



**SOCAR TÜRKİYE**

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## REGULATION MANAGEMENT PROCEDURE

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## 1. PURPOSE

The purpose of this Procedure is to ensure compliance with the legislation by following the regulations, developments, changes and requests regarding the legislation to which SOCAR Turkey Group Companies and/or the activities carried out by SOCAR Turkey Group Companies are directly or indirectly subject, preparing the legislation, analyzing its impact and consequences, fulfilling the legislative obligations, and ensuring compliance with the legislation by activating the “Uyum Evreni (Compliance Universe)” where the sanctions that may arise are consolidated, to regulate the duties and responsibilities of the Directorate and employees and the procedures and principles of Compliance Process in terms of ensuring the awareness of possible sanction risks and ensuring that appropriate actions are taken, monitoring regulatory obligations, assigning responsibilities to those concerned in this context, reporting compliance with legislation, and ensuring the continuity of operational activities and efficiency.r5

## 2. SCOPE

This Procedure is implemented by SOCAR Türkiye Group Companies. It covers conducting the necessary interviews and correspondence with government institutions and non-governmental organizations, preparing the opinions of SOCAR Türkiye Group Companies regarding the relevant legislative amendments, sharing information by making impact and analysis on current legislative developments, ensuring compliance to the legislative obligations to which SOCAR Türkiye Group Companies are subject to, monitoring the legislative obligations and assigning responsibilities to those concerned and ensuring the continuity of operational activities and efficiency. It includes ensuring coordination with the authorized unit/authorities regarding the efficient and effective use of the “Uyum Evreni (Compliance Universe)” raising awareness in order to reduce the risk of our companies facing any administrative/punitive sanctions, and sharing information and cooperation by making impact and analysis on the measures to be taken in order to take the most appropriate action accordingly. Thus SOCAR Türkiye Group Companies' fields of activity and their specific strategies, objectives, relations with third parties, especially with government institutions, internal stakeholder structure, values and compliance culture are taken into consideration. In order to create the level of awareness and organisational memory aimed by SOCAR Türkiye Group Companies, it is aimed to ensure that compliance with current Legislation is monitored and that legislative changes are notified from a common center.. The Government Relations Group Directorate fulfills its duties and responsibilities with its units located in İstanbul, Ankara and İzmir.

## 3. DEFINITIONS, TERMS AND ABRIDGMENTS

### 3.1 DEFINITIONS

The terms are defined as follows.

**Action Status:** Actions taken/to be taken regarding the fulfillment of the legislative obligation,

**Presidency:** SOCAR Türkiye Communications and Government Relations Presidency,

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**Employee:** Real persons who are bound by an employment contract to SOCAR Türkiye and/or any of its subsidiaries,

**Department:** The unit and/or each unit created within the Company's organizational structure,

**Dijital Platform:** The software system to monitor compliance,

**Directorate:** Employees of the Government Relations Group Directorate and/or departments reporting to the SOCAR Türkiye Communications and Government Relations Presidency,

**Regulation:** All kinds of constitutional, legal and administrative regulations and government policies and practices enacted by the state for social and economic purposes within the scope of the regulation and supervision function regarding a specific field of activity,

**Regulation Management:** The processes of research, communication and coordination, correspondence, participation in workshops, negotiation, notification at all stages of the regulation to be initiated by the relevant legislative or executive body, regarding the formation of a legal rule, from preparation to announcement,

**Impact analysis:** The method of determining the situation that may directly or indirectly affect the interests of SOCAR Türkiye Group Companies in the face of an existing situation,

**Legal Presidency:** SOCAR Türkiye Legal Presidency,

**Government Relations:** All relations of SOCAR Türkiye Group Companies with government institutions and organizations,

**Government Institutions:** All administrative institutions, including the Presidency of the Republic of Türkiye, the Grand National Assembly of Türkiye, all Ministries, affiliated, related and associated organizations of the Ministries, and municipalities, which have legal personality for the purpose of providing government services,

**Parliament:** The Grand National Assembly of Türkiye,

**Parliamentary commission:** Permanent specialized group(s) formed within the parliamentary structure according to the relevant fields of activity and comprising a certain number of deputies from each political party group,

**Legislation:** The totality of legal regulations that are in force and followed. The regulations include the Constitution, laws, presidential decrees, regulations, presidential decisions, communiqués, circulars, directives and other secondary regulations,

**Industry:** The industry/industries in which the Company operates, particularly petrochemicals, petroleum, natural gas, electricity and liquefied petroleum gases, which directly or indirectly affect the activities carried out by SOCAR Türkiye Group Companies and/or SOCAR Türkiye Group Companies,

**Non-Governmental Organization (NGO):** A non-governmental, non-profit organization that is not a government legal entity and works in line with its own political, social, cultural, economic, legal and environmental mission and principles,

