

Sustainability Bulletin

January 2024

JCR Eurasia Rating

Economic and Analytical Research



COP28 Ended

The 28th United Nations Climate Summit Conference of the Parties (COP28) hosted by the United Arab Emirates, ended on 13 December 2023. In the latest conference, speeches concentrated on the 4 main themes and parties signed several agreements though certain topics like carbon trade and food safety were postponed to the coming meetings.



United Nations Framework Convention on Climate Change

The important issues agreed upon during the conference are as follows:

- **Loss/Damage Fund,**
- **Global Renewable and Energy Efficiency Pledge,**
- **Oil&Gas Decarbonization Charter,**
- **Global Cooling Pledge for COP28,**
- **Powering Past Coal Alliance,**
- **Declaration to Triple Nuclear Energy,**
- **Adaptation Fund,**
- **Global Assessment,**
- **Climate and Health Declaration,**
- **Global Goal on Adaptation.**

COP28: Highlights

In our previous bulletin, we included details about the Loss/Damage Fund, the Global Renewable and Energy Efficiency Pledge, and the Oil&Gas Decarbonization Charter. After that date, a number of prominent agreements were reached at the Conference.



The Global Cooling Pledge for COP28, signed by **66** countries under the themes of fast-track a just and orderly energy transition, was one of the prominent commitments at COP28. Accordingly, signatory countries have committed to reduce their cooling-related emissions in all sectors by **68%** by **2050** compared to 2022.

COP28: Highlights

The Post-Coal Energy Alliance (PPCA), to which the governments of 9 new countries signed at COP28, has reached 60 signatories in total this year. The aim of the alliance is to accelerate the transition to clean energy sources instead of energy produced from coal.



Another development regarding energy was experienced on the nuclear energy. The Declaration on Triple Nuclear Energy was signed by 20 countries, including the world's largest economies such as the USA, England, France, Japan, and Canada. The aim of the declaration is to work towards tripling global nuclear energy capacity by 2050, which is seen as an important step in achieving the net zero target, and to encourage financial institutions to finance nuclear energy projects.

COP28: Highlights

One of the important steps taken under the issue of fixing climate finance, one of the main themes at COP28, was the COP28 UAE Leaders Declaration on Global Climate Finance Framework. In the declaration that steps should be taken to diversify the resources required for climate finance, it was emphasized for the first time that capital market instruments are also important sources for climate finance.



Within the framework of the declaration, it was stated that the Green Climate Fund should be renewed and significant contributions should be made to the Adaptation Fund. The Adaptation Fund provides funds to ensure that developing countries are resilient to climate change and provide the necessary financing for their adaptation. At COP28, new contributions of USD 192 billion were collected from developed countries for the Adaptation Fund.

Türkiye Sustainability Reporting Standards Published

Public Oversight Authority (KGK) published the Türkiye Sustainability Reporting Standards (TSRS).

- **Total assets TRY 500mn**
- **Annual net sales TRY 1bn**
- **Number of employees 250 people**

Institutions, organizations and businesses that exceed the threshold values of **at least two of the conditions** for **at least two consecutive reporting periods** and companies subject to the regulation and supervision of **the Capital Markets Board** in accordance with Law No. 6362 and companies subject to the regulation and supervision of **the Banking Regulation and Supervision Agency** in accordance with **the Banking Law** No. 5411 dated 19/10/2005.



Kamu Gözetimi Kurumu



On the other hand, insurance, reinsurance and pension companies operating within the scope of the Insurance Law No. 5684 dated 3/6/2007 and the Private Pension Savings and Investment System Law No. 4632 dated 28/3/2001 and those allowed to operate in Markets operates in Borsa Istanbul; authorized institutions, precious metals brokerage firms, and companies engaged in precious metal production or trade were also included in the reporting scope.

The standards will be applied for accounting periods on or after January 1, 2024. While it will not be mandatory for businesses to present comparative information in the first period of reporting, it will not be mandatory to present Scope 3 emissions in the first two annual reporting periods.

Banks and the Private Sector Borrowed “Green” in December 2023.

