, and regular inspections of the TANAP system. We established a clear maintenance framework and regular inspection of the pipeline system. TANAP is always keen to invest in new and sustainable techniques and technologies to ensure asset integrity and carries out the management of its sustainability strategy accordingly.

For a more liveable world, we implement measures to reduce emissions and minimize the environmental impact of our operations. We made our design in accordance with the adaptation of renewable energy sources in our system. As part of our sustainability strategy, we plan to conduct additional feasibility studies for hydrogen (H₂) blending compatibility of our system that will take a part in the transition to a low-carbon economy, as well.

We believe that by integrating sustainability into our governance structure, we can drive positive social, environmental, and economic outcomes for our stakeholders while creating long-term value for our operations. We define clear objectives including identification of TANAP's sustainability aims (short-medium-long term), as well as the timeline for achieving them.

At the operational level, our Sustainability Coaches are coordinating sustainability initiatives across the TANAP operations, developing sustainability policies and programs, and providing guidance to TANAP organization in line with being a Key Player contributing to Energy Transition and Sustainability Targets for Sustainable Future.

We are transparent about our sustainability performance that will be reported in our annual reports. This involves establishing a system for collecting and monitoring feedback from stakeholders to ensure that TANAP is on track in achieving its goals.

BOX 1

TANAP SUSTAINABILITY WORKSHOP



TANAP Management came together for “SUSTAINABILITY”!

With the awareness of the utmost importance of working together for achieving the United Nations Sustainability Development Goals (SDG) and, especially, the responsibility given to all parties by the Paris Climate Agreement, TANAP Management came together under the Sustainability Workshop held on 22 - 24 November 2022 with the aim of determining its own part for a sustainable future.

After all previous works were reviewed from a sustainability perspective, the next steps in the near future to foster the sustainability journey of TANAP were thoroughly discussed. One of the major outcomes of this gathering was to obtain numerous inputs and suggestions for the TANAP Sustainability Report prepared with reference to the standards of the Global Reporting Initiative (GRI).

The workshop, which was very fruitful thanks to the participation of the representatives of various TANAP Departments, set forth the great ambition of TANAP Management to contribute to the collective efforts of building a sustainable future by taking an active part in the clean and secure Energy Transition considering the well-being of People and the good of the Planet.

The workshop ended up with a decision to establish a diverse team of TANAP Sustainability Coaches who will accomplish pioneering works so that “Sustainability” becomes an integrated part of corporate culture and to scale up the current practices across TANAP in 2023 and forward.

ENGAGING WITH OUR STAKEHOLDERS FOR MATERIALITY ASSESSMENT

A materiality assessment is an important part of the TANAP Sustainability Report. It is a process used to identify and prioritize our most important topics, issues, and opportunities that are relevant to TANAP's sustainability performance. It helps to ensure that the content of the report aligns with TANAP's current and future sustainability strategy and that the report includes the most pertinent and timely information.

By focusing on the most material topics for TANAP, we ensure that the core issues of our business are addressed in the most effective and efficient manner. Furthermore, a materiality assessment can help to ensure that sustainability reports are comprehensive and meaningful, while also providing a clear picture of TANAP's current and future sustainability performance.

In order to ensure that our sustainability reporting is accurate and meaningful, we have conducted a comprehensive materiality assessment in line with the principles set out in the GRI Standard (Global Reporting Initiatives) with the participation of our stakeholders including our organization, shareholders, lenders, etc. The assessment of the issues is mainly based on two particular lenses: their potential influence on our organization's success and their importance to stakeholders that might have an influence on our business success.

Through this assessment, we thoroughly analysed the relevance and importance of sustainability topics to our stakeholders. The topics pre-determined upon the actual and potential impacts of TANAP operations were assessed as per their significance by weighing their impacts, risks and opportunities, and the level of interest from stakeholders in order to prioritize the material topics. Evaluation of each topic by stakeholders relied on the scoring on a scale of 0 to 5, indicating the levels from no importance to the highest importance as shown in the TANAP Materiality Assessment graph on page 46.

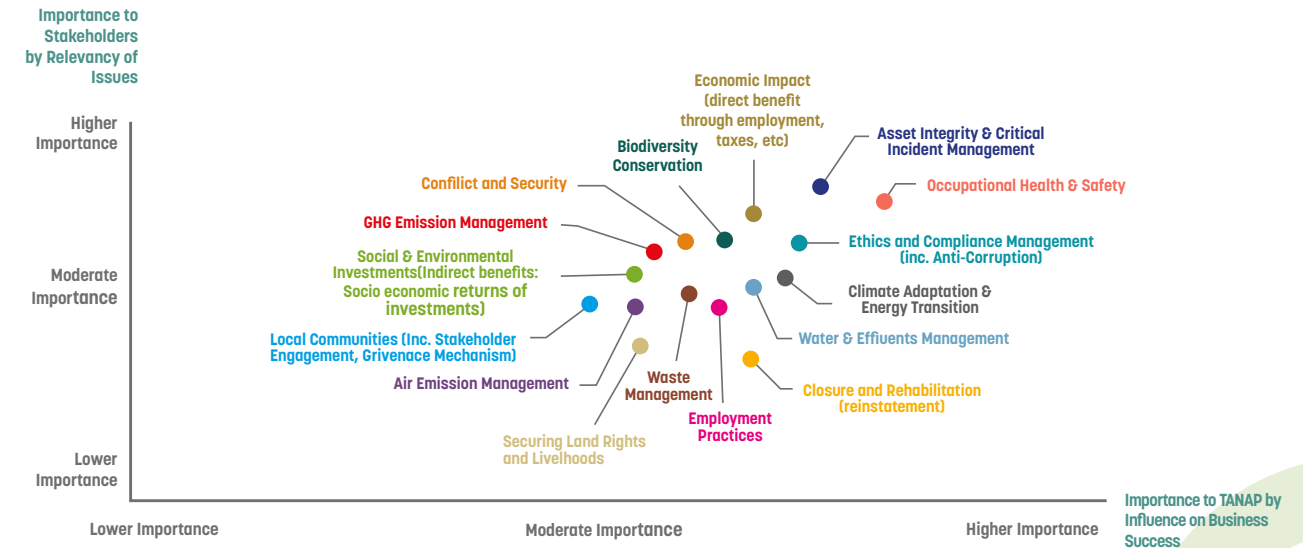
Our materiality assessment results provide information the topics that we report on and how we present them in our sustainability report. We will continue to review and update our assessment to ensure that our sustainability reporting is up to date and reflects the most important topics to our stakeholders.

ENGAGING WITH OUR STAKEHOLDERS FOR MATERIALITY ASSESSMENT

The materiality assessment shows that **Occupational Health & Safety, Ethics and Compliance Management, Asset Integrity & Critical Incident Management, Economic Impact, Conflict and Security, and GHG Emission Management** are the most important topics that will determine the direction of our sustainability strategy for both TANAP and its stakeholders. These topics are followed by topics such as Climate Adaptation & Energy Transition, Air Emission Management, Biodiversity Conservation, Waste Management, Water & Effluents Management, Social & Environmental Investments, Employment Practices, Local Communities, Securing Land Rights and Livelihoods, Securing Land Rights and Livelihoods Closure and Rehabilitation.

Short and medium term targets and long-term ambitions have been identified for all prioritized material topics by TANAP and its stakeholders, and are detailed in the following sections of this report.

The distribution of the materials topics by their importance for the success of the organisation according to stakeholders is shown in detail on the graph:



SUSTAINABILITY APPROACH AND STRATEGY

Our Motivation

TANAP

As a pipeline operator undertaking a crucial function in the security and diversity of energy supply to the Region

regards itself as **one of the key stakeholders**, which will play a crucial role in **contributing to the collective efforts for the clean and secure Energy Transition to build a greener future**, which is, today, noticeably **vital** for the well-being of **People** and the good of the **Planet**.

Sustainability Approach

Relies on the following three pillars TANAP believes;

- ☐ criticality of providing secure and reliable natural gas transmission services to Türkiye and Europe in compliance with UN Sustainable Development Goals (SDG) and the Paris Agreement.
- ☐ that natural gas is the most environmentally friendly source among other fossil fuels and transportation by pipeline is a much more economical, safe, and cleaner way of maintaining the energy supply.
- ☐ application of the best available techniques to reduce emissions from operations to maximize the use of greener energy sources

TANAP SUSTAINABILITY STRATEGY

*Managing the operations of TANAP, having an important **role in securing the energy supply** in the region, in a way that **serves the low-carbon economy** and in the long run **the Energy Transition for a more liveable common future***

And ultimately by avoiding and mitigating the impacts of TANAP's activities and investments on the environment and people, and beyond that, by enhancing the benefits it will create.



TANAP Sustainability Aims & Targets

ESG - Focused Sustainability Aims

Short - Term Targets (by 2025)

Mid - Term Targets (by 2030)

Long - Term Ambitions (by 2035)

Environment (E): Care for the PLANET

QUICK FIX & PREPARATION

START ACTION

CONTINUOUS IMPROVING

E



We aim at

Taking recovery actions to reduce the ecological footprint

- Identifying recovery actions
- Allocating primary budget for quick fixes
- Encouraging quick fixes and pilot works
- Initiating and Monitoring Biodiversity Offset Projects

- Initiating recovery actions and monitoring their effectiveness
- Monitoring BOPs (Biodiversity Offset Projects) and Increasing offset areas

- Maintaining the effective recovery actions
- Achieving No Net Loss and Net Gain for Conservation of Biodiversity

Social (S): Act for the well-being of PEOPLE

TANAP - SUPPORTED

SELF - PACED

S



We aim at

Increasing the awareness of the employees and local communities on the vitality of acting together for a sustainable future

- Focused & Diversified Training Programs
- Improved OHS practices
- Improved Equal Opportunity
- Digitalization of Land-based Stakeholder Engagement
- Adoption of Land Access Management principles

- Fostering Exemplary OHS and employment practices
- Restructuring stakeholder engagement practices in a culturally appropriate manner in the digitalized world

- Just Transition

Governance (G): Ensure Operational Sustainability

PERMANENTLY

G



We aim at

Operating the natural gas transmission system in a safe, efficient, and reliable way by maintaining the integrity of all facilities for a secure energy supply

- Assessing the potential use of greener energy sources in our facilities and the H2 blending compatibility of our systems
- Reducing GHG emissions (carbon and methane) by 1% through modification works
- Reviewing the existing system through Process Safety
- Design and Initiation of Community-based Investments for Climate Mitigation and Adaptation & Resilience
- Allocating Green Budget for sustainability-focused actions
- Incorporating ESG-focused risks into TANAP Overall Risk Management Framework
- Establishing coaching mechanism to execute sustainability practices in line with the TANAP Sustainability Strategy.

- Integrating renewable energy sources
- Waste Heat Recovery Installations
- Electrification
- Facility readiness for Hydrogen/Synthetic Methane Blending
- Modification works for reducing fugitive emissions and climate-related impacts
- Implementing Social and Environmental Investment Programme (SEIP)

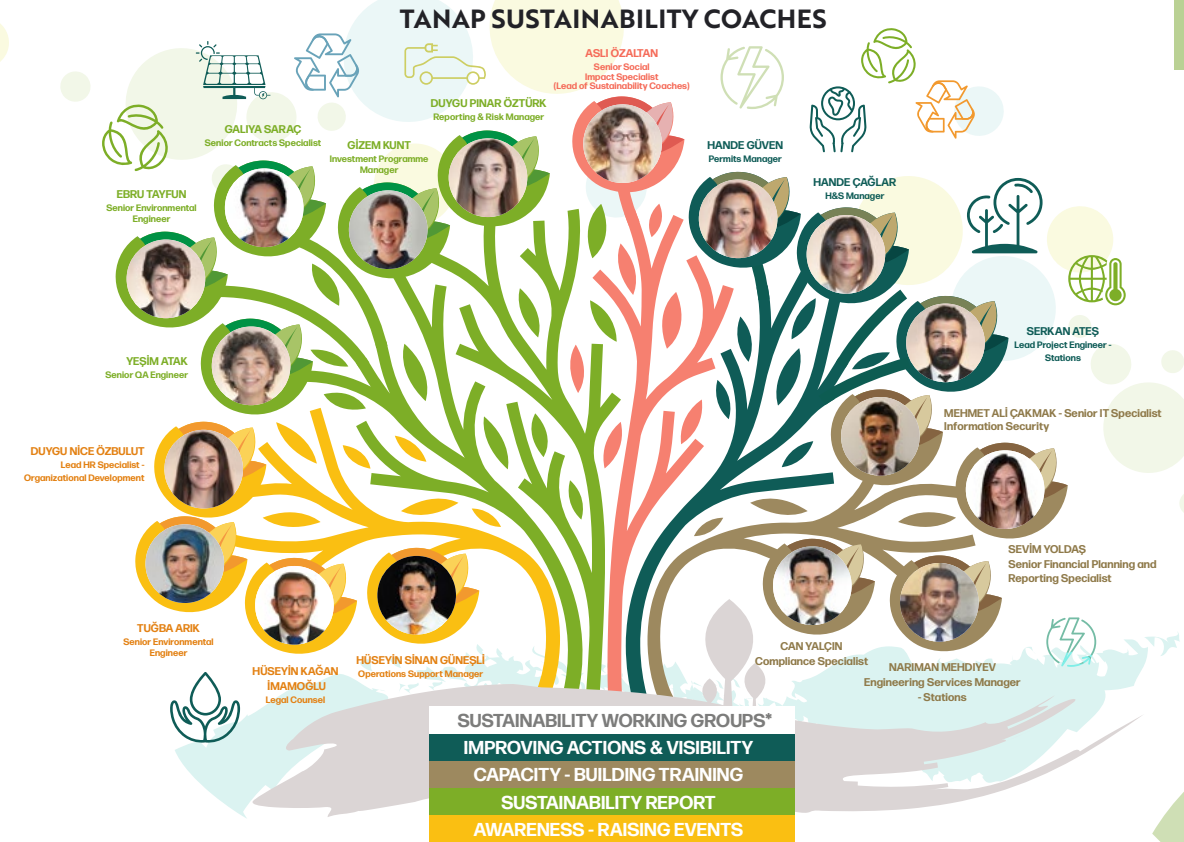
- Hydrogen/Synthetic Methane Blending
- Monitoring and managing emissions
- Reviewing and revising the strategy

SUSTAINABILITY MANAGEMENT

Having a sensitive approach to the future of our planet and its people, TANAP, being a major actor in the oil & gas sector, has decided to establish a multi-disciplinary team that will undertake an active role in enriching and further spreading sustainability practices within and beyond TANAP.

Under the leadership of TANAP Management, TANAP Sustainability Team consists of 18 TANAP employees representing different disciplines within the organization that will enlarge with new colleagues from the Headquarter and Site Teams in 2023. In addition to its strong technical knowledge, TANAP has successfully managed to carry out a large-scale energy investment project in accordance with environmental and social principles at international standards. Further information about TANAP's approach to these important components of sustainability and its activities to date is readily accessible from the sections of Integrated Management System (ISO 9001, ISO 14001, and ISO 45001 standards), the Environmental Policy, Social Policy, Health&Safety Policy as well as from the Reference Documents section on the TANAP website.

In this sense, this team, consisting of the representatives of the experienced TANAP team, which had also been appreciated and exemplified by the leading financial institutions such as the World Bank Group-IBRD, AIIB, EBRD and EIB that TANAP has been collaborating with since 2017, now serve as **"Sustainability Coaches"** that will be pioneering the sustainability journey of TANAP.



The Sustainability Team, established in 2022, has swiftly commenced its work by forming four working groups as a task force for the following items:



Simultaneously, an Emissions Reduction Initiative (ERI)*, which includes several coaches, was established to conduct more detailed technical research and suggest improvements in existing practices, to further strengthen TANAP's sustainability efforts and feed the Coaches' team from a technical perspective.

* For further info, go to 67 page

The **2023 Planned Works** of the Sustainability Coaches briefly include the following:

Declaring **2023** as the **TANAP Sustainability Year**

Generation and Implementation of a **digital application - ISP (Smart Ideas for Sustainable Practices)**, which will allow TANAP employees to share their ideas and suggestions about ESG, recording such ideas throughout the year, and sharing these smart ideas that can be exemplary and inspiring on a regular basis, thus, increasing awareness on and interest to the concept of sustainability

Enlarging the TANAP Sustainability Team with **new Sustainability Coaches**, especially from the site teams and other volunteer TANAP employees

Contributing to the improvement of existing practices and development of new ones by both closely following the trend in the sector and **transferring knowledge within the company** as a result of participating in various national and international seminars

Organizing **training programs and various trips** through internal resources or experts with national-international credibility on various topics to increase the level of in-house knowledge and awareness

Providing content support for **Sustainability Moments** in addition to Safety Moments, which are an indispensable component of in-house meeting openings to increase general awareness on sustainability

Preparing **the next Sustainability Report**, which will be further enriched with the participation and contribution of stakeholders

ENABLER: DIGITAL TRANSFORMATION

Digital transformation is considered as one of the supplementary components for sustainability by TANAP. The rapid digitalization catalyzed by COVID-19 also presents an opportunity to rethink how to make decisions as well as how to apply technology in new, effective and meaningful ways. In this sense, the first steps of the TANAP digitalization journey has started from the very beginning of the TANAP Project with the integration of print server technology in 2014 which contributes to “green office” environment discouraging hardcopy printing and enabling users to have more control over printing.