**SOCAR:** The State Oil Company of the Republic of Azerbaijan,

**SOCAR Türkiye:** SOCAR Turkey Enerji A.Ş.,

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**SOCAR Türkiye Corporate Culture and Values:** Trust, agility, inclusiveness, passion, efficiency, obligation,

**SOCAR Türkiye Procedure for Relations with Government Institutions and Non-Governmental Organizations:**

The procedure prepared by the Directorate regulating the management of SOCAR Türkiye Group Companies' relations with government institutions and NGOs,

**SOCAR Türkiye Group Companies:** The group of companies consisting of SOCAR Turkey Enerji A.Ş. and each Group Company,

**Company:** SOCAR Turkey Enerji A.Ş. and/or any relevant Group Company, as applicable,

**Group Company:** Each subsidiary of SOCAR Turkey Enerji A.Ş. established in Türkiye,

**Current Fine Amount:** The amount of the fine to be imposed in the event of a violation of the legislative obligation,

**Legislation on Prescribing Administrative/Punitive Sanctions:** Legislation containing sanctions such as warnings, warrants, administrative fines, license/certificate revocation, criminal sanctions that may be encountered in case of violation of the Legislation specified in the "Legislation Prescribing Obligations" section,

**Relevant Department/Authorized Person:** The business unit and authorized person subject to the legislative obligation,

**Relevant Government Institution/Authority:** The institution/organization/authority that issues the legislative obligation and oversees its implementation, other institutions/organizations/authorities that are related to the obligation specified in the Legislation, and institutions/institutions authorized to impose sanctions,

**Relevant Legislation Article:** Legislation article containing sanctions such as warnings, warrants, administrative fines, license/certificate revocation, penal sanctions that may be encountered in case of violation of the Legislation specified in the "Legislation Prescribing Obligations" section,

**Administrative/Punitive Sanction:** Sanctions such as warnings, warrants, administrative measures (such as sealing, temporary suspension of activity), administrative fines, license/certificate revocation, criminal sanctions that may be encountered in case of violation of the relevant Legislation,

**Frequency of Obligations of Legislation:** The frequency of obligations of Legislation as "Occurrence Dependent" (One-Time/Periodic) and "Periodic" (Daily/Weekly/Monthly/Annual),

**Explanations and Solutions Regarding Violations of Legislation:** Explanations and solution proposals developed in cases where there is a breach of the obligation of Legislation,

**Compliance Process:** The work that starts manually with the creation of the Uyum Evreni (Compliance Universe) and includes the process carried out with the relevant departments of SOCAR Türkiye Group Companies in order to ensure compliance with the obligations in the Legislation to which SOCAR Türkiye Group Companies are subject to and to prevent sanctions that may arise in case of non-compliance with the said obligations,

**Risk Team:** SOCAR Türkiye Risk Management Department,

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**Risk Matrix:** An assessment tool used to analyze the likelihood of a risk occurring and the impact of the risk once it has occurred,

**Tracking Code:** The numbering process for each obligation that will facilitate the archiving and control of legislative obligations,

**Compliance Percentage:** Percentage calculation of compliance with legislative obligations,

**Compliance Report:** The report prepared as a result of the data in the Uyum Evreni (Compliance Universe),

**Uyum Evreni (Compliance Universe):** A tracking form that brings together the obligations to which each of the Departments is subject to and the sanctions that may arise in case of failure to fulfill these obligations,

**Sanction:** The legal reaction against the non-compliance with the rules accepted in the social order. The natural consequence of stipulating a mandatory rule (obligation) is that a sanction will be imposed in case of violation of the legal order sought to be protected by this rule,

**Type of Sanction:** Types of administrative/criminal sanctions, including but not limited to "License Revocation", "Administrative Fine", "Administrative Measure" and "Criminal Sanction", and any administrative action that may be classified as a sanction,

**Legislation Imposing Sanctions:** The Legislation on which the administrative/criminal sanctions to be imposed in case of failure to fulfill obligations of Legislation are based,

**Obligation:** The necessity which is the legal consequence of a legislative article stipulating a mandatory rule,

**Legislation Imposing Liability:** The Legislation that includes the provisions of the legislative obligation on which administrative/punitive sanctions are based,

**Severity of Liability:** The degree of importance of the breach of the relevant Legislation obligation, taking into account the risks that it will bring to the facility/activity subject to the obligation.