In December 2023, banks obtained new the sustainable finance from different markets. While İşbank received green loans equal to USD 136mn from two different sources, it issued green bonds worth TRY 500 million in the domestic bond market. TSKB obtained a green loan of USD 200 million.

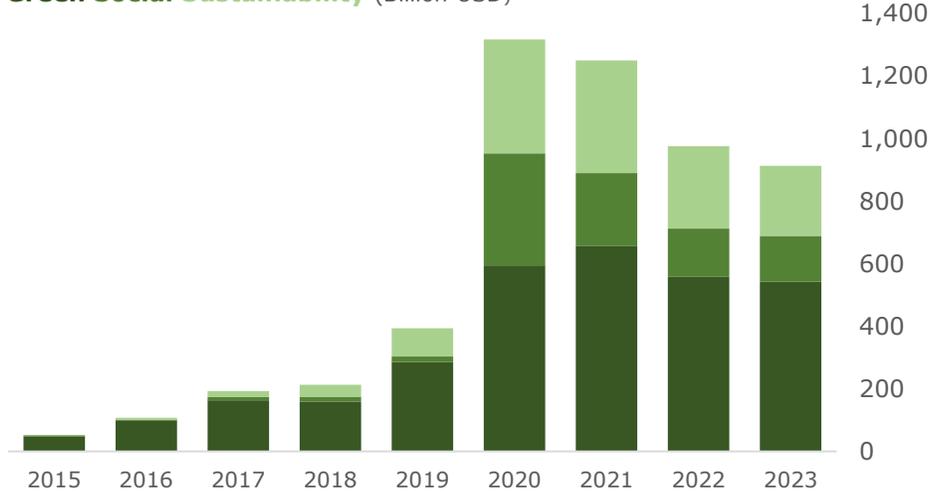


The green bond issuance of Istanbul Metropolitan Municipality (İBB), which we mentioned in our last bulletin, also took place in December 2023. İBB borrowed USD 715mn in green bonds with a yield of 10.5%. On the private sector side, International Finance Corporation (IFC) provided a loan of USD 150mn to Sanko Holding, which will be used to accelerate employment and recovery in the earthquake region.

Sustainable Bond Market

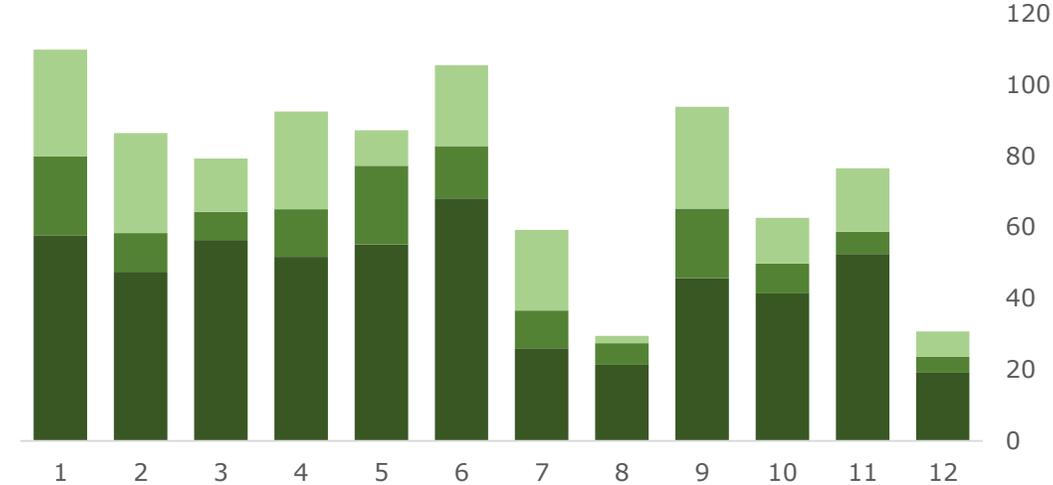
Sustainable Bond Issues

Green Social Sustainability (Billion USD)