With the leverage of digital transformation platforms such as workflow system, DMS (Document Management System), RPA (Robotic Process Automation), more than 50 manual processes have been digitalized and 60% of these goals (30 processes) have been achieved during or post COVID-19 pandemic. These include:

- Document initialing process:
9,624 forms (since 2020)
- Safety & Environment Observation (SoB) process: 13,186 forms (since 2020)
- Incoming - Outgoing invoice approval process: 8,402 forms (since 2020)
- Progress payment approval process: 621 forms (since 2021)



UPTIME

99.97% UPTIME RATION OF
THE SYSTEMS



As a critical aspect of digitalization, IT (Information Technology) system & network infrastructure and backup strategies are deployed and managed in a successful way at TANAP. This is achieved by providing a 99.97% uptime ratio of the systems which is high above industry standards and utilizing alternative backup solutions in a several different locations. With the purpose of further strengthening its IT operability, TANAP also plans to establish a new resilient DRC (Disaster Recovery Center) in 2023 in order to strengthen its IT operability.

ENABLER: DIGITAL TRANSFORMATION

Cybersecurity, as another key aspect of digitalization in terms of both IT and OT (Operational Technology), is also approached very seriously at TANAP. Many technical and social solutions have been implemented to ensure the overall cybersecurity of TANAP against all malicious threats and attack vectors. Technical solutions such as Secure VPN connection, MFA (Multi-Factor Authentication) for access control, and disc encryption are some of the components of the overall TANAP cybersecurity architecture which directly concern end-users.

SECURE

ACCESS CONTROL



Digital and cybersecurity awareness of TANAP employees and other stakeholders plays an important role in establishing a resilient and reliable digital ecosystem at TANAP. To that end, many activities are organized throughout the year in order to keep employees informed and aware of the latest technological innovations and cyber threats. In this perspective, TANAP Digital Transformation Workshop which was held in June 2022 with

the participation of all TANAP managers was a great opportunity to discuss the current digital maturity level of TANAP, identify new manual processes to be digitalized, and propose new approaches to digitalization processes in this regard. CyberMarch is another important awareness-raising event that has been carried out for the last 3 years at TANAP in every March. During this month, digital and cybersecurity training and technology talks are organized, bulletins and informative emails are sent to employees, quiz shows and competition tools are leveraged to increase user awareness about the latest technology and cybersecurity.



TANAP DURING THE 3rd
MONTH OF THE YEAR

CYBERMARCH

ASSET INTEGRITY AND CRITICAL INCIDENT MANAGEMENT

As TANAP, we recognize the importance of maintaining safe and reliable operations in order to ensure the sustainability of our business. To achieve this, we have implemented robust Asset Integrity Management and Critical Incident Management applications.

TANAP is taking significant actions in defining potential risks affecting the long-term integrity of the pipeline such as conducting RBIs, RACs, Integrity Assessments, etc., and executes rigorous inspection activities through a robust planning process to understand their potential impacts by assessing/evaluating the data gathered from fields and recorded in AIMS Software and monitors accordingly as part of Asset Integrity Management to ensure the long-term integrity and safe operations of the TANAP System. This helps to prevent process safety events that can potentially lead to fatalities, injuries, environmental impacts, and damage to local communities and infrastructures.

TANAP Asset Integrity activities include regular inspections, testing, repair, and/or maintenance of our pipeline assets to identify and manage risks throughout their lifecycle. We utilize advanced and cutting-edge technologies such as in-line inspection tools, drones equipped with special tools, and corrosion monitoring systems to detect potential issues before they become major problems.

TANAP Asset Integrity Management also includes risk assessments and management plans to address any identified risks. By proactively managing the integrity of our pipeline assets, we are able to minimize the risk of incidents and ensure the safety of our people, communities, and the environment.

TANAP's Asset Integrity Management ensures compliance with regulatory requirements and industry best practices, which helps to maintain the trust and confidence of TANAP stakeholders. Overall, Asset Integrity activities are key factors in ensuring the long-term sustainability of TANAP's business and the safe and reliable transportation of the natural gas delivered to the Shippers and TSOs under the defined commitments.

In addition, TANAP has a comprehensive Critical Incident Management System in place to respond timely and effectively to any incident that could impact the safety of our people, local communities, and environment. This includes involvement of up-to-date emergency response plans and procedures, in charge and competent personnel as regularly trained and improved their skills through conducting consecutive drills, and close coordination with local emergency responders and regulatory authorities. Besides Emergency Response and Incident Management, TANAP has also developed a Process Safety Management to define and eliminate any potential Process Safety Event to the extent where possible or minimize its impacts by applying necessary barriers and improving existing controls mechanism by identifying development opportunities.

ASSET INTEGRITY AND CRITICAL INCIDENT MANAGEMENT



TANAP is always aiming for excellence in all its processes including, but not limited to, occupational & process safety, operational availability, reliability, efficiency, process upset investigation and reporting, compliance with standards, maintenance execution, integrity management, workforce involvement, contractor management & control, Emergency Readiness and Response,

Engineering Studies, Management of Change, Site Access protocol etc. All those activities are registered and regularly reviewed under the integrated operations schedule process and their performances are strictly monitored through the application of robust metrics and KPIs. All those jointly form TANAP's Company Culture committing to Sustainability.

Short-Term Targets:

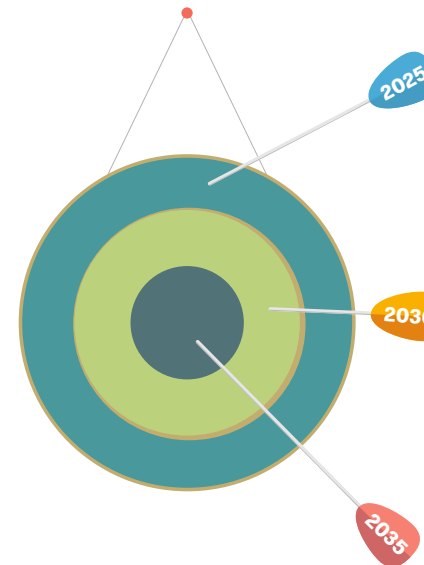
- Rigorously applying Integrity Management principles of Plan, Do, Check, and Act
- Improving Asset Integrity Management System by focusing on areas of development.
- Reviewing and updating of Risk Based Inspection Program as per the gathered baseline inspections/surveys.
- Taking necessary mitigations for potential liquefaction risks on fault crossings along the pipeline

Mid-Term Targets:

- Rigorously applying Integrity Management principles of Plan, Do, Check, and Act
- Implementing new inspection technologies to improve the efficiency of inspections.
- Deploying digitalization in inspection and monitoring processes to the extend as possible to minimize carbon emissions and human intervention by utilization of advanced technologies.

Long-Term Ambitions:

- Rigorously applying Integrity Management principles of Plan, Do, Check, and Act
- Implementing long-term Integrity Management Projects.



CLIMATE ADAPTATION AND ENERGY TRANSITION

As per the Environmental and Social Impact Assessment (ESIA) Report, TANAP has committed to minimizing its impact on the environment and hence is reporting emission measurements from its facilities to Shareholders, their Lenders, and to the relevant authorities.

In this regard, emission measurements for the heating boilers at all compressor and metering stations are measured annually according to the Industrial Air Pollution Control Regulation published in the Official Gazette dated 03.07.2009 and numbered 27277. Additionally, air emissions are measured in the compressor and fuel heater stacks at CS5/MS2 bi-annually as per the Environmental Permit received from the Ministry of Environment, Urbanization and Climate Change (MoEUCC).

Within the scope of Greenhouse Gas Emissions Monitoring Regulations published in the Official Gazette dated 17.05.2014 and numbered 29003 GHG Emissions are calculated for CS5/MS2 Compressor and Metering Station and CS1 Compressor Stations with a total rated thermal power of more than 20 MW within the scope of the legal framework.

For carbon offsetting, reforestation activities (a total of 417,710 saplings) were held along the Right-of-Way (RoW) and afforestation activities (a total of 600,000 saplings). were held as part of the environmental and social investment projects.

With the purpose of providing financial support to the General Directorate of Forestry's (OGM) efforts on forestation as well as to contribute to the development of the green spaces of Türkiye, a Protocol was signed with the OGM, and to, with a view of expanding and improving the forests across the country, and sustaining them in the long term. 12 provinces located along the TANAP route were selected for the forestation plan. Under the aforementioned Protocol, a total of 600,000 saplings (50,000 in each province) were planted along the pipeline route.

Implementation of Biodiversity offset projects started in 2022 and monitoring of these projects will be ongoing until achieving the net gain for critical habitats and net loss for natural habitats and priority biodiversity features. By implementing biodiversity offset projects, carbon capture is also targeted and monitored.



SEIP Afforestation Implementation Areas:

Erzurum, Yozgat, Sivas, Kırıkkale, Kırşehir, Ankara, Eskişehir, Bursa, Kütahya, Balıkesir, Çanakkale

CLIMATE ADAPTATION AND ENERGY TRANSITION

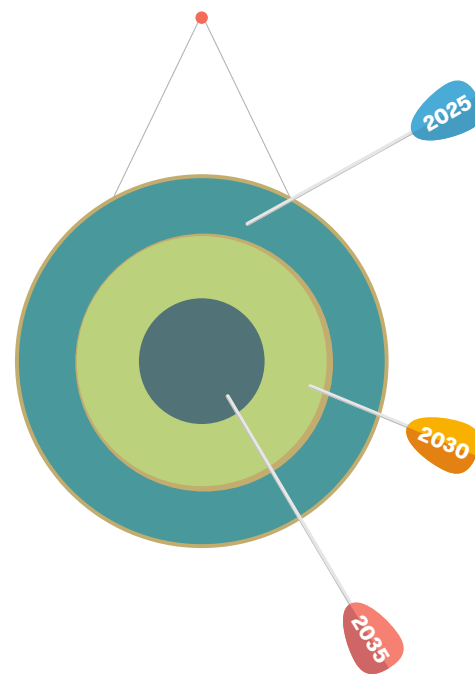
The annual carbon removal amount of the saplings planted within the scope of our project is 22,390 tCO₂ equivalent. Accordingly,

- Approximately 15% of the carbon emissions during the operation phase of our project will be offset by the planted saplings.
- Approximately 30% of the carbon emission amount excluding the CO₂ from fugitive and vented emissions during the operation process of our project will be offset by the planted saplings.



PLANTING TREES IS
CONSIDERED A KEY PART OF
GLOBAL EFFORTS TO
CAPTURE CARBON

TANAP is also ready to focus on how to contribute to the transition to the low-carbon economy by adapting its business model to this process with additional measures and improvements to reduce GHG emissions, in parallel to providing support to communities to strengthen their adaptation and resilience capacities.



Short-Term Targets:

- Promoting carbon footprint reduction initiatives among the employees.
- Evaluating feasibility increasing technology usage (e.g. l pads instead of paper use)
- Purchasing/leasing the new hybrid or electrical vehicles to test performance and efficiency.
- Considering electrification of compressors in new projects (expansion)
- Investigating possibilities of using renewable energy sources at all facilities (solar, wind and etc)
- Installing storage for vented gas (during the maintenance activity and after the expiration of the hold time of the TUCO) at manned stations.
- Starting loan support to employees for electrical vehicles.

Mid-Term Targets:

Performing H2 Readiness assessment taking into account:

- Technical requirements
- Employee competency development needs
- Commercial arrangement updates requirements
- CAPEX and its percentage within overall budget of TANAP

Development of TANAP decommissioning plan considering:

- Technical requirements
- Contractual requirements
- Facility decommissioning and reinstatement
- Employee demobilisation after decommissioning
- CAPEX and its percentage within overall budget of TANAP

Long-Term Ambitions:

- Replacing all Project Vehicle with new hybrid/electrical vehicles

BOX 2 TANAP EMISSION REDUCTION INITIATIVE

TANAP initiated “EcoTANAP Program” in October 2022, which, in principle is the “Emission Reduction Initiative (ERI)” of TANAP and will be in line with overall Sustainability Strategy of TANAP. Focusing on:

- Reviewing our emission sources in more detail in addition to the existing GHG measurements at operational sites
- Developing tangible projects to try and reduce emissions.
- Increasing awareness among employees to receive their contribution to reducing our personal carbon footprint along with the company initiatives



The ERI is a multi-disciplinary team composed of various experienced experts. The Internal members from TANAP's six different disciplines would focus on identifying a wide range of initiatives that would be available to help TANAP reduce its greenhouse gas (GHG) emissions from its facilities and activities. Having an interdisciplinary approach, the group would provide a variety of programs that identify opportunities for integrating energy-efficiency measures into TANAP facilities. As an outcome of the study, a short list of initiatives would be proposed to senior management to evaluate and implement GHG reduction opportunities.

Emission
Reduction
Initiative



- Environmental Team
- Health & Safety Team
- Operations & Maintenance Team
- Engineering Services Team
- Project & Modifications Team
- Operations Support Team

OUR PRIORITIES AND THE SDGs



In light of its strategic Sustainability Aims and Targets, TANAP is more than willing to be supportive of the United Nations (UN) Sustainable Development Goals (SDGs) and relevant Targets through its ongoing operations and activities. Taking also into account the feedback that TANAP received from its internal and external stakeholders during the preparation of its first Sustainability Report, the material topics assessed and determined to be reportable are linked to the relevant UN SDGs, as shown on the table.

For further details on UN SDGs:

"<https://www.kureselamaclar.org/>" Anasayfa | Kuresel Amaçlar (kureselamaclar.org) or
["https://sdgs.un.org/goals"](https://sdgs.un.org/goals) THE 17 GOALS | Sustainable Development (un.org)

UN SDGs	UN SDGs and Targets supported by virtue of TANAP activities, but not limited to;	Related Material Topics in the Report
Affordable and Clean Energy	Ensure access to affordable, reliable, sustainable, and modern energy for all 7.1. Ensure universal access to affordable, reliable, and modern energy services	• Asset Integrity • Climate Adaptation and Energy Transition • Social & Environmental Investments
Decent Work and Economic Growth	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all 8.8. Protect labour rights and promote safe and secure working environments for all workers	• Occupational Health & Safety • Working and Growing with TANAP • Non-discrimination and Equal Opportunities • Forced Labour and Modern Slavery • Freedom of Association and Collective Bargaining • Social and Environmental Investments
Industry, Innovation and Infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation 9.1. Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all	• Asset Integrity and Critical Incident Management • Economic Impacts • Social and Environmental Investments
Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient, and sustainable 11.4. Strengthen efforts to protect and safeguard the world's cultural and natural heritage	• Cultural Heritage • Biodiversity
Climate Action	Take urgent action to combat climate change and its impacts 13.3. Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	• Climate Adaptation and Energy Transition • Social & Environmental Investments • GHG and Air Emissions Management • Waste Management • Biodiversity
Life Below Water	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development 14.1. Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution 14.b. Provide access for small-scale artisanal fishers to marine resources and markets	• Land and Resource Rights • Water and Effluent Management
Life On Land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss 15.1. Ensure the conservation, restoration, and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains, and drylands, in line with obligations under international agreements 15.5. Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	• Biodiversity • Land and Resources Rights • Closure and Rehabilitation

The background features a complex, abstract design. It consists of several large, overlapping circles in various shades of green and teal. A fine, light-colored dot pattern is overlaid on the entire background. The text is positioned on the left side, within a lighter green area.

Section 3

PROSPERITY FOR ALL STAKEHOLDERS

ECONOMIC IMPACTS

TANAP, as a large-scale infrastructure investment implemented with the purpose of meeting energy demand for socio-economic development and securing the energy supply for the upcoming decades, expectedly provides direct economic benefits as a result of its procurement practices and employment opportunities at both local and national levels, in addition to the indirect economic value generated through community development programmes.

By designing and implementing a Social and Environmental Investment Programme (SEIP), TANAP provided financial support to the people living along the route through grant projects. While the main aim of the Programme was to raise the living standards of these communities, implementation of the Programme produced a much more positive economic impact than expected. As detailed in the next section social and environmental investments of TANAP can be summarized in created value of 4.38 TL from every 1 TL investment made, thus, bringing about a remarkable indirect impact on the economy and society. The projects implemented under the Programme also focused on sustainable environmental and socio-economic development along the pipeline corridor. Grant projects on vocational training as well as activities covering the improvement of agriculture & animal husbandry practices were supported under the Investment Programme. Another huge project that received grant support under the Programme was the infrastructure project, which aimed to increase the welfare and living standards of the community not only in the short term but also in the long run.



In addition to this community development programme, even if at a smaller scale, construction contractors (CCs) also provided some aid to the communities affected by the land acquisition and construction works as a goodwill gesture during the construction period. Most of these supports were mainly the delivery of pipes needed for the renovation or establishment of irrigation systems in rural areas and simple construction machinery and materials. All ended up in parallel to the completion of the construction phase.

ECONOMIC IMPACTS

The settlements nearby the Above-Ground Installations (AGIs) excluding the BVS-impacted ones due to their negligible impact at the community level were particularly considered from a benefit-sharing perspective for community-targeted supports, detailed later in the sub-section, “Restoring and Enhancing Livelihoods”.

Alongside this community-targeted support, TANAP created approximately 15,000 job opportunities during the construction phase, of which approximately one-third benefited people employed by contractors and subcontractors from project-affected provinces and communities. This has also brought about the skill development of the local workforce with a valuable contribution to their social security.

Since the number of employees required for the Operation Phase is low by nature, employment opportunities are now provided to a limited number of people on a local and national scale. As of the end of 2022, TANAP employs a total of 358 people, making a long-term positive economic impact even if it is quite small compared to the construction period.