### 3.2 TERMS AND ABRIDGMENTS

Code	Definition
SOCAR	State Oil Company of Azerbaijan Republic
NGO	Non-Governmental Organization

## 4. RESPONSIBILITIES, ROLES AND AUTHORITY











The Directorate is responsible for fulfilling the requirements of this procedure. The Directorate coordinates the processes of preparing draft legislative opinions by following the regulations, developments, changes and demands related to the Legislation, analyzing the impact and consequences of legislative changes, initiating, conducting, maintaining and developing the compliance of legislative changes in accordance with the needs. In addition to the Directorate, employees of SOCAR Türkiye Group Companies also have duties, authorities and responsibilities within the scope of the Procedure. The Uyum Evreni (Compliance Universe) created as a result of the Compliance Procedure will be transferred to the digital system. After the configuration of the digital system, interconnected processes such as monitoring and updating the Uyum Evreni (Compliance Universe) and

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monitoring compliance with the Legislation will be monitored digitally and actions will be taken on the Digital Platform regarding these processes. Thus, Compliance Process will be systematized. The authorities and responsibilities mentioned within the scope of the Compliance process are given under the following headings on a departmental basis.

**Directorate;**

-  Preparation of department-based tables within the scope of Legislation obligations and updating them quarterly,
-  Preparation of compliance tables on a departmental basis and updating and reporting them quarterly,
-  Assigning responsibilities to department representatives within the scope of legislative obligations,
-  Follow-up of assigned responsibilities,
-  Minimizing the risks of possible administrative/criminal sanctions,
-  Determining the risk severity of legislative obligations together with the Risk Team,
-  Ensuring the necessary coordination during reporting periods,
-  Organizing 15-minute follow-up meetings with department representatives within the scope of all these activities,
-  Ensuring the efficient and complete operation of the Digital Platform,
-  Responsible for carrying out the necessary work in the light of requests from department representatives.

**SOCAR Türkiye Group Companies Compliance Process Department representatives are responsible for;**

-  Monitoring the legislative obligations within the scope of the department's activities and providing the necessary information to update them,
-  Ensuring coordination within their departments within the scope of assigned responsibilities,
-  Making up-to-date entries to the Digital Platform for complete compliance reporting,
-  Taking the necessary actions regarding the processes notified by the Directorate within the scope of Compliance,
-  Completing and timely filling of the tables shared within the scope of legislative obligations,
-  Completing and timely completion of the tables shared within the scope of the compliance study,
-  Complying with the work schedule determined by the Directorate during the quarterly reporting periods of Compliance and shared in the following stages of this Procedure, and to report the matter to the Directorate in case of any delay.

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## 5. PRACTICE

All employees are required to act in compliance with this Regulation Management, which emphasizes the integration within the Company and unity of representation outside the Company, by carrying out the **5.1. Internal Practices and 5.2. NGO and related Industry work 5.3. Government Relations Process and 5.4. Compliance Process** from a single center, regarding the legal and administrative regulations to which SOCAR Türkiye Group Companies and/or the activities carried out by SOCAR Türkiye Group Companies are directly or indirectly subject to. In order to ensure the sustainable and successful operation of this system, the duties and responsibilities to be fulfilled by the Directorate are organized under four separate categories. In this context, several duties and tasks are also imposed on all employees.

### 5.1 INTERNAL PRACTICES

The Directorate closely monitors legislative developments that are published, shared and under preparation within the scope of the work and activities of the relevant government institutions and NGOs, and requests opinions from departments that may be relevant to the subject matter, including but not limited to legislative activities taken to the agenda in the relevant Parliamentary Commission, draft regulations presented for opinion on the official website of the relevant government institutions, studies on legislative proposals made by NGOs, and all legislative preparation processes.

Employees are obliged to follow the legislative developments in matters regarding their duties and responsibilities related to their business processes and to contact the Directorate in case an issue needs to be reported to the Directorate within the scope of **Regulation Management**. For this reason, the regulations in the Procedure do not eliminate the obligation of all departments to follow the legislation related to their fields of activity, the obligation to be in contact with the Directorate, especially in cases that require contact with government institutions.

The Directorate and relevant departments work in coordination. Proposals for amendments that address the requirements of the relevant department's business processes and/or the Legislation to which the Company's activities are subject are shared with the Directorate in writing, in an enlightening manner and by explaining the rationale.

The draft regulation regarding the legislative amendment is analyzed by the Directorate and sent to the relevant departments for their opinions and requests. After the review and evaluation by the relevant departments, the opinions and requests on the draft regulation regarding the legislative amendment are shared with the Directorate, including the reasoning. If a legal opinion is required on the draft regulation regarding the legislative amendment, it is asked whether the Legal Department has an opinion. All opinions shared on the draft regulation regarding the legislative amendment are consolidated by the Directorate and made ready for presentation. The consolidated opinions and requests on the draft regulation regarding the legislative amendment are submitted to the relevant government institution and/or NGO as an official application and/or by e-mail.