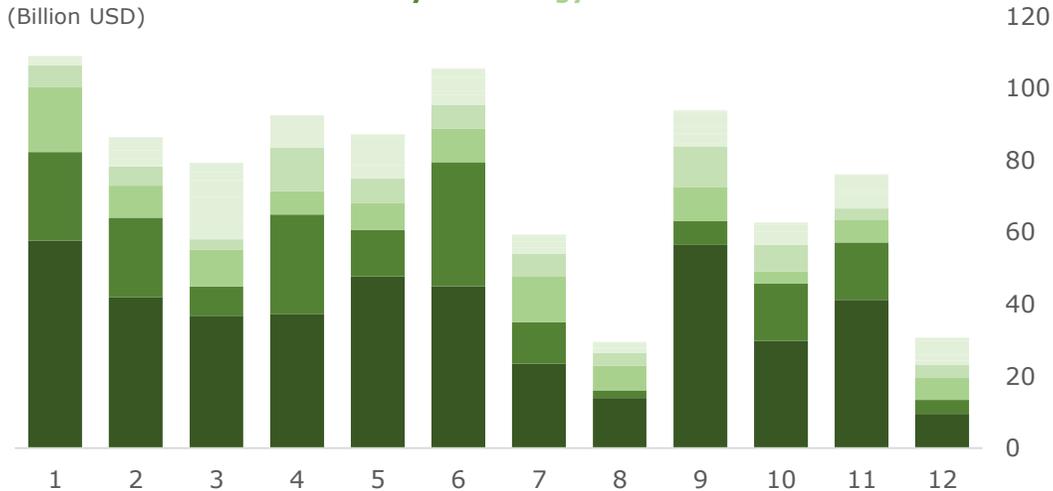
Monthly Sustainable Bond Issues in 2023

Green Social Sustainability (Billion USD)



Sectoral Breakdown of Monthly Sustainable Bond Issues in 2023

Financials Government Activity Technology Industrials Others (Billion USD)