Apart from the positive impacts revealed through local employment and community support, procurement of products and services predominantly across the country also helped supplier development as well as increased economic benefits. To be more precise, the contracts signed with vendors, contractors, and service companies made a considerable contribution to the domestic markets. An analysis of the Final Contract prices, the payments made to companies operating in Türkiye during the TANAP project investment period contributed approximately 50% of added value to the domestic market. This amount is expected to increase during the operation phase of the project.

Approx. **50%** of
added value to the
domestic market

Lastly, another achievement that confirms the economic impact of TANAP was the receipt of an “EMEA - Delivering Social and Economic Benefit Award” and a “Global - Delivering Social and Economic Benefit Award” from the US-based “World Commerce & Contracting, Innovation, and Excellence Awards”, which recognize organizations who engage in initiatives that deliver meaningful change and impact, and achieve the highest standards in the field of commercial and contract management.

INVESTMENT PROGRAMMES

TANAP Social and Environmental Investment Programme (SEIP) is an investment and development programme effective along TANAP route. Three funding mechanisms have been developed under the TANAP SEIP in accordance with the Strategy Document for the effective usage of the TANAP SEIP Fund along the route:

1-Direct Grant Funding Mechanism

Direct Grant (Call for Proposal) is a public invitation by TANAP, addressed to clearly identify categories of applicants, to propose operations within the framework of the programme.

Approximately 8,500 Project applications were received through the 1st and 2nd Calls for Proposals in 2017. All applications were objectively evaluated in regard to the technical and financial qualifications defined under the Programme. Following the evaluation process of all applications by independent assessors, approximately 850 grant contracts were signed with successful applicants in 2018. The total grant amount allocated to these projects is 146.9 Million TL. At least one on-site monitoring visit was held for all projects as well as online monitoring was conducted through a tailored tool. As of December 2020, implementations of all projects were completed, as planned.

2-Direct Investment Funding Mechanism

Direct Investment is based on the principle of evaluating and implementing projects submitted by the institutions identified by TANAP on relevant priority areas of the Programme within the negotiations made and agreements signed between parties.

Through Direct Investment Funding Mechanism, 11 contracts (with a total grant budget of 37.1 Million TL) have been signed with the following institutions; Teachers Academy Foundation, Tohum Türkiye Autism Early Diagnosis and Education Foundation, Habitat Association, Development Foundation of Türkiye, Seyitgazi Municipality, Dialogue Social Entrepreneurship Association, Giresun Exchange Commodity, Association of Children with Cerebral Palsy (SERÇEV), Can Sucak Candan Bişeyler Foundation and Animal Rescue Association.

3-Programme Contribution Funding Mechanism

Programme Contribution Funding Mechanism covers the Protocols (with a total budget of 62.4 Million TL) signed with Public Authorities for providing a financial contribution to the programmes already being implemented at the provincial/regional level, under their supervision.

INVESTMENT PROGRAMMES

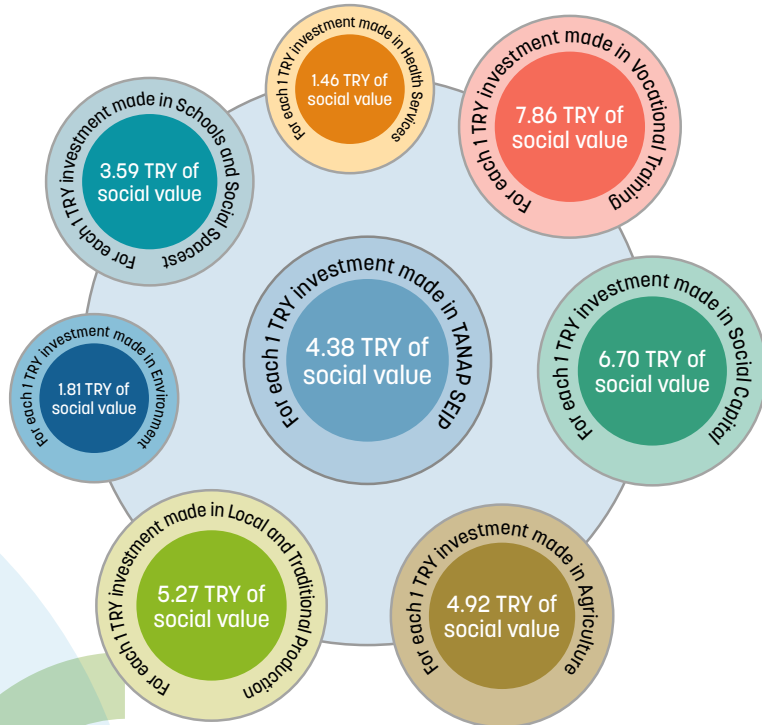
Financial support was provided to;

- ☐ Eastern Anatolia Project (EAP) Regional Development Administration for the construction of irrigation facilities and water distribution systems in 23 villages of Ardahan, Erzincan, Erzurum, Kars, and Sivas with a budget of 25,376,085 TL
- ☐ Ardahan Special Provincial Administration for the establishment of an "Asphalt Plant" to improve village roads and for the construction of a "Pre-school" on the Campus of Ardahan University, to contribute to the Ardahan Municipality's construction of "Ardahan Solid Waste Landfill and Disposal Facility" and to cover travel expenses to Eskişehir and Bilecik and visibility expenses of 184 students from Ardahan with a budget of 8,803,486 TL in total
- ☐ Konya Plains Project (KOP) Regional Development Administration to meet the need for drinking water of 91 villages in Kırıkkale, Kırşehir and Yozgat Special Provincial Administrations built facilities with a budget of 15,438,000 TL

- ☐ General Directorate of Forestry for the planting of 600,000 saplings on the TANAP route with a budget of 6,000,000 TL
- ☐ Ministry of Health, for the donation of 33 fully-equipped Ambulance Vehicles to Ministry of Health for the use of provinces along TANAP route with a budget of 9,442,765.87 TL
- ☐ Ministry of Education and Ministry of Energy and Natural Resources under the scope of Sivas Cooperation Protocol to build "TANAP Vocational and Technical Anatolian High School" with 16 classrooms, workshops, an indoor sports facility, a dormitory with 100 personal capacity to provide education on Mining Technology and Natural Resources. Implementation of the protocol is still ongoing.

INVESTMENT PROGRAMMES

A social impact assessment study by using the Social Return on Investment (SROI) Methodology was conducted for this massive programme to present the financial impact results.



INVESTMENT PROGRAMMES

What Is Next?

In order to continue contributions to the communities along the Pipeline route and ensure the sustainability of the projects Investment Programme will continue to be implemented. Thus, the SEIP Management Plan, which outlines target groups, grant projects' evaluation, implementation and monitoring processes in the light of best practices and lessons learned received from the construction phase, has been developed.

SEIP's activities during the operation phase will primarily focus on the settlements around AGIs of TANAP. The Programme will continue to provide grant support to the settlements in subject to improve the living standard of these communities and contribute to the socio-economic development of the region. In addition to settlements around AGIs, projects implemented during the construction phase will be assessed for sustainability purposes to be supported with further grant support. The goals are revisited regularly through site visits, assessment meetings, and document revisions.

During the operation phase, activities of SEIP, with the perception of **"giving back to communities"**, will continue as a growing area of strategic value creation for TANAP and to strengthen stakeholder engagement in addition to its contributions to the TANAP's sustainability aims regarding climate mitigation and adaptation goals of Paris Agreement.



The background is a complex abstract design. It features several large, overlapping circles in various shades of green, from light mint to dark forest green. A fine, light-colored dot pattern is scattered across the entire background. Thin, white curved lines are also present, some following the edges of the circles and others as independent arcs.

Section 4

WELL-BEING OF PEOPLE

OCCUPATIONAL HEALTH & SAFETY

TANAP always strives to operate its facilities in a safe manner in terms of both occupational and process safety, for which it is essential to have Health and Safety and Process Safety Metrics in place.

To this end, TANAP rigorously monitors its health and safety indicators regularly (deriving from international best practices and the requirements of national law) including total recordable incident rate as well as lost-time incidents. TANAP has developed its safety initiatives by tracking these indicators continuously and by setting challenging targets for improving performance. This approach has enabled TANAP to create a safe and healthy working environment for all employees, contractors' workers, and other stakeholders.

As one of the key aspects of occupational health and safety management, TANAP encourages a corporate culture of safety to build a habit of good occupational health and safety in its employees. This has been primarily developed through well-developed policies and procedures to ensure worker training and competency. These policies and procedures could be listed as refresher training, Competence Assessment Process, Strict Driving Controls, Robust Risk Management Process through a centralized approach, and Control of Work (CoW) process including Permit to Work and Energy Isolation.

TANAP carries out regular and strict Internal and External Audits and Inspections in order to measure and monitor the applicability of the standards at all TANAP sites and the Headquarter, as well as to identify gaps and to continuously improve the process to prevent any injuries and incidents during the operation period.

TANAP has developed an Advanced Road Safety System for ensuring safe and efficient transportation for all employees. It involves identifying and addressing potential hazards on roads, implementing measures to reduce the likelihood of accidents and injuries, and strict driving controls such as Vehicle Monitoring System, Journey Management Plan, etc. TANAP encouraged not only its own organization but also all its stakeholders to implement similar standards at all sites. Accordingly, during the bidding and contract award processes, road safety-related requirements were well-defined and included in the Construction Contractors' contracts, and so the implementation of road safety requirements was standardized among the Contractors and TANAP.

OCCUPATIONAL HEALTH & SAFETY

Early in the Project Phase, TANAP adopted a detailed Incident Investigation process for collecting and analyzing all necessary data of incidents. The Incident Investigation method was grounded on the “Comprehensive List of Causes” approach, within which TANAP performed independent, competent, and reputable investigation and reporting process. When an accident occurred during construction activities in Project Phase, it was important to adjust existing operating procedures to prevent similar incidents in the future. TANAP regularly integrated lessons learned from incidents and accidents into site procedures and method statements as well as health and safety training contents provided to all employees to prevent reoccurrence of similar events, and shared these lessons with workers during regular toolbox talks. Valuable knowledge of Root Cause Analysis results, Lessons Learned from Incident Investigations, Project Phase statistics and indicator analysis were systematically inserted into operation procedures to build up a robust system to maintain the healthy and safe environment during Operation Phase.

Moreover, with the purpose of raising awareness and ensuring the safety of employees and contractors; TANAP established the Project **Health and Safety Recognition Programme** as well as **Health and Safety Incentive Programme**, which modeled safe behavior for employees and contractors. This Programme focuses on the attainment of safe behavior being rewarded employees with nonmonetary incentives, which encouraged exercising safe behavior and besides, reliably reporting any safety concerns. The Health and Safety Incentive Programme not only motivated

employees to comply with the TANAP HSE (Health and Safety and Environment) standards and principles but also ensured performing TANAP operations with a high HSE performance during TANAP Project Phase. Another important awareness-raising activity is the **Best SoB Incentive Programme**. Within the scope of this Programme, which aims to increase Occupational Health, Safety and Environmental Culture and raise awareness, the Best SoB (Safety Observation) is rewarded. This Programme is implemented through an electronic system and supported by periodic SoB Training for effective and value-added SoBs.

TANAP meticulously performed these practices during the Covid-19 Pandemic, by adopting all practices and principles during this period as well. With the support of the Management, a series of online pandemic awareness training sessions were conducted, employee support programs were also initiated, and working from home (especially for disadvantaged groups) was encouraged. TANAP Covid-19 algorithm was followed, Covid-19 case management was conducted by the Health & Safety Unit, all necessary physical measures were taken, and contractors were provided with Covid-19 Guidance.

Occupational health & safety is a top priority for the whole organization and TANAP will continue to further improve its practices in this area as well.

OCCUPATIONAL HEALTH & SAFETY

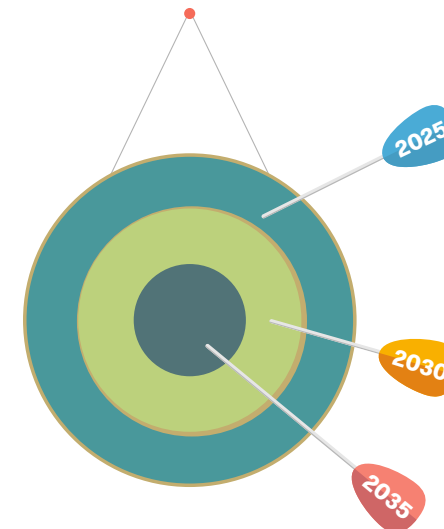
TANAP Occupational Health and Safety Indicators

Indicators	2020	Target	2021	Target	2022	Target
Lost Time Injury (LTI) Frequency	0	0	0	0	0	0
Total Recordable Incident Rate (TRIR)	0.3	<0.3	0.2	<0.3	0.2	<0.3



COMPETENCE ASSESSMENT PROGRAMME – HS MODULE

With the aim of ensuring safe and high-quality performance, Competency Assessment of all Operations and Maintenance employees on Occupational H&S and Process Safety procedures was conducted in 2022. It is planned to continue such assessments in the upcoming periods as well.



Short-Term Targets:

- Increasing frequency of TANAP Internal Audits mainly focusing on Control of Work (COW), Process Safety, and H&S compliance
- Utilization of an Action Tracking System for the management of Internal and External Audits
- Sustaining Competence Assessment Programme
- Sustaining the Risk-based approach for all core business areas through TANAP Corporate Risk Committee
- Digitalization of the TANAP Lessons Learned (LL) process
- Organizing comprehensive Disaster Awareness Training Programme for all TANAP employees and their families
- Planning drills with earthquake scenarios at all sites
- Setting up Search and Rescue Teams and organizing Professional Search and Rescue Training Programme at all sites
- Conducting disaster readiness gap assessment programme at all sites

Mid-Term Targets:

- Achieving similar successful results on the LTI and TRIR targets as in the previous periods.
- Sustaining the Risk - based approach for all core business areas through TANAP Corporate Risk Committee

Long-Term Ambitions:

- Sustaining Risk-based approach for all core business areas through TANAP Corporate Risk Committee

WORKING & GROWING WITH TANAP

Since day one TANAP has adopted a human centred, gender equal and inclusive approach towards its governance, particularly to governance of its human capital.

TANAP Human Resources (HR) Management Plan provides an outline for TANAP's wages, benefits and working conditions policy for offering competitive salaries and fringe benefits to its employees within the current labour market, as well as for operating in compliance with national legal requirements in general.

No project of this scale can be completed without mobilizing and coordinating a huge workforce. While scheduling and organizing a hierarchy of necessary skills for the complex task at hand, TANAP made an earnest effort to ensure that workers enjoyed healthy and safe working conditions and labour rights in line with national laws and international industry best practices.

OVER 15,000 JOBS & OPPORTUNITIES

TANAP created approximately 15,000 employment opportunities. Large infrastructure projects often create expectations in local communities about new jobs. TANAP had anticipated these expectations and developed its employment plan considering specifically people from affected

settlements and prioritised local employment as much as possible. Early in the project design, TANAP carried out a local skills analysis study to assess the availability of a local workforce with the necessary skills for pipeline construction. TANAP set different local employment targets for different types of jobs and developed procedures for hiring and training local workers.

In addition, TANAP has adopted a flexible HR system that allows the employment of additional personnel during increased workload periods and when particular expertise is needed. Moreover, TANAP supported current employees' knowledge and skills through compulsory as well as internal & external training.

MAXIMUM SUPPORT TO TANAP EMPLOYEES DURING THE PANDEMIC

TANAP has also demonstrated maximum sensitivity and goodwill towards its employees during the pandemic. In line with the pandemic conditions, TANAP offered remote working opportunities to protect its employees from any potential risks related to Covid-19 and extended such periods of remote work for employees with certain health risks. In addition to these measures, complementary support was received from an Employee Assistance Services Programme, to provide the needed support for TANAP employees.

WORKING & GROWING WITH TANAP

Employee Assistance Programme functioned live for TANAP employees and their family members covering diverse areas such as online psychological counseling, legal support, financial counseling, newborn care information as well as veterinary counseling on which various support might have been sought in those challenging days.



ALIGNING CONTRACTORS TO TANAP EMPLOYMENT STANDARDS

Contractors were legally obliged to provide fair terms for employment and to create a safe working environment, and TANAP took all possible measures to ensure that this was the case on the ground. Moreover, a third-party monitoring company's service was obtained to verify that construction companies and their subcontractors complied with Türkiye's labour and social security laws. Monitors reviewed salary payments and other statutory social contributions monthly, interviewed a sample of workers

Number of Employees by Age Group

	< 30	31-40	41-50	50 >	TOTAL
TANAP	32	178	119	29	358

Number of Employees by Gender

	FEMALE	MALE	TOTAL
TANAP	55	303	358

at construction camps, and did spot checks of payment slips. TANAP used these audits for promptly identify any gaps with regard to national laws and for warning contractors to address these gaps and to take time-bound remedial actions.

Large infrastructure projects can often be under immense pressure to complete work on time with no cost overruns, which may sometimes serve as a cause to work long overtime hours for construction workers which, in its turn, may increase the risk of accidents. During the due diligence stage, the World Bank team observed in monitoring reports that contractors regularly exceeded standard limits for worker overtime. TANAP closely monitored the situation and ensured that such work was paid as required under national law.