Stakeholders are frequently informed within the scope of the issues by establishing trust-based management responsibility and sustainable relations with stakeholder categories in the legislative and legislative amendment processes carried out to provide maximum benefit to SOCAR Türkiye and/or Group Companies. Informing the relevant stakeholders and local authorities upon request is carried out through a systematic work. The process of consultation with all stakeholder categories and local authorities on legislative and Legislation changes

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concerning SOCAR Türkiye and/or Group Companies is carried out within the framework of the Government Relations Policy and in line with the consultation guidelines.

The Directorate takes swift action regarding a legislative change that may directly or indirectly affect SOCAR Türkiye Group Companies and/or the activities carried out by SOCAR Türkiye Group Companies. In this context, the relevant departments support the Directorate in evaluating the impact and consequences that the legislative change will bring to the Company. The Directorate notifies the employees and/or the relevant department about the legislative amendment and/or the impact analysis of the amendment published in the Official Gazette or on the official website of government institutions.

The Directorate closely monitors legislative amendments and drafts of legislative amendments, which are accessed by checking official websites on Legislation several times a day and/or shared by NGOs and government institutions. Legislative amendments and draft amendments and their impact are analyzed by the Directorate and opinions and requests regarding these amendments are requested from the relevant departments. Within the scope of the legislative changes monitored, the daily legislative bulletin prepared by the Directorate is shared with employees and/or relevant departments. Within the scope of the draft amendments monitored, the opinions and requests formed by the relevant departments are shared with the Directorate after the Directorate informs the relevant departments. Daily Legislation bulletins prepared by the Directorate are categorized on the basis of relevant Industries and legislative norms, and a monthly Legislation and regulation bulletin is prepared and shared with all employees and/or relevant departments.

The Compliance Process under 5.4. is also an internal practice and is carried out under the coordination of the Directorate.

## **5.2 WORK WITH NGOS AND RELATED INDUSTRIES**

The Directorate plays an active role in the commissions, working groups and workshops of the NGOs of which the Company is a member, and closely monitors the Industry's approach and work on legislative framework. The Directorate represents the Company by contributing to the development of the Company's Industrial relations.

In order to protect the common interest of SOCAR Türkiye Group Companies, the Directorate works in coordination with the relevant department while preparing the opinions and proposals to be submitted regarding legislative framework and may request all kinds of information, reasoning and memoranda. It may receive support from the relevant department on technical issues for participation in organizations (such as conferences, commissions, workshops) held in NGOs on issues related to legislative framework.

## **5.3 GOVERNMENT RELATIONS PROCESS**

Acting with the awareness and sense of responsibility that SOCAR is the State Oil Company of the Republic of Azerbaijan, within the scope of the Regulation Management activities of SOCAR Türkiye Group Companies, the effects and reflections of the relations between the states of Türkiye and Azerbaijan and the cooperation between the two countries should be taken into consideration in carrying out the activities before the relevant government institutions, non-governmental organizations and other real or legal persons. Therefore, the Company's contacts with government institutions should be carried out from a single center. The Directorate

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carries out its contacts with government institutions in accordance with the SOCAR Türkiye Procedure for Relations with Government Institutions and Non-Governmental Organizations and may always request technical information and document support from the relevant departments.

The relevant departments inform the Directorate in general about the communication and business processes they routinely carry out regarding the Legislation to which SOCAR Türkiye Group Companies and/or the activities carried out by SOCAR Türkiye Group Companies are directly or indirectly subject. It is necessary to coordinate with the Directorate before contacting government institutions regarding an issue falling within the scope of Regulation Management.

The Directorate carries out all kinds of relations with the government regarding developments and changes in legislative framework that may directly or indirectly affect the activities of SOCAR Türkiye Group Companies and/or activities carried out by SOCAR Türkiye Group Companies. In this context, it works in coordination with the relevant departments to analyze the reflections of legislative changes on the Company in advance and to evaluate the risks/gains, where applicable.

The Directorate consolidates the Company's opinions and suggestions regarding legislative amendments and draft amendments and makes the necessary contacts with the relevant governmental institutions. In this context, documents such as draft decisions, presentations and memoranda may be prepared by considering the opinions and suggestions of the Company. The Directorate manages the entire process initiated by the contacts made with governmental institutions and carried out until the enactment of the Legislation. In cases where it is necessary to evaluate legal remedies regarding any legislative amendment, the necessary processes are managed in coordination with the Legal Department, the Directorate and the relevant department, where applicable.

## **5.4 COMPLIANCE PROCESS**

### **5.4.1. Compliance Process and Directorate Practices**

The processes and directorate practices that have taken place within the scope of the Compliance Process study are analyzed in two phases: Uyum Evreni (Compliance Universe) (Phase 1) and Dijital Platform (Digital Platform) (Phase 2).