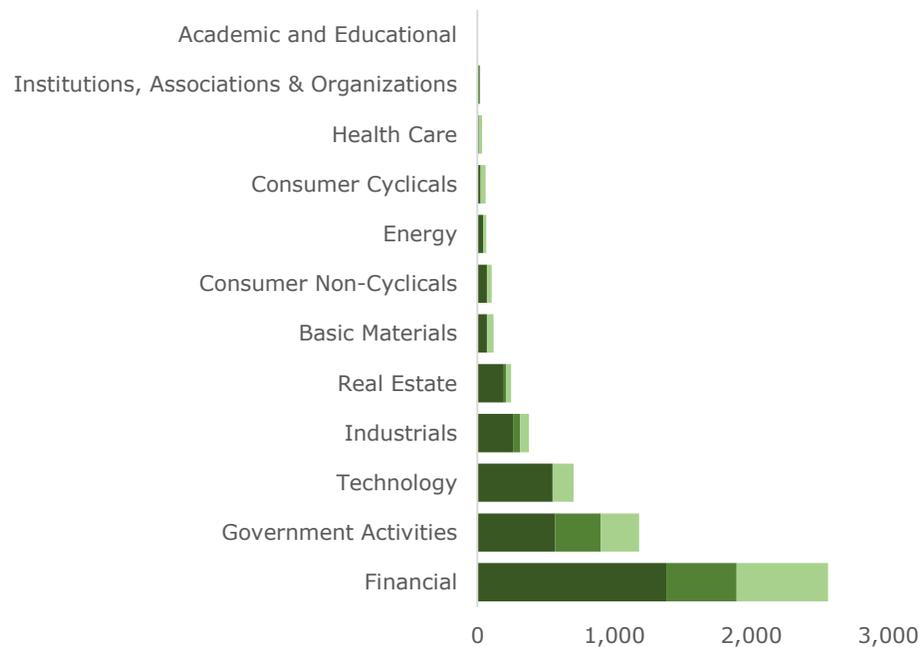


Source: JCR-ER, Refinitiv

Sustainable Bond Market

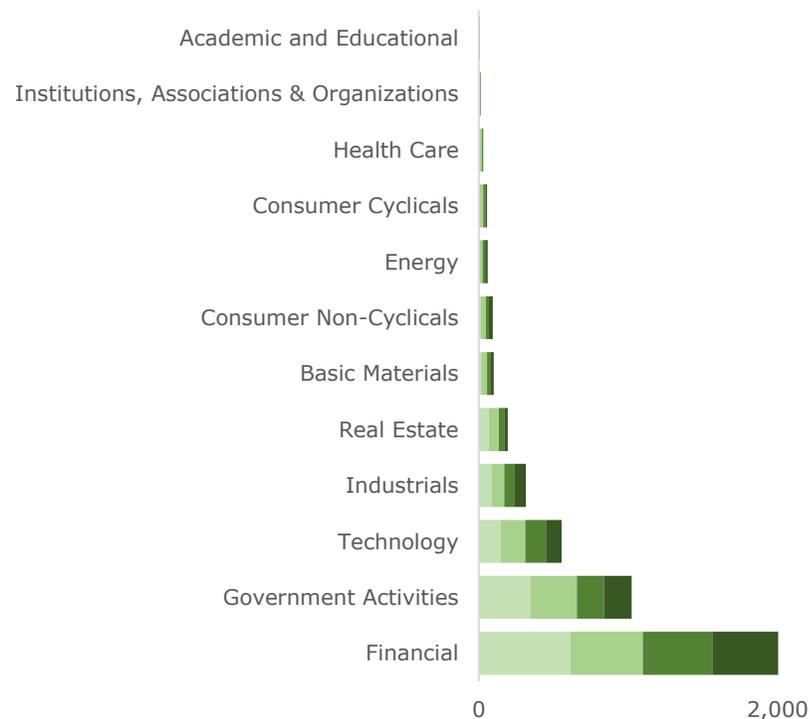
Sustainable Bond Issuance Sector-Bond Breakdown in 2006-2023 Period

Green Social Sustainability (Billion USD)



Sustainable Bond Issue Sector-Year Breakdown in 2020-2023 Period

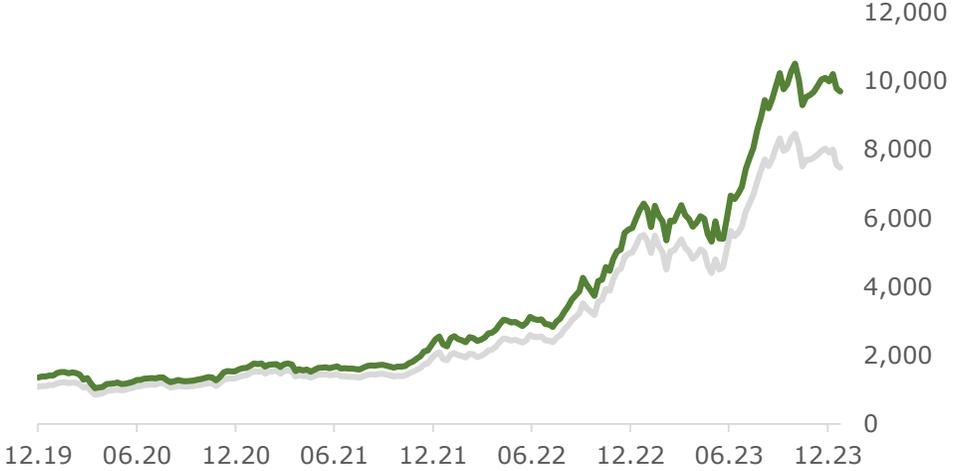
2023 2022 2021 2020 (Billion USD)