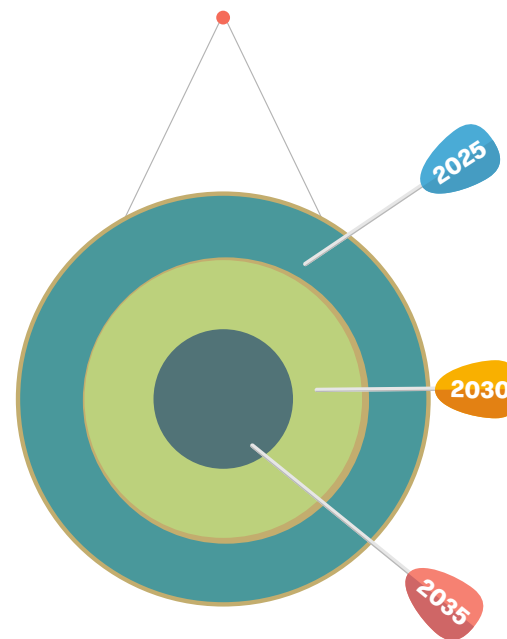
TANAP worked closely with contractors to take necessary measures in bringing overtime hours within the legally prescribed limits. A dedicated action plan on monitoring and managing working hours and overtime work enabled TANAP to actively manage the risk of overtime hours.

WORKING & GROWING WITH TANAP

Moreover, in order to further foster these efforts on efficient management of working hours, some IFIs under the financing consortium recommended the implementation of a fatigue management plan. TANAP implemented such a plan that screened the risk level of workers performing work under increased fatigue on a regular basis. TANAP granted additional rest period or days off to workers who were determined to be working under such risk. While a medical doctor conducted the screenings, the site health and safety manager had the overall responsibility to take preventive actions.

The project was committed to establishing and fostering a sound relationship between management and workers. TANAP held training sessions aimed at explaining workers' rights under national labour laws as a regular part of employment induction training. Workers also had access to a grievance mechanism, practiced by each contractor and monitored by TANAP. Contractors usually addressed worker complaints in a timely manner. TANAP regularly ensured that contractor management addressed workers' outstanding concerns fast and effectively. One such concrete example was conducting Employee Satisfaction Surveys to identify specific areas of concern for taking relevant actions to address issues related to working conditions with the purpose of preventing similar cases in the future. While such employee surveys are common practice in large corporations, they are not often carried out for large construction projects. The TANAP experience shows that such surveys can serve as a useful tool for identifying and resolving widespread worker concerns in a timely manner.

Furthermore, a number of additional measures had been taken such as reconsideration of salary amounts in view of the inflation rates, as well as re-evaluation of side benefits.



Short-Term Targets:

- Following & maintaining the best practices in the sector and integrating the new/ appropriate ones in our system
- Keeping the employee turnover rate below the existing rate
- Providing a competitive salary and fringe benefits

Mid-Term Targets:

- Following & maintaining the best practices in the sector and integrating the new/appropriate ones in our system
- Decreasing employee turnover rates to %4
- More competitive salary and side benefits

Long-Term Ambitions:

- Following & maintaining the best practices in the sector and integrating the new/ appropriate ones in our system
- Decreasing the turnover rate to % 3
- More competitive salary and side benefits

EQUAL OPPORTUNITY AND NON-DISCRIMINATION

Competitive bidding serves as the basis for identifying the most appropriate contractors/vendors of particular goods and services. It ensures both transparency and equal opportunities, and yields such an outcome that represents the best value. A transparent and robust procurement process is one of the most critical factors in the success of a project, which enables the selection of the most suitable contractor/vendor.

Another area of strength of TANAP is stakeholder engagement. TANAP provided targeted support to women through land acquisition, livelihood restoration and investment programme. As known, a common challenge in large infrastructure projects is to ensure women's equal access to project benefits. Broad or overall stakeholder engagement as well as general outreach mechanisms may bear certain disadvantages and overlook and/or exclude women from the project scope. However, in the case of TANAP, TANAP had identified all women landowners and land users under the land acquisition scope, and registered all of them in its comprehensive beneficiary database. The effort to reach these women required multiple house visits as many of these women were often busy with various household responsibilities.

As TANAP staff became more familiar with women beneficiaries following such visits and upon holding numerous dedicated women-only meetings, they were also better able to guide these women on making decisions regarding various livelihood restoration options.

TANAP also prioritised women in the scope of Investment Programme both as target group and as beneficiaries. This prioritisation also motivated the potential applicants to include women to their project proposal to gain extra points. TANAP's community facilitators cooperated with women beneficiaries to collect necessary documentation or to aid in filling out applications.

WOMEN-TO-WOMEN COMMUNICATION

TANAP Social Impact Team regularly conducts focus group meetings with people defined under vulnerable groups (women, people with disabilities, etc.) to receive their comments on various issues, as well as to identify whether they are taking all possible opportunities to reach out to related personnel.

EQUAL OPPORTUNITY AND NON-DISCRIMINATION

WOMEN-TO-WOMEN COMMUNICATION

Reaching out to and engaging with women often requires tailored efforts, especially in remote and rural locations where men dominate the public dialogue including engagement with authorities.

TANAP management was aware that proactive efforts were needed to reach out to women and make them feel comfortable about attending stakeholder engagement meetings. As a result, half of the community liaison officers hired by TANAP to carry out consultations with local communities were women. Therefore, for every village consultation held at a local coffee shop, there had also been a focus group of women, the meetings with whom were held at one of the local houses. The project team also reached out to women's civil society organizations in each of the 20 provinces along the pipeline to listen to feedback about local women's issues and concerns regarding the project.

WOMEN-FRIENDLY WORKPLACE

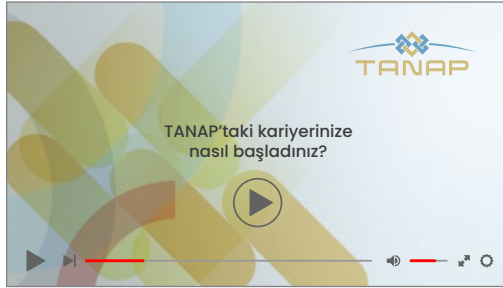
In large infrastructure projects, attracting female workers is often challenging due to the types of jobs offered, cultural factors, the remoteness of locations, and due to safety considerations. While large construction projects provide opportunities in terms of local employment, mainly to men, TANAP aimed to provide these opportunities to women as well. In many ways TANAP made a concerted effort to reach out to women to ensure that they also benefitted from the project to the largest extent possible and to make them feel as comfortable as possible in seeking employment at TANAP. TANAP provides a number of side benefits to its women employees to create a women-friendly workplace by offering such supports as "Kindergarten support".

Also, working and living conditions at worker camps provide positive evidence for this effort. The facilities have separate accommodations and lavatories for women employees and also are well lit for safety purposes. Moreover, it should also be noted that prior to the commencement of the construction works, TANAP and the contractors paid a visit to every village near the construction sites and distributed job application forms directly to women rather than just leaving them with the village Mukhtars.

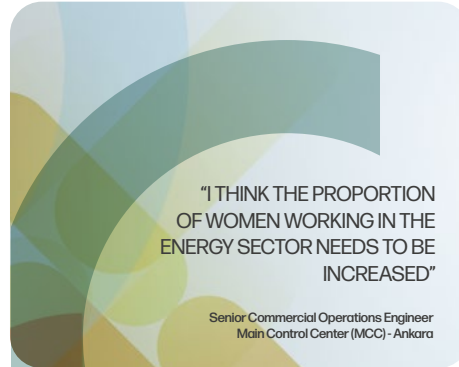
EQUAL OPPORTUNITY AND NON-DISCRIMINATION

WOMEN-FRIENDLY WORKPLACE

Pregnant women, disabled people, and people with chronic disease were allowed to work from home during the pandemic period.



TANAP'lı Olmak - Pelin İnce



Due to the nature of the project, most available jobs were related to construction, however, TANAP introduced a 5 percent female employment target within the contractors' workforce. Women were hired to work in offices, dorms, kitchens, as well as in the areas of camp maintenance, which had led to provision of more stable jobs for women. On average, duration of working years for women were 2.6 years, while men worked an average of one year depending on the peak seasons for construction work. Women had access to a safe working environment starting from their departure from home. Contractors arranged daily morning and evening transportation for female workers to commute from their communities to worker camps.

Job Descriptions are focused on technical and professional qualifications of the requested candidate without any specific personal specification (religion, language, race, gender etc.) that may cause discrimination. Equal opportunity criteria are being granted for each position.

Also, salary and fringe benefit policies are defined clearly and announced to all employees transparently. A fair hiring process is being implemented by considering the experience, education and performance of a candidate.

FORCED LABOUR AND MODERN SLAVERY

TANAP has a structured system based on current legislation not to allow forced labour and modern slavery within the company as well as within its suppliers. In order to prevent such practice, TANAP administers integrity due diligence for its new suppliers. Due diligences of existing suppliers are also monitored and refreshed within specific periods, which are specified in TANAP IDD Procedure. Our company's core values are honesty, integrity, and respect towards each other which helps to create a diverse and inclusive culture where everyone feels respected and valued genuinely.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

There is no legal restriction against freedom of association and collective bargaining for employees and there is also no demand for this at TANAP. Because there are alternative means of engagement for employees and workers at TANAP such as an employee representative elected as per the Labour Law No6331, TANAP Speak Out system, and TANAP Grievance Mechanism which is enabling also contracted workers access and meet the need sufficiently to raise their concerns about working conditions.

RIGHTS OF INDIGENOUS PEOPLE

According to the social safeguards, indigenous people/groups are defined as follows:

- ☐ Self-identification as members of a distinct indigenous cultural group, as well as others' recognition of this identity.
- ☐ Collective attachment to geographically distinct habitats or ancestral territories in the project area, as well as the natural resources contained within these habitats and territories.
- ☐ Traditional cultural, economic, social, or political institutions distinct from those of mainstream society or culture; or - A distinct language or dialect, often distinct from the official language or languages of the country or region in which they live.
- ☐ Based on the above definition, it could be concluded that there are no indigenous people located along the TANAP route in Türkiye.

CLOSE AND OPEN ENGAGEMENT WITH LOCAL COMMUNITIES

TANAP established and still maintains a robust information management system to record, track, analyse, and report stakeholder engagement and grievances.

TANAP highly values the participation of the people living in the settlements directly affected by the Project activities and with all other stakeholders, and as such, considers stakeholder participation in all the project phases to be of primary importance.



TANAP has adopted an effective and stakeholder-inclusive approach for the establishment and maintenance of constructive relationships with all of its stakeholders. A **Stakeholder Engagement Plan (SEP)**, detailing how TANAP will interact with its stakeholders, has been developed and is being thoroughly reviewed and updated in accordance with the changing dynamics in the site activities and depending on stakeholder needs because it is also considered as the main living document of the social impact management system. It is publicly available via the TANAP website in view of the TANAP Information Disclosure Policy.

It should also be noted that, as the main complementary part of the SEP, the Grievance Management Mechanism was established in the very early phases of the Project and has been flourishingly maintained for nearly 10 years. During this 10-year period, nearly 5,500 thousand complaints were handled in the area affected by a 1,811 km long pipeline that passes through nearly 600 settlements and directly or indirectly affects around 100,000 people. Having such a vast amount of stakeholder data also required setting up a structured big data management system reinforced with measures taken to protect personal data in accordance with the Personal Data Protection Law No.6698.



Since 2017, TANAP has been organizing Annual Stakeholder Meetings where stakeholders are informed on the ongoing and planned works of TANAP, contact details of TANAP Headquarter and Site Social Impact Specialists are shared for needs of communication, followed by interactive discussion sessions with stakeholders' questions and feedback.

TANAP has demonstrated an agile and adaptive approach to unexpected circumstances caused by Covid-19 pandemic restricting close and face-to-face communication with local communities. In line with the motto "Safety First!", TANAP prioritized health and safety of the communities whilst making a noteworthy effort to also maintain communication with stakeholders despite the constraints of Covid-19 lockdowns.

CLOSE AND OPEN ENGAGEMENT WITH LOCAL COMMUNITIES

During the pandemic, the Annual Stakeholder Meetings have been conducted virtually through a YouTube broadcast.



As of 2023, the annual stakeholder engagement meetings are to be conducted face-to-face prior to Covid-19.

In addition to these Annual Stakeholder Meetings organized as per the TANAP Stakeholder Engagement Plan, other types of meetings, both planned and unplanned, are continuously held by the Site Social Impact Specialists, who are also responsible for running the grievance redress mechanism in a timely and culturally appropriate manner, with the stakeholders in their respective operational areas.

Stakeholder engagement activities as of the commencement of the operational phase have primarily focused on the following issues: land use conditions, land access and permit processes, community health and safety, and operational maintenance activities. Engagements have been carried out through phone-based and face-to-face communications (individual or group meetings including focused meetings with women in rural areas) during visits to the pipeline and stations nearby settlements.

These engagement practices are briefly explained below:

I. Operational Phase Land Use Conditions:

Mukhtars and landowners/users were informed in detail on land use restrictions to be complied with during the operational phase. These face-to-face communications also served as a knowledge refresher for the local stakeholders, especially after long-lasting remote communication during the Covid-19 pandemic, with the help of the circulation of new visual materials (poster, leaflet, and brochure) redesigned in light of the needs observed by the TANAP Social Impact Team.



CLOSE AND OPEN ENGAGEMENT WITH LOCAL COMMUNITIES

II. Land Access/Permit Processes:

In case where agricultural activities or works for infrastructural improvements are detected on the pipeline corridor by TANAP's pipeline monitoring systems (electronic and physical), relevant parties (landowners/users/institutions) are notified of the land use restrictions and informed about the requirements for the crossings as per TANAP Permit Procedure to prevent potential risky situations for community safety.

III. Community Health and Safety:

Disclosure of the Community-Based Emergency Management Plan (CBEMP) had already started in 2021 by informing AGI-affected settlements in the first run. In 2022, this public disclosure activity extended to the pipeline-affected settlements, and the residents living along the pipeline route were informed about CBEMP that enabled raising public awareness about any potential emergency cases during pipeline operations and equipping stakeholders with information on TANAP's security & safety measures as well as steps of emergency management in such cases.



IV. Maintenance Activities:

Prior to the commencement of activities, mukhtars and landowners/users were informed about the scope and duration of forthcoming maintenance activities (e.g. line marker repair/erection, subsidence rectification, pipe locator reading, etc.) in their localities as per TANAP land access management principles.



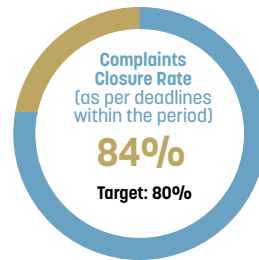
CLOSE AND OPEN ENGAGEMENT WITH LOCAL COMMUNITIES

TANAP has also made specific engagement efforts to access women and enable them to give their voice readily, by recruiting female staff and organizing separate meetings with women living in rural areas since it makes their engagement easier.

Throughout 2022, a total of 204 complaints were registered, and as targeted, the majority of them were timely and appropriately resolved. The resolution process has been initiated for the open grievances, the addressed actions of which rely heavily on external factors such as seasonal convenience.

All communication channels provided by TANAP are a tool for stakeholders to convey their concerns, grievances, and requests. All complaints and requests are registered and relevant parties are informed accordingly.

TANAP Social Impact Team is well aware of the fact that the key to successful stakeholder engagement is to be readily accessible, transparent, and responsive to all stakeholders.

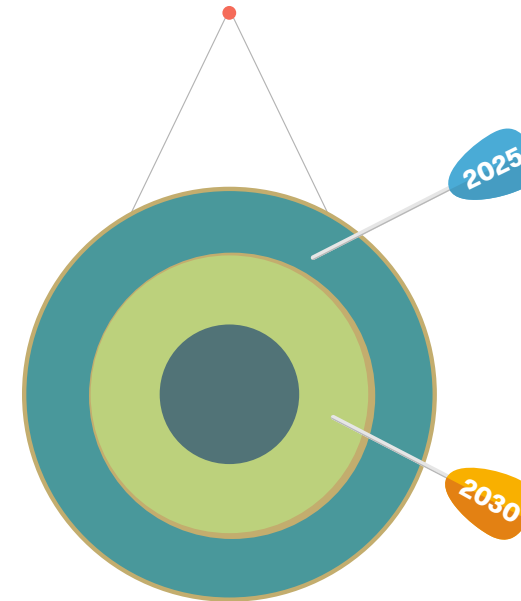


Short-Term Targets:

- Raising awareness of surrounding communities with what to do in a potential emergency case throughout the pipeline operation by organizing specific drills with the engagement of communities and local authorities
- Helping both TANAP teams and their contractors' site teams adopt and appropriately perform land access management principles
- Continuing to be the facilitator between parties through engaging directly with stakeholders in performing procedures that secure local communities and TANAP's land access rights
- Digitizing the Stakeholder Database by Linking to Land Acquisition-related Data

Mid-to-Long Term Targets:

- Restructuring and applying stakeholder engagement practices in a culturally appropriate manner in the digitalized world
- Continuing the existing good practices



LAND AND RESOURCES RIGHTS



The TANAP Pipeline, which runs from the eastern border to the western border of the country with a length of 1,811 km, had inevitably to pass through a great number of agricultural lands, forests and cross numerous rivers along the route, as well as a Dardanelles Strait, though a limited section of it.