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#### 5.4.1.1. Uyum Evreni (Compliance Universe)

Uyum Evreni (Compliance Universe), which is the process of creating awareness of the risk of SOCAR Türkiye Group Companies facing any administrative/punitive sanctions and harmonizing business processes with legal and administrative regulations. The Compliance Universe was first organized in Excel file format and separate Compliance Universe tables were created for each department. The Directorate is responsible for updating the Compliance Universe within the scope of legislative changes. Keeping the legislative obligations and administrative/criminal sanctions in the Compliance Universe up-to-date is of critical importance for Compliance Process. The Compliance Universe will be updated during the quarterly reporting processes of Compliance Process and the tables shared with the departments will include the current Legislation provisions. In addition, the Compliance Universe, which includes the legislative data to which all SOCAR Türkiye Group Companies are subject, has been consolidated and created by the Directorate.

In updating the Uyum Evreni (Compliance Universe), employees work effectively and proactively in coordination with the Directorate and relevant departments in the functioning of Compliance Process. In this context, department representatives are responsible for ensuring the accuracy and timeliness of the data to be entered into the system, making the relevant notifications, and informing the Directorate in case of a possible violation. In cases where any legislative obligation is not fulfilled, authorized persons coordinate within their departments and document the reasons for this violation and explanations on the Digital Platform. In this context, the relevant departments support the Directorate in all matters regarding the evaluation of the impact and consequences of the violation of the legislative obligation.

Department representatives are responsible for fulfilling the legislative obligations assigned to them within the Compliance Process Digital Platform, ensuring coordination to take the necessary actions and making the necessary entries to the Digital Platform regarding the obligations.

#### 5.4.1.2. Digital Platform (Digital Platform)

With the establishment of the Digital Platform, Compliance Process will be monitored through the system, Compliance Process status and frequency of follow-up will be analyzed, risk analysis of possible sanctions will be made, systematic and periodic control of legislative drafts and opinions will be ensured, and reports of the data in the system will be available. Efficient and proactive work will be carried out in coordination with all departments of SOCAR Türkiye Group Companies in the execution of Compliance Process. In addition, daily legislative changes, which were manually monitored prior to the Compliance Process activities, will be monitored on time through the Digital Platform. Monitoring of legislative changes through the digital system will facilitate the prevention of any sanctions that may lead to any financial or reputational loss of SOCAR Türkiye Group Companies.

In order to increase the applicability of this system and to create a common awareness of Compliance Process in all SOCAR Türkiye Group Companies, the Directorate has imposed certain duties on all employees and officials. Thus, first, the Directorate will assign users to the departments that can access the Digital Platform and the representatives determined specifically for each department, and the number of these users may be increased if deemed necessary. Department representatives are determined by the managers at the n-2 level

to which they report. In case of resignation or any change of representative, the Directorate will be notified immediately. The Directorate will coordinate the process of determining the new representative by meeting with the n-2 level manager to determine the new department representative. In order to ensure the continuity of the services and system features defined on the Digital Platform, technical problems that may be experienced on the platform will be resolved by the technical consultancy company within a maximum of 3 working days if possible or as soon as possible upon request.

The Directorate is responsible for informing departments about access to and use of the system. The Directorate is responsible for providing comprehensive information on the use of the Digital Platform, introducing additional features, monitoring and reporting legislative changes through the platform. The Directorate carries out these activities in coordination with the technical consultancy firm. Through the Digital Platform, departments will be assigned actions within the scope of legislative obligations, these actions will be monitored and warning mechanisms will be created to minimize the risks of any penalization.

One of the primary objectives of Compliance Process is to maximize the levels of compliance percentages obtained from departments regarding the applicable Legislation and to monitor changes in Legislation on a quarterly basis. Increasing corporate awareness within the scope of Compliance Process activities is another important responsibility of the Directorate.

The employees of the Directorate are responsible for monitoring the responsibilities assigned through the Digital Platform, ensuring the necessary coordination within the company in order to ensure that SOCAR Türkiye Group Companies are aware of any administrative/criminal sanctions in case of non-compliance, and reporting the status of compliance with the Legislation to the senior management.

The Directorate is responsible for directing the draft Legislation to the relevant departments through the Digital Platform and consolidating the drafts transmitted in this direction in the system. Compliance status of Departments/Group Companies will be reported to the senior management on a quarterly basis. Each department/Group Company is obliged to update and share with the Directorate the Legislation and provisions that it is obliged to fulfill according to the work schedule shared below. The Directorate is responsible for consolidating, analyzing and reporting these reports to the senior management. Unless otherwise agreed, the reporting process is envisaged to be carried out within the framework of the work schedule shared below, and all actors are obliged to comply with this schedule.