REDUCING ECOLOGICAL FOOTPRINT IN SUCH A LARGE LINEAR INFRASTRUCTURE

For TANAP, securing tenure and access rights for lands and other resources, which are vital for the livelihood of people and communities, is one of the main priorities addressed in line with its social commitments to the IFIs, particularly IFC PS 5 *Land Acquisition and Involuntary Resettlement* and EBRD PR 5 *Land Acquisition, Involuntary Resettlement and Economic Displacement*. To be able to manage this process effectively and appropriately, TANAP had developed a Resettlement Action Plan (RAP) resulting in the allocation of a RAP Fund to bridge the gaps between national and international legislation regarding compensation of losses related to crops on unviable lands or multiple-pipelines effects. Moreover, and then, Livelihood Restoration Plans focusing on landowners and users affected by land acquisition in rural communities and on the temporarily affected fishermen making their livings in the Dardanelles Strait were also developed and put into practice.

LAND AND RESOURCE RIGHTS

Even though the total area affected by this huge linear investment with all components (pipeline route and stations) is **around 7,000 hectares –the equivalent of 10,000 football fields**, many preventive decisions and various mitigation measures have been taken to reduce the ecological footprint in agricultural areas, pastures, forests, and rivers as much as possible. Some of these are;

- ☐ A careful pipeline **route selection process**, which also pays attention to the mitigation hierarchy to avoid, minimize, and offset environmental impacts and to mitigate and compensate for social impacts, was applied.
- ☐ Minimizing the acquisition of permanent ownership of lands was the main land management priority followed by **access to private lands through an amicable agreement**.
- ☐ Mostly unsuitable areas for agriculture were preferred while selecting the route for the pipeline.
- ☐ Narrower construction corridor along the pipeline route on forestry areas and orchards was determined. While a 36 m wide construction corridor was opened along the route, this construction corridor was limited to 30 m wide in forest areas, to ensure that fewer trees were cut and, as a result, natural vegetation was preserved in a larger area.



Thus, a total of 126 hectares of forest, approximately the size of **180 football fields**, was protected.

- ☐ The lands opened for the laying of the pipeline were given back to the landowners in compliance with one of the basic TANAP environmental commitments regarding soil management; which includes the steps: the separation of the top-soil and sub-soil to be kept preserved in storage until re-use, and laid back at the end of the construction that was all named as **Land Reinstatement**.
- ☐ The construction **schedule at the river crossings** was set by considering the continuity of aquatic life. For example, spawning periods of fish were observed and avoided.
- ☐ The preferred construction **techniques for the offshore section** of the pipeline passing through the Dardanelles Strait (such as pipe welding on the ship, pipe laying/placement on the seabed instead of digging the seabed) shortened the duration of construction and **limited the affected fishing area**. As a result, the turbidity in the sea was limited to a narrow area, possible destruction in the marine ecosystem was avoided, and local fishermen maintained the fishery with few fuel supports.

LAND AND RESOURCE RIGHTS

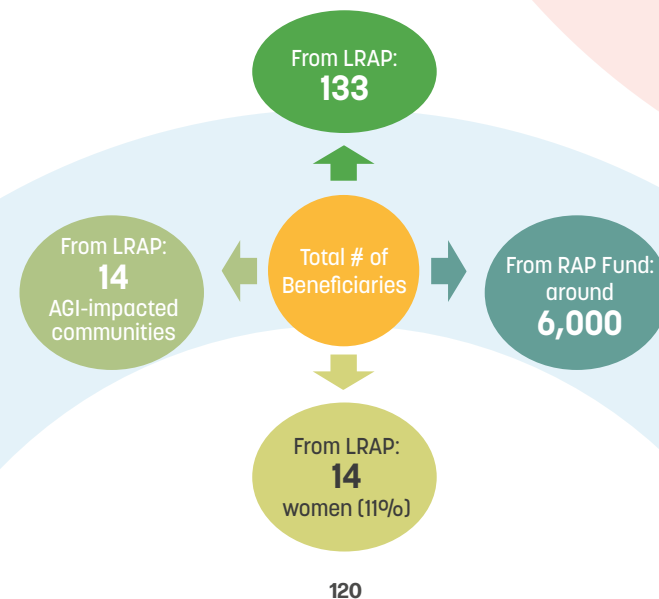
RESTORING AND ENHANCING LIVELIHOODS

As TANAP is a linear project with limited and mostly temporary land impacts, livelihood loss has been considerably low. On the other hand, TANAP is not only composed of the pipeline route where lands were given back to the landowners and users. The stations as part of above-ground installations (AGIs) brought about a proportionally higher impact on the livelihoods of local land users and some communities, as the land acquisition required for these stations, had resulted in permanent land loss.

IFIs' social safeguard principle regarding land acquisition and involuntary resettlement points out that unavoidable adverse social and economic impacts from land acquisition such as economic displacement (loss of land leading to loss of income sources) ought to be mitigated by providing timely compensation and assisting the affected people in their efforts to improve, or at least restore, their impacted livelihoods.

To meet this requirement, TANAP has developed livelihood restoration strategies for AGI-affected people and communities in addition to the compensation payments for the lands expropriated and employment opportunities for local people during the construction period. Expropriation of the leftover (unviable) portion of the permanently acquired land as per pre-determined eligibility criteria was a part of mitigation actions.

Another strategy was the provision of Transitional Allowance from the RAP Fund as an additional livelihood support provided only for those who lost more than 20% of their lands due to permanent land take. The major livelihood restoration and improvement strategy was the development of Livelihood Restoration Assistance Packages (LRAP) at individual and community levels.



LAND AND RESOURCE RIGHTS

Livelihood Restoration Assistance Packages that vary **from** the construction of a barn, the purchase of agricultural machines or equipment, cattle with animal feed, or implementation of a preventive animal health care program, and delivery of cash support for the elderly and people with disabilities **to** the renovation of communally used places and renewal of drinking water drainage system and water pipeline or construction of a new water storage tank were provided to the vulnerable people and communities.

Post-Implementation Social Monitoring revealed that in case of the loss of an asset like land, and when it is replaced with another tangible asset, “Betterment of Life” may be more appropriate for the affected people. The majority of the LRAP Beneficiaries (nearly 96%) stated their satisfaction as the support they received was greatly helpful in restoring their livelihoods. For further assessment of the outcomes of livelihood restoration actions, a **RAP End-Term Impact Evaluation Report** is also accessible via the TANAP website.



BENEFICIARY OF SUPPORT FOR A BARN:

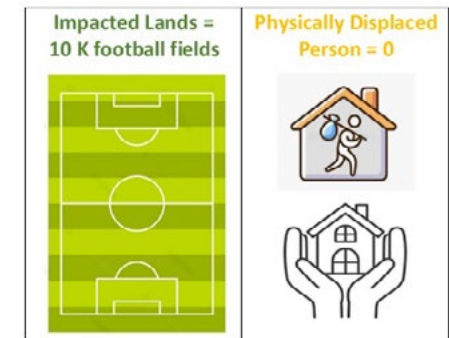
«I became a model for this village with this barn I built with your support; now I see myself more brave, I can walk self-confidently in the village.

The land feeds us, but the barn will bring income. »

The short film “**Small Touches Making a Difference in Lives**”, which narrates how TANAP compensated for the economic losses of local communities affected by the lands acquired for the construction of the pipeline and stations and furthermore, improved their livelihoods, is publicly available for social practitioners and other stakeholders dealing with similar socio-economic aspects of land right. It is accessible via the TANAP website under **Media: Promotional Films section**.

SECURING LAND ACCESS IN OPERATION PHASE

The Pipeline route passes through 20 provinces, 67 districts, and approximately 600 settlements. This was determined by considering social dimensions as well as the environmental-geological concerns, unlike previous experiences of investment projects of similar scale, it did not cause displacement of even one household due to the land acquisition. The fact that such a social impact, terminologically referred to as “**Physical Displacement**” in international literature, has **not been experienced under the TANAP Project** is a great achievement especially when such a large affected land, which equals nearly 10,000 football fields, is considered.



LAND AND RESOURCE RIGHTS

RESTORING AND ENHANCING LIVELIHOODS

Only economic displacement caused by the land acquisition temporarily along the pipeline route and permanently in the above-ground installations (stations) had to be managed and its relevant losses were compensated as per the national law and international social safeguard policies through multi-dimensional compensation management mechanism:

- i) Expropriation Payments as per the national legal requirements,
- ii) Payments as per the international social safeguard policies, and
- iii) Livelihood supports.

In order to consistently continue to secure land rights during the operation phase, principles and international rules adopted from the very beginning are followed.

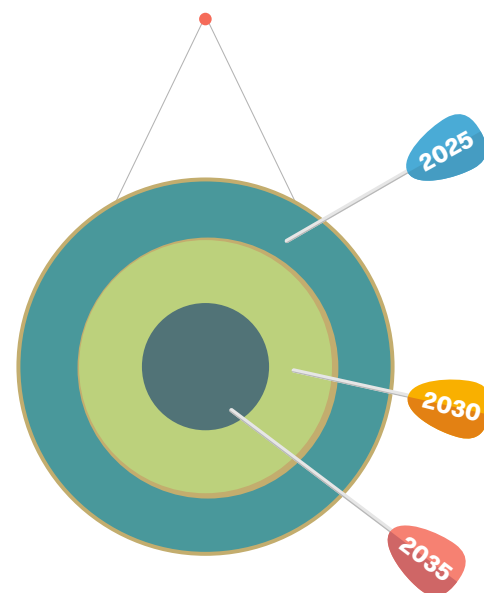
However, there are some different aspects of land use during the operation phase, both for the land owners and users who continue their agricultural activities in the lands, and for TANAP, which needs to re-enter the reinstated land for various works such as repair works on the damaged lands or line marker repairs/installation or rectification works like subsoil ripping or removal of stones that may rise to the surface in the first years of the Operation phase on the reinstated agricultural lands as was completed in two villages in 2022.



LAND AND RESOURCE RIGHTS

In these changing conditions, a framework has been identified and documented to help people continue to work in the field by protecting their rights, without hindering their economic activities on their lands. The principles to be followed by TANAP and its contractors who will work in the field are defined by the **Operation Phase Land Access Management Procedure**. In addition, the rules outline how land users and local authorities can easily carry out their activities at the points that intersect with the pipeline (for example, laying water pipes for agricultural irrigation) are also shared with the stakeholders through the Land Use Conditions booklet.

In this regard, **controlled permission for third-party crossings** is given to landowners. For example to install irrigation systems to ensure landowners and users access to their agricultural land, and to avoid any risk to the pipeline. In 2021-2022, the total number of controlled permissions was **47**.



Short-Term Targets:

- Incorporating remote and drone technology into existing practices for more widespread use to conduct more field investigations which are needed for land-related problems;
- Initiating the digitalization of both land access and stakeholder engagement process in an interlinked approach
- Allocation of budget for compensation of livelihood loss due to post-project impacts related to the land and other resources

Mid-Term Targets:

- Reduction of carbon footprint and economic impact of rented land management
- Performing the fully digitalized interlinked land access and stakeholder engagement process

Long-Term Ambitions:

- Continuing the current existing practices that reduce impacts on land and natural resources.

CONFLICT AND SECURITY

TANAP security staff regularly receives a number of specific training on human rights to be considered while managing non-compliant individual in case of a conflict in the region.

TANAP Social Impact team works in close collaboration with local authorities and makes periodic visits to neighboring villages to maintain good relations and to prevent any possible conflicts in the given district.

Thanks to its well-planned and effectively administered Social Policy and management system, TANAP has not experienced any situation that required involvement of security personnel to date. As a matter of fact, no complaints have been received from the local residents of the surrounding communities regarding the attitudes and behaviors of the TANAP security personnel towards them. Nevertheless, considering all potential incidents, the TANAP Security Team provides training to all its personnel on VPSHR (Voluntary Principles on Security and Human Rights), and on international principles in security including the Code of Conduct for private security service providers in accordance with EBRD Performance Requirement 2 - Labour and Working Conditions, and is especially committed to respecting human rights without making any discriminations.

Keeping Stakeholders engaged has been the priority for TANAP from the very beginning of the Project to date, due to which TANAP has adopted a strategic and structured approach to Stakeholder relations in order to initiate and sustain constructive relationships with them.

To this end, TANAP has developed a **Stakeholder Engagement Plan (SEP)**, and as a living document, SEP is revised and when necessary, updated to keep up with the changing circumstances. For example, an annex specifying the frame and ways of communication needed to be modified due to the Covid-19 pandemic and the pandemic-induced limitations were incorporated into the SEP.

TANAP will continue to follow the best practices in the sector and integrate the appropriate ones into the TANAP system.



BOX 3 CULTURAL HERITAGE

One of the priorities (TANAP) has been the preservation of the Cultural Heritage and archaeological finds along its route.

The TANAP Project passes through the provinces of Ardahan, Kars, Erzurum, Erzincan, Bayburt, Gümüşhane, Giresun, Sivas, Yozgat, Kırşehir, Kırıkkale, Ankara, Eskişehir, Bilecik, Kütahya, Bursa, Balıkesir, Çanakkale, Tekirdağ and Edirne in Anatolia, which contain many artifacts charting the archaeological and cultural heritage of Anatolia, which hosted many civilizations in its history, and serves as a bridge between Eastern and Western cultures.



The field studies for the identification of archaeological and immovable cultural heritage sites over the 1,811 km route conducted during the environmental impact assessment and basic design process of the TANAP Project revealed 106 new sites not previously registered in the inventories of the affiliated Regional Boards for the Preservation of Cultural Assets of the Ministry of Culture and Tourism, and these were subsequently identified and preserved through their registration by the relevant Preservation Boards. Along the route were 55 areas previously registered by the Ministry.



In addition, during the 5 years of construction works, a total of 48 archaeological sites (necropolis, tumulus, archaeological settlements, etc.) and around 1,000 archaeological artifacts were introduced to Türkiye's cultural inventory, and many of the identified areas have now been registered and brought under preservation by the relevant Conservation Boards.

With the total 25 recovery excavations carried out along the pipeline route, significant contributions have been made to our current knowledge of Türkiye's cultural heritage and archeology.



With replicas of different sizes, selected from amongst thousands of archaeological finds unearthed during the immense rescue effort, an exhibition area has been designed at TANAP Headquarter Office in Ankara, where they are displayed in accordance with the permit obtained from the Ministry of Culture and Tourism. Further to that, one of the invaluable legacies of all these archaeological works meticulously carried out has been this special book prepared and published with the support of TANAP: "HIDDEN WITNESS OF ANATOLIAN CIVILIZATIONS".

Within Bandırma Museum conducted under the management of the Bandırma Museum Directorate in the Kalebayır, Şevketiye and Üzümlü districts of Balıkesir was opened on January 15, 2020. The exhibition hall is home to 247 artefacts from the Roman to Early Byzantine Periods recovered as a result of the TANAP Project.

It is known that important settlement areas dating back to 2000 BC exist along and around the TANAP route. Among these is Karaz Höyük (Kura-Araxes Mound) in the Kahramanlar village in the Ilıca district of Erzurum. This mound has been linked to a culture that has regional differences and is referred to by different names, but is most commonly known as the Kura-Araxes culture, which spread from Northeastern Anatolia throughout the entirety of Eastern Anatolia, extending all the way down to Palestine, covering a wide geographical area, and dating to the 3,250-2,000/1,750 BC era.

The Alaybeyi Archaeological Site, which was discovered by chance at the 335th kilometer of the route during the construction of the TANAP pipeline, offers findings that will rewrite the archeological history of the region with its multilayered structure, of which the Kura-Araxes culture is just a part. Carbon dating (C14) analyses carried out in TÜBİTAK laboratories reveal the Alaybeyi Mound to be the "oldest" settlement identified to date in the Northeast Anatolian Region.



The Exhibition Space of Replica
Archaeological Artifacts at
TANAP Ankara Office



The TANAP Exhibition Hall at Bandırma
Museum



Section 5
CARE FOR THE PLANET

GHG EMISSIONS

In an effort to minimize our overall impact on the environment, TANAP has adopted a number of strategies and taken diversified mitigation actions in compliance with national legal requirements as well as international policies. As of the commencement of the operation phase, one of our focus points regarding impact mitigation on the environment has been to reduce Greenhouse Gas (GHG) emissions, primarily in Scope 1 (direct emissions from sources) and Scope 2 (indirect emissions). To achieve this goal, the first step is to scale up our actions on energy efficiency.

To accelerate this process, TANAP established the Emissions Reduction Initiatives (ERI) Team that works on developing further improving actions to reduce emissions from our operations and plan for our operations to become more efficient. We are also exploring ways to reduce methane emissions through leak detection and repair programs and other measures.

We have been implementing a comprehensive GHG-emissions tracking and reporting program in order to measure and track our progress towards reducing our GHG emissions.



TANAP's direct GHG emissions reporting mainly covers the two major GHGs, carbon dioxide (CO₂) and methane (CH₄), from the following activities:

- Stationary Combustion Emissions
- Mobile Combustion Emissions
- Vented Emissions
- Fugitive Emissions



Carbon dioxide (CO₂) is primarily emitted from combustion sources, but may also be emitted from some vented and fugitive sources. The concentration of CO₂ in commercial natural gas is generally small (< 2% by pipeline specifications), such that vented and fugitive emissions associated with its use are small compared to emissions produced from combustion.

Methane (CH₄) emissions can result from both combustion and non-combustion emission sources. CH₄ is emitted when natural gas leaks from fugitive emission sources or when natural gas is vented directly during maintenance or emergency procedures.

Reducing GHG emissions (carbon and methane) by 1% through some modification works would be the main short-term target (by 2025) for TANAP operation. In parallel to that, the potential use of greener energy sources in our facilities and the H₂ blending compatibility of our systems will be assessed.