In 2023, a work schedule and planning was made for all stages of the Compliance Process endeavors. Accordingly, quarterly reporting periods have been determined and the work flow schedule for 2023 is as follows;

Operations	Reporting Period			
	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Preparation of departmental tables by Government Relations	1 January-31 March	1 April-30 June	1 Temmuz-30 September	1 October-31 December
Sharing the prepared tables with department representatives	20 April	10 July	9 October	8 January
Period of weekly follow-up meetings of 15 minutes for compliance work	24 April-9 May	10-21 July	9 -20 October	8-19 January









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<b>Updating and sharing the report by representatives</b>	Until May 12	28 July	27 October	26 January
<b>Review and control of the statements received from department representatives by the Government Relations team</b>	Until May 18	Until August 4	Until November 3	Until February 3
<b>Finalizing and reporting of quarterly departmental tables</b>	Until May 22	15 August	15 November	15 February
<b>Sharing the Annual Compliance Process Report</b>	<b>16 February 2024</b>			

Unless otherwise agreed and to the extent possible, the following general data will be included in the reports according to the data received from the departments;

-  The one with the most obligations
-  The most action-fulfilling
-  The most fulfilling their obligations
-  The most cooperating with other departments
-  The most sanctioned
-  The most audited
-  The one with the fewest obligations
-  The least action-fulfilling
-  The least fulfilling their obligations
-  The least cooperating with other departments

Unless otherwise agreed and to the extent possible, the data to be included in the report by departments;

-  To be subject to,
-  To be Reported to,
-  Concerning jointly conducted/activity,
-  Percentage of availability,
-  Action taken
-  Remaining,
-  With delayed legislative obligations,
-  Number of audits and sanctions.

In addition to the quarterly reporting of Compliance Process, an annual report will also be prepared at the end of each year and prepared to be presented to the senior management. The Directorate is responsible for ensuring the completeness and coordination of quarterly and annual reporting data. The Digital Platform will enable systematic tracking of legislative obligations that are manually tracked. Since responsibility will be assigned with the platform, it will be possible to check directly from the system whether the provisions of the Legislation are fulfilled or not. Warning notifications will be sent for obligations that are not acted upon within the time period stipulated by the Legislation.

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Employees are obliged to check the accuracy of the data on the Digital Platform or in the Compliance Universe (the Legislation followed, the recency of the Legislation and its text, the relevance and scope of the assigned responsibilities, the content of the obligations to be fulfilled, the existence and risk of sanctions that may arise, etc.) and to inform the users of the Compliance Process system in their departments about possible erroneous data. For this reason, the regulations in the Procedure do not eliminate the obligation of the departments to follow the legislative framework and updates related to their fields of activity; in addition, they should be in contact with the Directorate, especially in cases that require contact with the relevant government institutions / authorities. In this context, employees are obliged to systematically monitor the status of Compliance Process and to inform the Directorate in case there is an action to be taken regarding the relevant Legislation provision.

#### **5.4.2. Processes Conducted with the Risk Team**



The Directorate works in coordination with the Risk Team in analyzing the percentage of compliance with the regulations that SOCAR Türkiye Group Companies and employees are obliged to comply with, the sanctions that may arise in case of non-compliance with the legislative obligation and the risk analysis of these sanctions. The Directorate provides the necessary support to the Risk Team in the processes of identifying, analyzing, and evaluating the risk situation. In this context, if the types and/or amounts of sanctions change following the update of legislative amendments on the Digital Platform, the Risk Team conducts and updates the risk analysis. Compliance percentages will be determined within the framework of the risk matrix determined by the Risk Team according to the provisions of the Legislation that the departments are obliged to fulfill. With the compliance percentage, the Compliance Process performance of all units will be monitored and the awareness of the Department/Group Company with high risk will be ensured. Such data will be included in detail in the quarterly reports to be submitted to the senior management. As a result of the systematization of legislative risks, business continuity will be ensured, operational efficiency will be ensured and actions will be taken in advance against financial/reputational losses. In addition, the risk of the company management and employees facing judicial sanctions will also be minimized.

In this context, the Risk Team assigns a risk score to the sanctions matched with the legislative obligations to which SOCAR Türkiye Group Companies are subject in the Compliance Process Digital Platform. Sanctions that may cause reputational/financial loss to SOCAR Türkiye Group Companies, cause disruption of operational activities, and lead to direct criminal liability of Company employees are classified according to their severity as a result of joint work carried out with the Risk Team. The risk matrices created and periodically updated are reported to the management. Thus, sufficient data is created in order to make a risk assessment after the risk analysis in terms of Compliance Process.

In cases requiring updates in internal or external risk analysis, such as changes in the company's organizational, functional structure, fields of activity, goods and services offered, Legislation, the Risk Team and the Directorate work in cooperation to identify new risk situations and to make the necessary changes in each component of the compliance with Legislation study.