GHG EMISSIONS

BOUNDARY FOR TANAP'S GHG EMISSIONS

There are different approaches used internationally for GHG accounting. International Financial Institution Framework for a Harmonised Approach to Greenhouse Gas Accounting (November 2015), which was re-structured as a Guideline in 2021, is the main reference document for International Financial Institutions (IFIs) such as WB Group, EBRD, EIB and AIIB. Accordingly, the annual GHG emissions (>100,000 tonnes CO₂eq per year) of TANAP are calculated and reported annually accordingly.

Moreover, GHG emissions are reported to the Ministry of Environmental and Urbanization and Climate Change (MoEUCC) according to the Regulation on Monitoring of Greenhouse Gas Emissions published in Official Gazette No:28274 on 25.04.2012. The scope of the regulation includes the monitoring, verification and reporting of greenhouse gas emissions of the facilities defined in Annex-1 of the regulation and duties and responsibilities of the institutions authorized by MOEUCC.

The methodologies use the term “scope” as defined in the World Resources Institute (WRI) GHG Protocol ‘Corporate Accounting and Reporting Standard’ when setting the boundary to be included in the emissions calculation. Only Scope 1 and Scope 2 GHG emissions of projects are practically included in the footprint of the organizations and annual reporting exercise. Therefore, Scope 3 GHG emissions are not included in TANAP’s GHG emissions report. Only Scope 1 and Scope 2 GHG emissions are calculated and reported.

SCOPE 1: DIRECT GHG EMISSIONS

Direct GHG emissions physically come from sources that are operated by the project within the project boundary. Examples of this include emissions produced by the combustion of fossil fuels, industrial processes and fugitive emissions from project activities.

Direct Emissions (Scope 1)	Stationary NG Combustion
	Stationary Diesel Combustion
	Mobile Combustion
	Vented Emissions
	Fugitive Emissions
Indirect Emissions (Scope 2)	Electricity Consumption

SCOPE 2: INDIRECT GHG EMISSIONS

Scope 2 accounts for GHG emissions from the generation of electricity that is consumed by the project. The indirect emissions are produced outside the project boundary (i.e. at power plant level) but since a project has control over consumption and can improve it with energy efficiency measures, emissions should be allocated to the project.

SCOPE 3: OTHER INDIRECT GHG EMISSIONS

Scope 3 emissions are a consequence of the activities of the project, however, they occur from sources not owned or controlled by the project. Some examples of Scope 3 activities include extracting and producing purchased materials; purchased services; business travels; employee commuting; and waste generated in operations.

GHG EMISSIONS

TANAP'S GHG EMISSIONS

The total annual GHG emissions caused by the operations (i.e. Scope 1 + Scope 2) of TANAP in 2022 are calculated as 348,993.74 tCO₂eq (tonnes of CO₂-equivalent).

Scope	TOTAL 2020 tCO ₂ -eq/yr	TOTAL 2021 tCO ₂ -eq/yr	TOTAL 2022 tCO ₂ -eq/yr
Direct Emissions (Scope 1)	121,553.225	243,847.928	333,481.609
Indirect Emissions (Scope 2)	17,206.357	15,167.71	15,512.14
Total CO₂e emission (tCO₂-eq/yr)	138,759.582	259,015.639	348,993.744

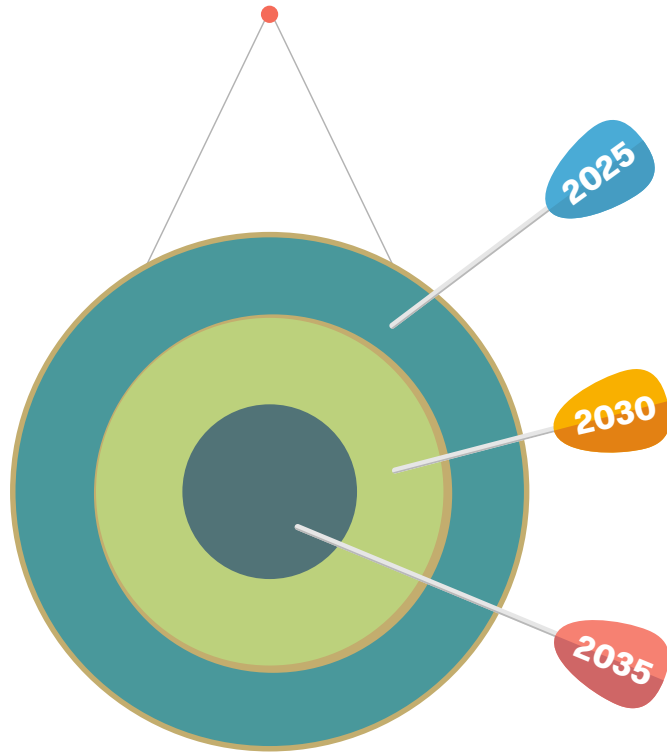
In 2022, GHG emissions have decreased by 20.6% for vented emissions, and about 5% for stationary diesel consumption, since the standby compressors are kept unpressurized due to operating in a plateau period, a total of 4 compressors on CS1 and CS5 stations are taken into account in the fugitive emission calculation and GHG emissions have decreased by 50% for fugitive emissions compared to 2021, GHG emissions have increased for mobile combustion by 98% compared to 2021, due to the resumption of site visits suspended during the pandemic period, for electricity consumption by 2.3%.

Due to the considerable increase (40%) in the amount of gas flow transferred to Europe in 2022, the CS1 and CS5 main compressors worked with an increased flow regime compared to 2021. GHG emissions from stationary Natural Gas combustion increased compared to 2021, thus causing an overall increase of 35% in TANAP's total GHG emissions in 2022.

Nevertheless, greenhouse gas emissions per quantity of transmitted natural gas in 2022 only increased by 9% compared to the previous year. This increase is not an unusual outcome because 2022 was the commencement year of the TANAP operations during the plateau period.

Therefore, it will be considered the year providing the reference baseline data when tracking the real change in our GHG emissions in the following years. After that, a decrease is expected compared to the 2022 baseline data with the improvement works and additional measures to be taken.

GHG EMISSIONS



Short-Term Targets:

- Carrying out engineering studies and cost-benefit analysis to check the feasibility of flaring instead of cold vent application
- Investigating possibilities of using renewable energy sources (primarily solar) at all facilities
- Including GHG emission reduction measures into new design and construction processes for expansion projects
- Continuing regular maintenance throughout the pipeline and facilities to minimize and prevent fugitive emissions
- Planning engineering study to evaluate the feasibility of waste heat recovery systems
- Implementing Dynamic Uninterrupted Power Supply (DUPS) Project to minimize the use of diesel generators and hence reduce GHG emissions
- Assessing the Hydrogen/synthetic methane blending compatibility of our systems
- Considering a transition to a hybrid working model, where possible
- Supporting the enlargement of carbon sink areas through initiating a TANAP Forestation Project

Mid-Term Targets:

- Implementing pilot projects to use renewable energy sources at all facilities
- Planning installation of waste heat recovery systems across the facilities, if feasible
- Fostering electrification including using electrical vehicles across the company and initiating employee fringe benefits/support programs to promote the use of electrical vehicles
- Undertaking Modification works for reducing fugitive emissions and climate-related impacts
- Implementing new technologies to enable measuring fugitive emissions more accurately and preventing as much as possible
- Implementing flaring (instead of cold venting) if found feasible and having a mitigative impact on our GHG emissions
- Facility readiness for Hydrogen/Synthetic Methane Blending

Long-Term Ambitions

- Getting ready for Hydrogen/Synthetic Methane Blending and implementing recommendations of the studies to get ready for any Hydrogen transportation projects.
- Making a feasibility study on the venting gas capture system to reduce CO₂ from flaring even further
- Continuing tracking emissions and reviewing the actions taken and revising strategy as needed.

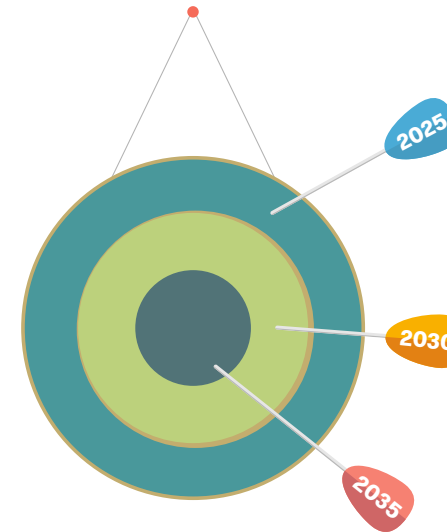
AIR EMISSIONS

TANAP attaches high priority to reducing air emissions such as benzene (C₆H₆), hydrogen sulfide (H₂S), ozone (O₃), nitrogen oxides (NO_x) and sulfur monoxide (SO) (Hazardous air pollutants (HAP)). During the project design phase, TANAP thoroughly investigated the specifications and design of required equipment and selected the most favorable equipment (e.g. Turbo Compressors) as well as the most suitable operational framework and industrial practices to reduce air emissions.

With the purpose of minimizing such air emissions, which are the potent polluters, TANAP also utilizes various efficient technologies and practices, such as gas leakage detectors, repair systems, etc.

Moreover, TANAP conducts air emission monitoring and reporting on a regular basis, as well as takes necessary measures to reduce the impact of these emissions on the environment. Annual air emission measurements are carried out by the Authorized Laboratories approved by the Ministry of Environment, Urbanization and Climate Change of the Republic of Türkiye.

With all these implementations and continuous monitoring and reporting processes, TANAP demonstrates its strong commitment to environmental sustainability.



Short-Term Targets:

- Maintaining annual air emissions measurements carried out by authorized laboratories
- Shortening the Reporting periods to quarterly or
- 6 month-periods to maintain more robust monitoring Review and reduction of annual Air Emission KPIs as applicable

Mid-Term Targets:

- Conducting Engineering Study to optimize air emission in Turbo Compressors (TUCOs), Water Bath Heaters (WBH), Boilers, and Generators by applying necessary modifications as required;
- Conducting Engineering Study for installation of Heat Recovery Units for TUCOs at CS1 and CS5.
- Revision of the Bidding procedure to include sustainability checks for firms with concrete sustainability views and practices

Long-Term Ambitions:

- Replacement of vehicles with HEV (Hybrid Electric Vehicles) and EV

BIODIVERSITY

In the **Environmental and Social Impact Assessment (ESIA) Report**, TANAP is committed to managing the potential effects of the Project on biodiversity by implementing the biodiversity mitigation hierarchy (i.e. avoidance, minimization, remediation and, offset) while operating a pipeline of a strategic significance, across a biodiversity-rich country.

The first three steps of the mitigation hierarchy have been incorporated in;

- Project design inherently,
- ESIA, and
- BAP

Starting from the Front End Engineering and Design (FEED) phase of the TANAP Project an International Environmental and Social Impact Assessment (ESIA) study was carried out which was approved in 2014. The supplementary package, namely, Biodiversity Action Plan (BAP) and Biodiversity Offset Strategy (BOS) were generated and disclosed on the TANAP website to meet Performance Standard 6 (PS6) of "IFC Performance Standards (2012)" and Performance Requirement 6 (PR6) of "EBRD Environmental and Social Policy and Performance Requirements (2014)".



The BAP, which was developed in compliance with IFC 2012 Performance Standards, is one where the rare samples where a linear project and very sensitive in identifying critical habitats. Considering the baseline data and with further assessments conducted regarding PR/PS6, there are **67 terrestrial and 27 freshwater critical habitats identified and recorded** in the BAP. There are no critical habitats for the marine environment, and neither critical marine species nor marine protected & conservation areas had been identified along the project route during the ESIA process.

Construction activities were subsequently scheduled in such a way that the impact on these ecologically vulnerable regions would be minimized. Measures were put in place to minimise any adverse impact on vulnerable species and their natural habitats, to protect the soil structure on the sea bed and, to protect marine species during offshore activities.

All Pipeline Contractors conducted preclearance works for terrestrial critical habitats according to the methods specified in ESIA and the Biodiversity Action Plan (BAP). Seed and bulb collection were conducted especially for Species of Conservation Concern (SCC) defined in the BAP in order to build a stockpile of species that could then be used for restoration activities.

BIODIVERSITY

The preferred method for seed collection of flora was to collect ripe seeds by hand from mature specimens.

Then, the collected seeds were placed in 10 x 25 cm canvas bags and stored in a ventilated, cool place at campsites. After that, the scientifically determined amount of the collected seeds was sent to the Ministry of Agriculture's seed gene banks in Ankara, so that vegetative propagules could be used in order to start ex-situ cultivation for the reintroduction of populations in suitable habitats within the species range. The remaining collected seeds were appropriately stored at each campsite so as to re-sow these seeds during the reinstatement of critical habitats used for the construction works.



Similarly, in the Operation Phase, seeds were collected for target plant species and germination trials were made in Nezahat Göküğüit Botanical Garden (NGBB) nursery:

- *Alyssum dudleyi* (2021 and 2022)
- *Dianthus goekayi* (2021 and 2022)
- *Scutellaria yildirimlii* (2021 and 2022)
- *Cephalaria aytatchii* (2021 and 2022)
- *Gypsophila osmangaziensis* (2021 and 2022)
- *Gypsophila heteropoda* subsp. *minutiflora* (2021 and 2022)
- *Astragalus aytatchii* (2022)

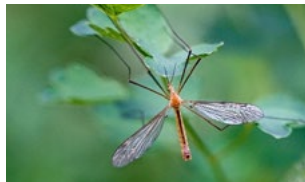
Cephalaria aytatchii
seedlings sprouting (NGBB
Nursery - 6 June 2022).
Germination success:
89% - 286 seedlings



BIODIVERSITY

TANAP had not only exerted efforts to conserve biodiversity, habitats, and species along its route but also contributed to the discovery of new species and thus, add value to the attempts of preventing biodiversity loss and more important than that, the ambition of putting the world on the path to recovery. Among the various endemics identified along the route, the following new species were introduced to the scientific world;

Tipula tanap, *Tanap cinar*, *Dioctria n. sp. 2*, *Hilara ardahanensis*, *Hilara elifae*, *Hilara hasbenlii*, *Hilara n. sp. 4*, *Hextoma n. sp.*, *Neolycaena soezen*, trout and as flora; *Verbascum ekicii*, *Dianthus dumanii sp. nov.* *Astragalus askaleensis* and *Mattiastrium turcicum*.



The main objective of the TANAP Project within its biodiversity studies is to obtain net gain in the Critical Habitats and no net loss in the Priority Biodiversity Features and Natural Habitats. Therefore, to meet the last mitigation hierarchy, the BOS was adopted in 2017. The main purpose of the BOS is to provide a practical and achievable offset scheme for TANAP.

A Biodiversity Offset Management Plan (BOMP) was then developed based on the strategy proposed in the BOS, which is considered to be resulting in positive impacts for biodiversity in a broad area throughout the whole country. The purpose of this BOMP is to define the objectives and activities to mitigate the residual and unavoidable impacts on Priority Biodiversity Features, Natural Habitats, and Critical Habitats resulting from the Project.

As a result of the scoping and feasibility studies conducted in 2018 and 2019, two Biodiversity Offset Projects were identified. These projects are:

- Resilient Steppes Offset Projects, and
- Forest Biodiversity Conservation Offset Projects

Stakeholder engagement started at national, regional, and local levels and positive feedback was received both from the authorities and the local communities.

BIODIVERSITY

RESILIENT STEPPES OFFSET PROJECTS

The Resilient Steppe Offset Project focuses on steppe habitats since these habitats had the highest calculated loss of biodiversity value due to the TANAP Project. The present Offset Project aims to tackle overgrazing, which is recognized as the main degradation factor in the steppe ecosystem. The main project objectives are to increase the biodiversity and resilience of the steppe habitats with sustainable grazing management and conservation and rehabilitation of critical habitats.

Sustainable grazing management is also expected to reduce soil erosion and soil water infiltration and retention capacity. This could, in turn, increase grassland plant productivity and increase carbon sequestration.

For the Resilient Steppe Offset Project, three offset sites were identified as suitable for the implementation of the activities based on the scoping and feasibility studies. These sites are:

- Acıkır Gypsum Steppes (including Asagikepen, Yenisofo, and Yesilkoy villages);
- Hafik Zara Gypsum Steppes (including Arik, Karacaoren, and Nasir villages);
- Bursa-Kütahya Serpentine Steppes (including Esen, Kizilcukur, Kocakovacik, Koseler, and Sorgun villages).



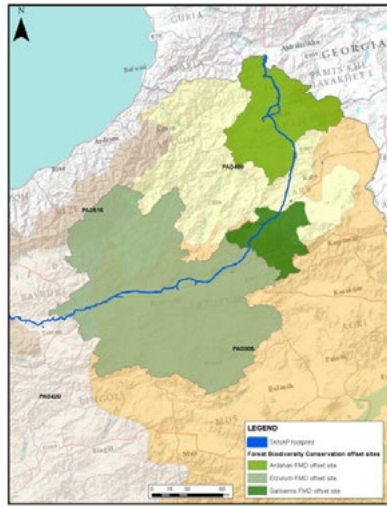
FOREST BIODIVERSITY OFFSET PROJECTS

This Offset Project focuses on forest habitats since these habitats had the second highest calculated loss of biodiversity value due to the TANAP Project. The present Offset Project aims to include biodiversity conservation of forest habitats as a driving factor of forest management. These zones are selected in areas of high biodiversity value in accordance with forestry authorities.