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## 6. REFERENCES

-  SCC-GVR-PRC-0003 Procedure for Relations with Government Institutions and Non-Governmental Organizations
-  SCC-PRO-PRC-0001 SOCAR Türkiye Procurement Procedure

## 7. ATTACHMENTS

### Annex-1 Procedures and Principles on Regulation Management

The functioning process of the Regulation Management regarding the legislative amendments published regarding the Industries in which SOCAR Türkiye Group Companies operate and the issues that directly or indirectly concern SOCAR Türkiye Group Companies and the legislative practices carried out by government institutions is systematically regulated under the title “**Annex-1 Procedures and Principles on Regulation Management**”.

#### A. Processes to Be Applied in Case It Becomes Apparent That a Legislative Amendment Will Be Made By The Relevant Government Institutions

##### 1) Follow-up Process of Legislative Work in Preparation

In cases where the publication of a legislative act in preparation is expected and before the Legislation is published, the following steps as applied.

- i) Weekly control of official websites of government institutions,
- ii) Participation in commission, working groups and workshop meetings organized within the scope of the NGOs of which it is a member and obtaining information by making necessary meetings,
- iii) Sharing the information received by the departments regarding the legislative arrangement with the Directorate,
- iv) Reporting of the service provider to the Directorate in case of receiving Consultancy Services on Regulation Management,

##### 2) Analyzing the Legislative Work in Preparation and Giving Opinion

- i) It is determined which departments' business processes are related to the legislative activities learned through one of the methods mentioned above, and it is ensured that the necessary information and evaluation are shared with the relevant departments, coordination is ensured, and impact analysis is carried out.
- ii) Meetings to be held with the relevant departments for impact analysis determination are organized and managed by the Directorate.
- iii) High-level meetings are held before government institutions in accordance with the **SOCAR Türkiye Procedure for Relations with Government Institutions and Non-Governmental Organizations** regarding the legislative work that is learned/known to be published. In high-level meetings, the presentation,

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memorandum, proposal regulation sample, etc. prepared in line with the coordination of the relevant department and the Directorate are submitted to the relevant government institution.

- iv) Written opinions are submitted directly to government institutions regarding the legislative work in preparation in line with the coordination of the relevant department and the Directorate.
- v) Indirect written opinions are submitted to government institutions indirectly through NGOs regarding the legislative work in preparation.
- vi) Publication phase of the legislative work whose preparation phase has been completed Part C

## **B. Processes to be Implemented in Case of Identification of Situations Requiring Legislative Amendments by Relevant Departments**

### **1) Formation of Processes Requiring Legislative Change**

Processes that require amendments to existing legal and administrative framework;

- i) To be determined directly by the Directorate,
- ii) Relevant departments share their requests regarding their fields of activity with the Directorate,
- iii) Submitting opinions and requests for legislative amendments from member NGOs, necessary studies are initiated to make legislative amendments in their cases.

### **2) Legislative Amendments Requested for Publication**

- i) The Directorate determines which departments are related to the Legislation requested to be published and plays an active role in sharing the necessary information and evaluation with the relevant departments, ensuring coordination, and conducting impact analysis.
- ii) Meetings to be held with the relevant departments for impact analysis determination are organized and managed by the Directorate.
- vii) High-level meetings are held before government institutions in accordance with the **SOCAR Türkiye Procedure for Relations with Government Institutions and Non-Governmental Organizations** regarding the requested legislative amendment. During the high-level meetings, studies such as presentations, memorandums, proposal arrangement samples, etc. prepared in line with the coordination of the relevant department and the Directorate may be submitted to the relevant government institution.
- iii) Written opinions may be submitted to government institutions regarding the requested legislative amendment in line with the coordination of the relevant department and the Directorate.
- iv) Written opinions on the requested legislative amendment can be submitted to government institutions through NGOs.

## **C. Processes to be Applied in the Event of Publication of the Legislative Amendment**

### **1) Procedure for Following and Informing on Legislative Changes**

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- i) Legislative amendments are regularly monitored daily through the Official Gazette and/or the official websites of the relevant government institutions.
- ii) Whether a legislative amendment directly or indirectly affects the employees and business processes of SOCAR Türkiye Group Companies is determined and evaluated through an impact analysis study conducted by the Directorate. Meetings to be held with the relevant departments for impact analysis determination are organized and managed by the Directorate.
- iii) Accordingly, a Daily Legislation Bulletin is prepared covering the legislative amendments published, except for the legislative amendments that are determined to have no relation to the employees and business processes of SOCAR Türkiye Group Companies.
- iv) "Daily Legislation Bulletin" with sample templates in Annex-1.A. and Annex-1.B. regarding the Legislation published in the Official Gazette and/or official websites of the relevant government institutions is shared with all employees and/or relevant departments.
- v) In the event that the legislative regulation published in the Official Gazette and/or on the official websites of the relevant government institutions includes an amendment to a Legislation in force at the date of publication of the Legislation, the "Comparison Table" with a sample template in Annex-2, which includes the comparative content of the "text removed with the amendment" and "text added with the amendment" regarding the legislative amendment in question, is shared.

## 2) Processes to be carried out after the Legislative Amendment Notification

- i) High-level meetings are held before government institutions in accordance with the **SOCAR Türkiye Procedure for Relations with Government Institutions and Non-Governmental Organizations** regarding the legislative amendment to be requested. During the high-level meetings, the presentation, memorandum, proposal arrangement sample, etc. prepared in line with the coordinated work of the relevant department and the Directorate are submitted to the government institution.
- ii) Written opinions may be submitted directly to government institutions regarding the legislative amendment to be requested in line with the coordination of the relevant department and the Directorate.
- iii) Indirect written opinions may be submitted to government institutions indirectly through NGOs regarding the legislative amendment to be requested. (Heading B.2.)
- iv) If as a result of the impact analysis conducted on the legislative amendment and/or the sharing of the opinions of the relevant departments with the Directorate, there is an opinion/request that a legislative amendment that may pose a threat to the interests of SOCAR Türkiye Group Companies has been published, the process of applying for legal remedies is evaluated in coordination with the Legal Department.

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**ANNEX-1.A: Daily Legislation Bulletin Template**

- **Subject of the Mail:** **SOCAR Legislation and Regulation Management// (\_\_\_\_. \_\_\_\_\_. 202\_)**
- **Content of the Mail:** Shown as an example in the template below.
- **Font of the Mail:** It is Arial 11.



To Whom This May Concern;

The following issues have been announced in the (\_\_\_\_. \_\_\_\_\_. 202\_) dated [.] numbered Official Gazette:

**MAIN TITLE OF RELAVANT LEGISLATION (PRESIDENTIAL DECREE / APPOINTMENT DECREE / CODE / REGULATION / COMMUNIQUE / BOARD DECISION, is specified.)**

- **Name of The Relevant Legislation (The name of the relevant Legislation is indicated by the link announced in the Official Gazette.)**

**According to;**

- (This section provides information about the content of the regulation.)
- (This section provides information about the content of the regulation.)

With this regulation, it is evaluated that “[.]” changes have been made and “[.]” effects have been made compared to the previous Legislation. (This section contains analyses and assessments regarding the outcome and effects of the regulation).

This “[.]” (Code/ Regulation / Communiqué / Board Decision is specified.) entered into force on the date of its publication in the Official Gazette (\_\_\_\_. \_\_\_\_\_. 202\_).

(or)

This “[.]” (Code/ Regulation / Communiqué / Board Decision is specified.)’s;

- [.] shall be effective as of [.] article in the Official Gazette ([.]) on the date of its publication,

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- The other articles on the date of publication in the Official Gazette ([.]) shall enter into force.

The Comparative Table regarding the changes in “[.]” (*Code/ Regulation / Communiqué / Board Decision, etc. is specified.*) is presented in the **Annex** for your information.

The regulations that are considered to have an impact on SOCAR Group of Companies' investments and fields of activity are presented for your information in this information table and we kindly ask you to contact us if you require more detailed information.

**Best Regards,**

**SOCAR Türkiye Government Relations Group Directorate**

#### ANNEX-1. B: Daily Legislation Bulletin Template


To Whom This May Concern;
<b>Although it is evaluated that there is no regulation in the Official Gazette dated [Day] [Month] [Year] numbered[.] that may be included within the scope of SOCAR Group of Companies' activities and investments; it is recommended that business units review the content of the Official Gazette on <a href="https://www.resmigazete.gov.tr/">https://www.resmigazete.gov.tr/</a> and examine whether there is a regulation that concerns SOCAR Group of Companies.</b>
<b>Best Regards,</b>
<b>SOCAR Türkiye Government Relations Group Directorate</b>

#### Annex 2: Comparison Table Template

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## [.] Code/Regulation/ Communiqué

**Version [.] - Code/Regulation/Communiqué**

(Before amendment)

T.C. Official Gazette (\_\_\_\_. \_\_\_\_\_. 202\_)/[.]

**Version [.] Code/Regulation/Communiqué**

(After amendment)

T.C. Official Gazette (\_\_\_\_. \_\_\_\_\_. 202\_)/[.]

### ARTICLE [.]

~~Text extracted by amendment..~~

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Provisions remaining the same.

### ARTICLE [.]

Text added by amendment.

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Provisions remaining the same.

## 8. UPDATING RECORDS