BIODIVERSITY

For the Forest Biodiversity Conservation Offset Project, three offset sites were identified as suitable for the implementation of the activities based on the scoping and feasibility studies. These sites are:

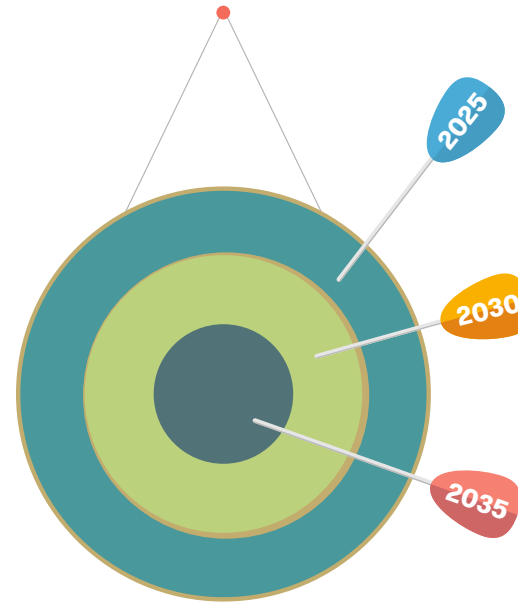
- Ardahan Forestry Management Directorate (FMD);
- Erzurum Forestry Management Directorate (FMD);
- Sarıkamış Forestry Management Directorate (FMD)



The location of these areas is shown on the left.

Monitoring of the offset project sites will be ongoing until achieving **No Net Loss** or **Net Gain** which are addressed within the BOS.

Forest Biodiversity Conservation offset sites location



Short-Term Targets:

- Supporting & Enhancing the best practices for holistic grazing management

Mid-Term Targets:

- Increasing offset areas for Resilient Steppe Offset Projects
- Increasing offset areas for Forest Biodiversity Conservation Projects
- Supporting scientific research for biodiversity

Long-Term Ambitions:

- Approaching to achieving No Net Loss and Net Gain

BOX 4

AIRBUS 330 SUCCESSFULLY SUNK AT THE SAROS GULF

With the aim of creating an **artificial reef for the development of biodiversity and ecosystem** and to increase tourism in Saros Bay, an Airbus 330 aircraft, which was out of use has been successfully and safely sunk near İbrice Harbour at Saros Gulf within the scope of “Our Dream Became Reality; Mermaid Landed on Saros Bay” Project implemented by Edirne Saros Tourism Infrastructure Service Union (ESTAB), which was **supported by TANAP Social and Environmental Investment Project (SEIP)** on 14th of June 2019.

To build the artificial reef, 1,600 empty cubic blocks of were laid down into the water. Moreover, the Association had placed the sculptures of important historical figures and other personalities who played a major part in the Gallipoli front, along with the relevant equipment, as well as the sunk plane.

The following were achieved in line with the project’s targets and the activities the successful implementation of which we had planned:

- ☐ Contributed to the development of underwater tourism infrastructure in the bay, and increased its attractiveness as a diving destination.

- ☐ The sinking plane, combined with the pre-project blocks for the artificial reef and other elements of the underwater history museum, contributed to the development of the biodiversity and ecosystem in Saros Bay.
- ☐ The work carried out within the framework of the project, and sharing the results thereof contributed to the development of environmental infrastructure management and awareness.
- ☐ The number of visitors coming to the bay to dive has increased by more than 50%.



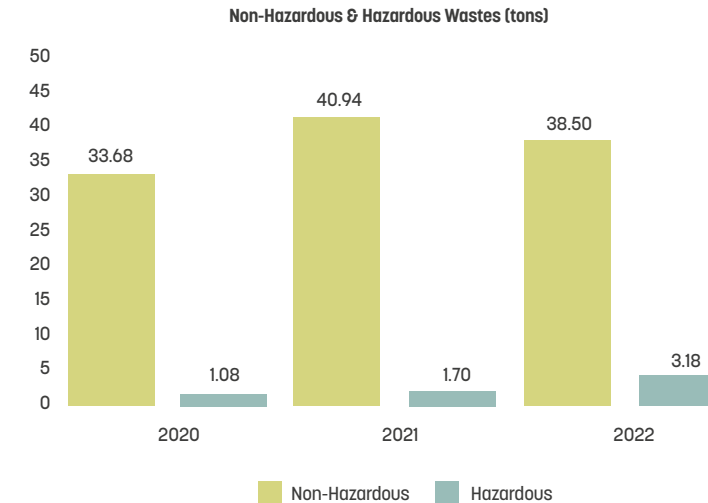
EFFECTIVE WASTE MANAGEMENT JOURNEY FROM CONSTRUCTION TO OPERATION

Early in the project phase, TANAP had established a waste accumulation area in each construction camp site, and wastes were separated according to their codes and types such as hazardous, non-hazardous and recyclables. Thanks to regular waste monitoring, waste separation and disposal process have been executed effectively.

However, TANAP was not satisfied with these and signed a contract with a licensed Environmental Waste Management Company to transport its waste to licensed areas for their proper disposal and ensured that the process was carried out professionally.

TANAP is aiming at developing a corporate culture in waste management at operation sites and at the Headquarter. In this respect, the Waste Management Plan and Procedure was issued and has been revised periodically, depending on the need for such revision. TANAP's principle is to standardize not only its own processes but also the relevant processes of its stakeholders. It is expected that our Contractors working at TANAP sites will have similar practices and for this purpose, Waste Management Procedures of Contractors are being examined constantly.

Moreover, during the Covid-19 pandemic digitalization became more prevalent. TANAP came up with agile solutions by adopting numerous state-of-the-art application, by digitizing its systems to greater possible extent, thus reducing paper waste by integrating, for instance, e-signature into its system.



EFFECTIVE WASTE MANAGEMENT JOURNEY FROM CONSTRUCTION TO OPERATION

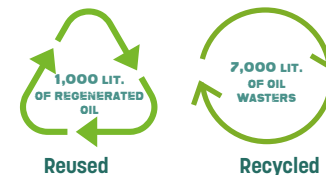
By effective waste sorting, regular waste monitoring as well as transparent reporting to relevant authorities, TANAP demonstrates a solid example of how corporate policies and principles in waste management make a significant difference to make a better life and a greener environment. Moreover, TANAP follows current trends closely, takes regular and sustainable measures to reduce and manage all sorts of wastes including industrial and domestic ones. TANAP also continues to work on raising awareness of both its staff as well as local communities along the TANAP route, by organizing waste management training on basic environmental issues and necessary waste prevention measures and management systems at various levels and platforms in accordance with their roles and level of responsibilities.

TANAP has developed Waste Management Plan, which outlines strategies to be implemented for solid and liquid wastes and both non-hazardous and hazardous wastes, as well as the to be activities performed in accordance with the waste management hierarchy. This Plan applies to all operational staff, Contractors and Subcontractors active at compressor and metering stations, block valve stations, and other AGIs.

Waste management training includes, but is not limited to, raising awareness about reduce/reuse/recycle philosophy, and emphasizing the importance of waste management protocols, records, and effective waste management measures. Refreshment training and toolbox talk meetings are also provided regularly.

Using the cradle-to-cradle (C2C) principle in life cycle analysis, we have a good example activity to identify a material or product that is recycled into a new product at the end of its life and is ultimately zero waste; we regenerate the oil used in mechanical equipment

at site and re-use the oil if the analysis results comply with the vendor's standards. A total of **1,000 lit. of regenerated oil has been reused instead of waste generation** since the beginning of the operation activities. In addition, all mineral-based, chlorine-free engine and lubricating oils and other engine oil wastes generated at sites (**appx. 7,000 lit. of oil**) are sent to licensed facilities for recycling for the same period.



Short-Term Targets/Goals:

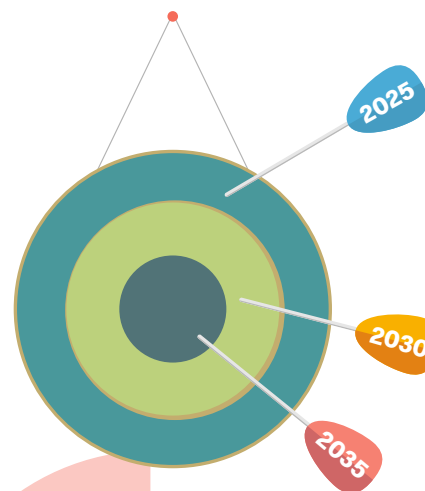
- Increasing awareness of employees and stakeholders on waste management process through applied acts
- Improving Waste Management process through the construction of new waste accumulation points
- Applying more robust assessments for materials' validity as well as for detection and control of material aging to avoid disposal of unused materials
- Developing an optimized procurement plan and implementing it robustly to avoid neither shortage nor expiry of unused materials
- Encouraging employees to use reusable and recyclable materials instead of plastic and/or disposable ones

Mid-Term Targets:

- Fostering digitalization of operations to reduce waste

Long-Term Ambitions:

- Applying Reliability Centered Maintenance (RCM) and Condition Based Monitoring (CBM) process to reduce the amount of disposed material



WATER AND EFFLUENTS

TANAP pays utmost attention to the effective usage of water and water resources.

Water consumption is priority issue of TANAP during its operations. TANAP showed great sensitivity to the protection of water and water resources during construction activities.

Within the scope of construction activities hydro-testing of the pipeline sections was strategically planned to enable re-use same hydro-test water for different consequent sections in order to decrease the total amount of water and also to prevent use of chemicals.

In order not to harm ecological environments, specific precautions were planned and were successfully undertaken with the involvement of hydro-biologists.

They are;

- ☐ Water quality is constantly controlled, and no chemicals are used.

**ONLY
1%**

**We Are CAREFULLY
Giving Back to Nature
What We Borrowed
from Nature!**

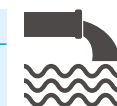
**ONLY 1% of
2.2 million m³
of the total estimated
water requirement for
hydro test works of
1,811 km pipeline were
used and given back to
Nature with no harm!**

- ☐ Considering the conditions of the basins where the construction works took place, some site-specific measures were taken and the water used for the hydrotest was discharged to the basin from which it was obtained.
- ☐ Preference for natural-biodegradable filters such as straw bale for filtration and speed control during the discharge of the used water is the basic measure to protect the natural resources.

Discharge of the used for hydrotest water was performed after obtaining test results that satisfied the parameters given in Water Pollution Control Regulation and hydrotest water discharge standards in IFC. Hydrotest water was discharged to the same river basin where it was withdrawn in order not to impact life below water.

Moreover, during the same period, **27** freshwater critical habitats were identified along TANAP RoW. Utmost attention was given for the Species of Conservation Concern (SCCs) which were identified within the freshwater critical habitats, such as no construction activities being allowed in the spawning periods of the SCCs.

	2020	2021	2022
Potable Water Consumptions (m ³)	45,231.94	43,687.02	64,940.88
Waste Water Consumptions (m ³)	12,255.58	8,877.88	11,831.32



WATER AND EFFLUENTS

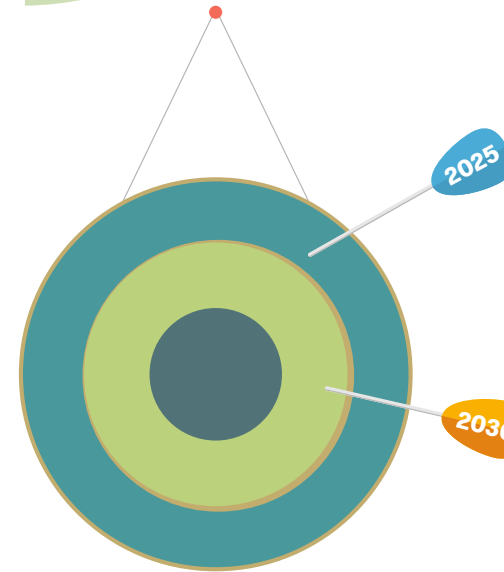


TANAP tackles sensitively water issues not only during the construction period, but also during the operation period at Headquarter and all site facilities. TANAP has Leadership in Energy and Environmental Design (LEED) **Gold Certificate** and as part of this initiative, rainwater is stored and used for irrigation of the green areas in MCC (Main Control Center). Also, all stations have Water Treatment Facilities and there is a

contract for the maintenance of water treatment and sewage system is assured by service providers.

Meanwhile, TANAP also respects its employees right to safe drinking and provides drinking water in all facilities in line with the Health and Safety Standards. In addition to the access of its employees to safe water, water taps are equipped with photocell which enables water usage reduction for the efficient use of water.

TANAP analyses and reports water and water consumption periodically and wastewater is also analyzed by authorized laboratories on a periodical basis for a sustainable environment.



Short-Term Targets:

- Using potable water treatment systems in the kitchens of HQ offices and stations.
- Conducting an Engineering study to evaluate if water accumulated the in retention pond can be treated and re-used at the site.
- Decreasing 1% water and electricity consumption of TANAP Headquarter office

Mid-to-Long Term Targets:

- Monitoring the existing practices and improving where needed.

CLOSURE & REHABILITATION

Since TANAP is in its first years of operation phase, the closure of facilities and the rehabilitation of the operational sites had been on the agenda of the pipeline and stations' construction contractors (CCs) in the course of the completion of site works, under TANAP's supervision.

With the purpose of meeting all legal requirements and particularly, environmental and social ones designated by the international financial institutions for the successful closure and rehabilitation at the end of the demobilization process, all contractors were obliged to prepare and execute the following two main plans for environmental and social aspects, respectively:

- Erosion, Reinstatement, and Landscaping Plans:** This Plan included the measures proposed by the CCs for the reinstatement of the pipeline construction corridor and other related facilities' areas to stabilize terrain and to re-establish the vegetative cover and blend it with the surrounding environment and to minimize and prevent erosion and more importantly to restore the lands to the original state. Moreover, the plan established the minimum requirements for temporary and permanent erosion control and the related measures for revegetation (bio-restoration), which is highly crucial to protect the soil and combat erosion in the post-construction period.

- Retrenchment Management Plans:** Retrenchment means the elimination of a number of work positions or the dismissal or layoff of a number of workers by an employer, generally by reason of plant closing or for cost savings. In TANAP Project, the driving force was mainly the work termination. Plans aimed CCs to manage this closure process in line with the IFC Performance Standard 2 Labour and Working Condition, encouraging companies to seek alternatives to retrenchment and where not possible like in the TANAP Project due to its already scheduled construction activity, to reduce the adverse impacts of retrenchment on workers, in addition to acting in compliance with the Turkish Labour Law numbered 4857.



CLOSURE & REHABILITATION

TANAP prepared a **Land Exit Instruction**, which included close-out checklists for environmental, social, and land acquisition completion, so as to ensure a proper exit process from the lands and settlements affected due to temporarily acquired lands to be implemented by CCs while decommissioning the construction sites. The CCs were also obliged to regularly fill in the reinstatement and bio-restoration status follow-up tables that also provided detailed information on the stages of reinstatement such as recontouring, topsoil reposition/soil improvement if required, seeding/hydroseeding/hydro-mulching as shown in the photo above, and reforestation.

Moreover, CCs had prepared quarterly **Aftercare and Monitoring Reports**, aiming at ecological monitoring of bio-restoration areas, reforestation areas, critical habitats, river crossings, and temporarily used extra lands after reinstatement works for a period of time. Assessments were based mainly on the development of terrestrial vegetation, the success of bio-restoration, the survival rate after planting seedlings, and erosion status after rains. Past external evaluations regarding both the findings of these reports and the improvement actions taken according to these reports are accessible in the Independent Environmental and Social Monitoring Reports and in the reference documents section of the TANAP website.

In addition to the post-reinstatement environmental assessment, a **Social Assessment** of Temporarily Used Lands, which were rented by CCs and reinstated after the completion of construction works, outside the pipeline route was also conducted. Through soil analyses involved in this assessment, which mainly focuses on possible Livelihood Loss, a more tangible social assessment has been achieved.

In parallel to these works, environmental and social **third-party monitoring** works have been maintained through consultancy services, enabling TANAP to effectively prevent potential impacts of closure and rehabilitation on the environment, workers, and local communities. A separate but one-time study focusing on the social aspect of land reinstatement was carried out through a RAP End-Term Impact Evaluation (RETIE), the report of which is available on the TANAP website.

Similarly, in the operation phase, social and environmental aspects of the land entry and exit process are carefully continued to be considered. For several operational needs along the pipeline route, maintenance and repair activities still continue on the pipeline route.

CLOSURE & REHABILITATION

This may require re-entry into lands, albeit for a relatively short period of time, including the lands where agricultural activities have already begun. For such cases, **Operation Phase Land Access Management Procedure** was developed by TANAP to ensure that all site works are carried out in compliance with social and environmental requirements like in the construction phase.

Along the pipeline route, routine right-of-way patrolling activity, geo-hazard surveys, and regular monitoring activities on landslides, land and slope erosion sensitively continue as the core works for the pipeline integrity. Through these comprehensive monitoring activities during the operation phase, a systematic data set is formed over time, which provides a solid basis for planning the rehabilitation studies to be carried out at the end of the commercial life of the pipeline.

Short-Term Targets:

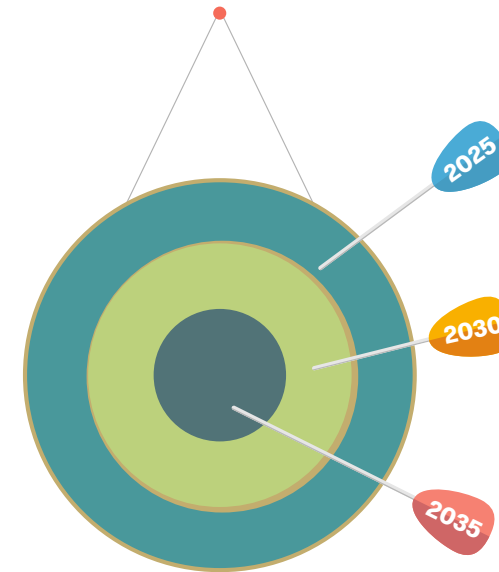
- Monitoring continuously the reinstated and reforested areas, and taking necessary actions where needed.

Mid-Term Targets:

- Developing a specific closure and rehabilitation plan for the decommissioning phase in line with the already applied environmental and social requirements in addition to the legal regulations
- Developing a strategy regarding land use and socio-economic planning to rehabilitate the operational sites and support the surrounding communities throughout the transition
- Developing Waste Management procedure for the decommissioning phase

Long-Term Ambitions:

- Developing and implementing measures (i.e. skill development training programme) for a just transition that help employees to gain new skills or upgrade their skills to increase their employability after decommissioning
- Implementing alternative and low carbon footprint afforestation methods, such as sprinkling seed balls with drones in rehabilitated remote areas



BOX 5 2022 TANAP ENVIRONMENT YEAR

In light of the recent and frequent occurrences of floods, forest fires, biodiversity depletion, marine pollution, desertification, and other climate-related events, it has become increasingly evident that sustainability is at risk. These events serve as reminders that the climate emergency poses a threat to human health, safety, and productivity, as well as the continuation of ecological balance and the availability of food and water resources.

During the project period, our Environmental, Social Impact, and SEIP teams have undertaken various initiatives with unwavering dedication and authenticity.



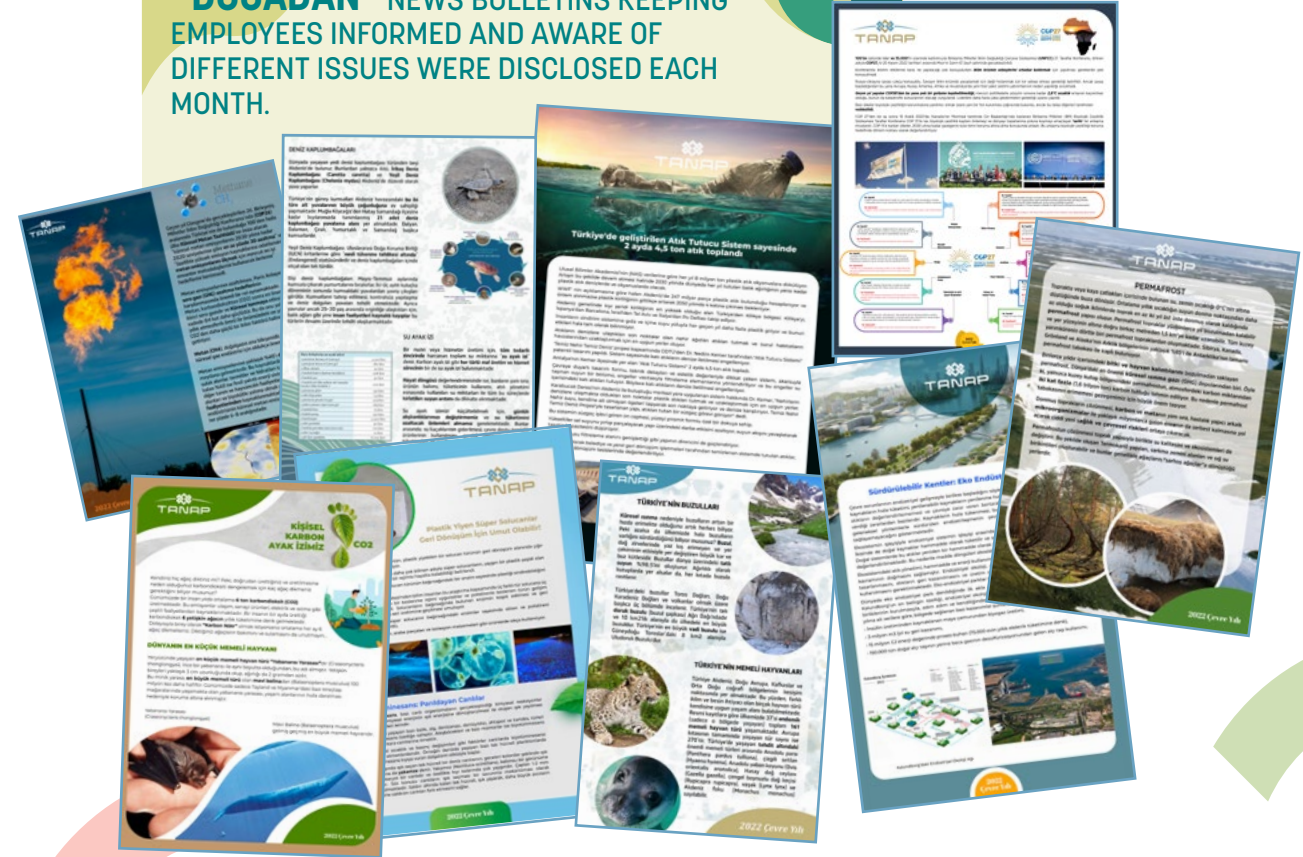
These initiatives are aimed at ensuring that we stay on track and fulfill our responsibility in the best possible way. In this context, we have declared 2022 as the "TANAP Environment Year" to increase our awareness and competency of all TANAP employees.

Throughout the "TANAP Environment Year", we have eagerly organized the following activities, that a selected group of TANAP employees has joined, such as bird-watching, monitoring of sea turtles (*Caretta Caretta*) nesting, different plant species and nature trips, and scuba diving for monitoring of underwater biodiversity with professional academics.





THROUGHOUT THE ENVIRONMENTAL YEAR,
“DOĞADAN” NEWS BULLETINS KEEPING
EMPLOYEES INFORMED AND AWARE OF
DIFFERENT ISSUES WERE DISCLOSED EACH
MONTH.



The background is an abstract composition of overlapping circles and arcs in various shades of green and teal. A fine, light-colored dot pattern is visible across the entire background. The word "APPENDICES" is written in a bold, dark teal font on the left side.

APPENDICES

APPENDICES

APPENDIX - 1: IFIs PERFORMANCE STANDARDS

Appendix-1 Compliance with IFIs' Standards

The relevant International Finance Institutions (IFIs)' Standards, Requirements, and Guidelines that TANAP adheres to are as follows:

IFC Performance Standards (PS) (2012)

- **PS 1:** Assessment and Management of Environmental and Social Risks and Impacts;
- **PS 2:** Labour and Working Conditions;
- **PS 3:** Resource Efficiency and Pollution Prevention;
- **PS 4:** Community Health, Safety, and Security;
- **PS 5:** Land Acquisition and Involuntary Resettlement;
- **PS 6:** Biodiversity Conservation and Sustainable Management of Living Natural Resources; and
- **PS 8:** Cultural Heritage.

IFC Environmental, Health and Safety (EHS) Guidelines, including EHS General Guidelines (2007)

EBRD Environmental and Social Policy and Performance Requirements (2014)

- **PR1** – Assessment and Management of Environmental and Social Impacts and Issues;
- **PR2** – Labour and Working Condition;
- **PR3** – Resource Efficiency, Pollution Prevention and Control;
- **PR4** – Health and safety;
- **PR5** – Land acquisition, involuntary resettlement and economic displacement;
- **PR6** – Biodiversity conservation and sustainable management of living resources;
- **PR8** – Cultural heritage; and
- **PR10** – Information disclosure and stakeholder engagement.

World Bank Safeguard Policies*

- **OP 4.01** Environmental Assessment;
- **OP 4.04** Natural Habitats;
- **OP 4.09** Pest Management;
- **OP 4.36** Forestry;
- **OP 4.11** Physical Cultural Resources; and
- **OP 4.12** Involuntary Resettlement.

*As the Environmental and Social Framework (ESF), consisting of ten Environmental and Social Standards (ESSs), approved by the World Bank, applies to all Financed Investment Projects initiated on or after October 1, 2018, and contrarily, TANAP financing started before 2018, only WB Operational Policies below were valid for TANAP.

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APPENDIX - 1: IFIs PERFORMANCE STANDARDS

Equator Principles (2013)

- **Principle 1:** Review and Categorisation;
- **Principle 2:** Environmental and Social Assessment;
- **Principle 3:** Applicable Environmental and Social Standards;
- **Principle 4:** Environmental and Social Management System and Equator Principles Action Plan;
- **Principle 5:** Stakeholder Engagement;
- **Principle 6:** Grievance Mechanism;
- **Principle 7:** Independent Review;
- **Principle 8:** Covenants;
- **Principle 9:** Independent Monitoring and Reporting; and
- **Principle 10:** Reporting and Transparency

In line with these standards, overall assessments of TANAP's environmental and social (E&S) performances based on regular external monitoring have been conducted since 2017, and for further information, all assessment reports (Independent E&S monitoring visit reports) are publicly accessible via <https://www.tanap.com/en/reference-documents>

APPENDICES

APPENDIX - 2: GRI Content Index

Statement of use	TANAP has reported the information cited in this GRI content index for the period 2014 and 31 December 2022 with reference to the GRI Standards.	
GRI 1 used	GRI 1: Foundation 2021	
GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Throughout
	2-2 Entities included in the organization's sustainability reporting	Page 49-50
	2-3 Reporting period, frequency and contact point	Page 2
	2-4 Restatements of information	Page 2
	2-5 External assurance	Appendix-3
	2-6 Activities, value chain and other business relationships	Page 11-17-23-73-79
	2-7 Employees	Page 95-96
	2-8 Workers who are not employees	Not Available
	2-9 Governance structure and composition	Not Applicable
	2-10 Nomination and selection of the highest governance body	Not Applicable
	2-11 Chair of the highest governance body	Not Applicable
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 3
	2-13 Delegation of responsibility for managing impacts	Page 23-29-49-50
	2-14 Role of the highest governance body in sustainability reporting	Page 3
	2-15 Conflicts of interest	Page 24
	2-16 Communication of critical concerns	Page 23-29-44

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-17 Collective knowledge of the highest governance body	Not Available
	2-18 Evaluation of the performance of the highest governance body	Not Available
	2-19 Remuneration policies	Page 93-99
	2-20 Process to determine remuneration	Confidential
	2-21 Annual total compensation ratio	Confidential
	2-22 Statement on sustainable development strategy	Page 69
	2-23 Policy commitments	Page 45
	2-24 Embedding policy commitments	Page 23-47
	2-25 Processes to remediate negative impacts	Page 107-115-145-165
	2-26 Mechanisms for seeking advice and raising concerns	Page 41-93-107
	2-27 Compliance with laws and regulations	Throughout
	2-28 Membership associations	Not Available
	2-29 Approach to stakeholder engagement	Page 41, 99 -114
	2-30 Collective bargaining agreements	Page 105
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 41
	3-2 List of material topics	Page 43
	3-3 Management of material topics	Throughout
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 73 - 76
	201-2 Financial implications and other risks and opportunities due to climate change	Page 61 - 64

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APPENDIX - 2: GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Confidential
	201-4 Financial assistance received from government	Confidential
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Confidential
	202-2 Proportion of senior management hired from the local community	Not Applicable
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Page 77 - 84
	203-2 Significant indirect economic impacts	Page 73 - 76
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 73
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 24, 27
	205-2 Communication and training about anti-corruption policies and procedures	Page 24, 27
	205-3 Confirmed incidents of corruption and actions taken	Not Applicable
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not Applicable
GRI 207: Tax 2019	207-1 Approach to tax	Not Available
	207-2 Tax governance, control, and risk management	Confidential
	207-3 Stakeholder engagement and management of concerns related to tax	Confidential
	207-4 Country-by-country reporting	Confidential
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Not Applicable
	301-2 Recycled input materials used	Not Applicable

GRI STANDARD	DISCLOSURE	LOCATION
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	Not Applicable
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 139
	302-2 Energy consumption outside of the organization	Not Available
	302-3 Energy intensity	Not Available
	302-4 Reduction of energy consumption	Page 135 - 142
	302-5 Reductions in energy requirements of products and services	Page 135 - 142
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 161 -164
	303-2 Management of water discharge-related impacts	Page 161 -164
	303-3 Water withdrawal	Page 161 -164
	303-4 Water discharge	Page 161 -164
	303-5 Water consumption	Page 161 -164
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 145 - 154
	304-2 Significant impacts of activities, products and services on biodiversity	Not Applicable
	304-3 Habitats protected or restored	Page 143
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Page 157 - 160
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 157 - 160
	305-2 Energy indirect (Scope 2) GHG emissions	Page 158

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APPENDIX - 2: GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	Page 159
	305-4 GHG emissions intensity	Page 145 - 154
	305-5 Reduction of GHG emissions	Page 145 - 154
	305-6 Emissions of ozone-depleting substances (ODS)	Page 145 - 154
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Page 139
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 139
	306-2 Management of significant waste-related impacts	Page 137
	306-3 Waste generated	Page 137
	306-4 Waste diverted from disposal	Page 135 - 142
	306-5 Waste directed to disposal	Page 159
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Page 157
	308-2 Negative environmental impacts in the supply chain and actions taken	Not Available
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Not Available
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not Available
	401-3 Parental leave	Not Available
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Not Available

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 87
	403-2 Hazard identification, risk assessment, and incident investigation	Page 87
	403-3 Occupational health services	Page 87 - 91
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 87 - 91
	403-5 Worker training on occupational health and safety	Page 87 - 91
	403-6 Promotion of worker health	Page 87 - 91
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 29, Page 87
	403-8 Workers covered by an occupational health and safety management system	Page 87
	403-9 Work-related injuries	Page 91
	403-10 Work-related ill health	Page 91
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Not Available
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 93
	404-3 Percentage of employees receiving regular performance and career development reviews	Not Available
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Not Applicable
	405-2 Ratio of basic salary and remuneration of women to men	Confidential

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APPENDIX - 2: GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Not Applicable
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 105
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Not Applicable
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 105
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Page 127 - 128
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not Applicable
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Page 77, 107, 115, 127
	413-2 Operations with significant actual and potential negative impacts on local communities	All of Section 4
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Not Applicable
	414-2 Negative social impacts in the supply chain and actions taken	Page 76
GRI 415: Public Policy 2016	415-1 Political contributions	Not Applicable
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not Applicable
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable

GRI STANDARD	DISCLOSURE	LOCATION
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not Applicable
	417-2 Incidents of non-compliance concerning product and service information and labeling	Not Applicable
	417-3 Incidents of non-compliance concerning marketing communications	Not Applicable
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not Applicable

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APPENDIX - 3: Independent Assurance Opinion Statement

Letter to TANAP Doğalgaz İletim A.Ş.

Independent Assurance Opinion Statement

Scope and Objectives

Sustainability Pty Ltd was commissioned by TANAP Doğalgaz İletim A.Ş. (TANAP) to conduct independent assurance of its Trans Anatolian Natural Gas Pipeline Sustainability Report 2022 (the Report). This is the first sustainability report by TANAP and includes data in 2022 as well as historical information on the project.

The Assurance engagement was planned out in accordance with AA1000 Assurance Standard AA1000AS v3.

The objective of this assurance assessment is to provide TANAP with advice and recommendations to improve the Report if needed and provide overall opinion as an "Independent Assurance Statement" planned to be given in the appendix of the Report.

Independence/Responsibilities of Sustainability

Sustainability was not involved in collecting or calculating data, or in the development of the Report. Sustainability's activities are independent from TANAP. TANAP has sole responsibility for the preparation of the Report and the content therein. In performing this assurance assessment the responsibility of Sustainability is to TANAP management.

The assurance team was comprised of auditors experienced in environmental and social compliance of the industrial sector. The auditors are trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO45001, ISO 9001 etc.

Sustainability's Approach

Sustainability has conducted this Independent Assurance Statement along the principals and guidelines that International Lender Financed Projects are expected to be designed and operated in compliance with relating to sustainable development. These guidelines include:

- EBRD Environmental and Social Policy and Performance Requirements (2014)
- IFC Performance Standards (2012)
- World Bank Safeguard Policies
- Equator Principles (2013)

Sustainability has also used evidence gathered during the completion of the *TANAP Independent Environmental and Social Consultant Monitoring Report 2022* to test the validity and quality of the data and assumptions presented in this Report.

Letter to TANAP Doğalgaz İletim A.Ş.

Assurance Level

Based on AA1000AS v3 an assurance level of 'Moderate: Type 1' has been selected for this assessment. This assurance level is based on the level of data and evidence available to Sustainability. A Type 1 assurance adheres to the Accountability Principals of Inclusivity, Materiality, Responsiveness and Impact.

Sustainability's Opinion

Based on the approach outlined above Sustainability believes that TANAP has:

- Met the requirements of a Sustainability report under the UN Sustainable Development Goals, IFC Performance Standards and EBRD Environmental and Social Policy and Performance Requirements
- Disclosed accurate and reliable GHG emissions and waste data and occupational health and safety indicators.
- Provided accurate and reliable information regarding activities undertaken to improve sustainability performance throughout the project.
- Accurately described findings of previous independent audits and monitoring exercises relating to environmental, social and occupational health and safety.

Verified Data

As Sustainability has conducted previous Independent Environmental and Social Compliance monitoring reports on the TANAP project, all evidence provided to Sustainability in the course of these reports has been used to verify the information in the Sustainability Report. In addition to this, the information in the report is supported by physical site visits across the TANAP pipeline and the observations made therein.

Heath Thorpe
Director





Legal Disclaimer

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