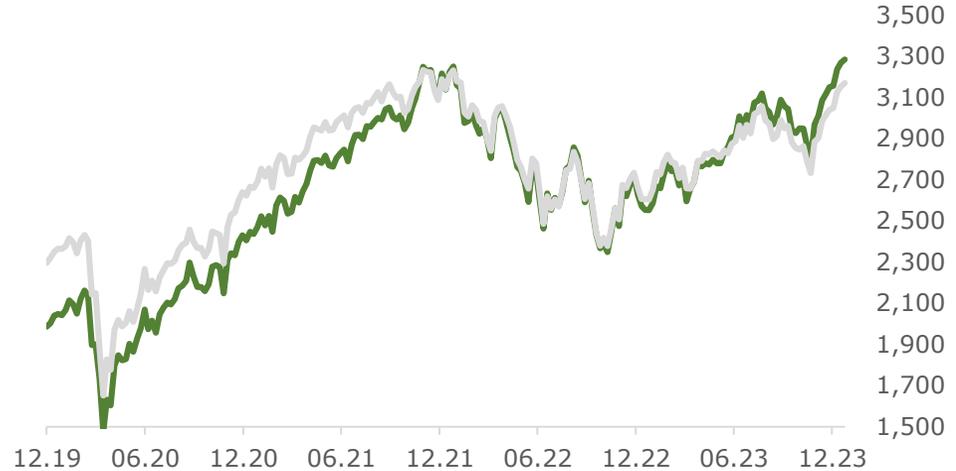
Source: JCR-ER, Refinitiv

Sustainability Indices

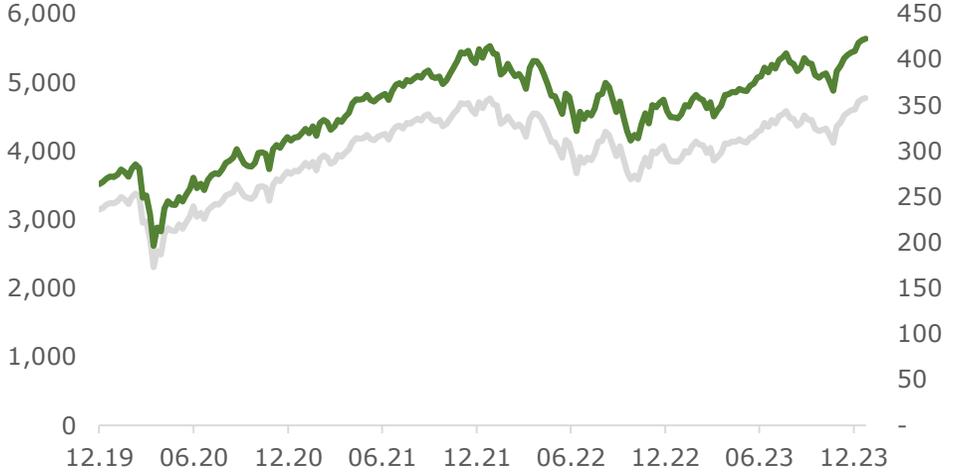
BIST Sustainability Index
BIST100



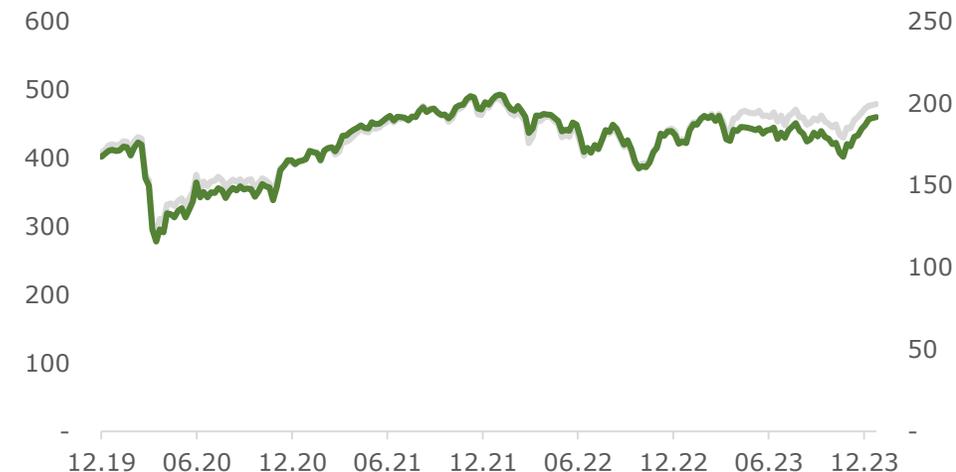
KLD400 Social Index
MSCI Global Index



SP500 Sustainability (Right Axis)
SP500 Index (Left Axis)



Stoxx Global ESG Leader Index (Right Axis)
STOXX600 Index (Left Axis)

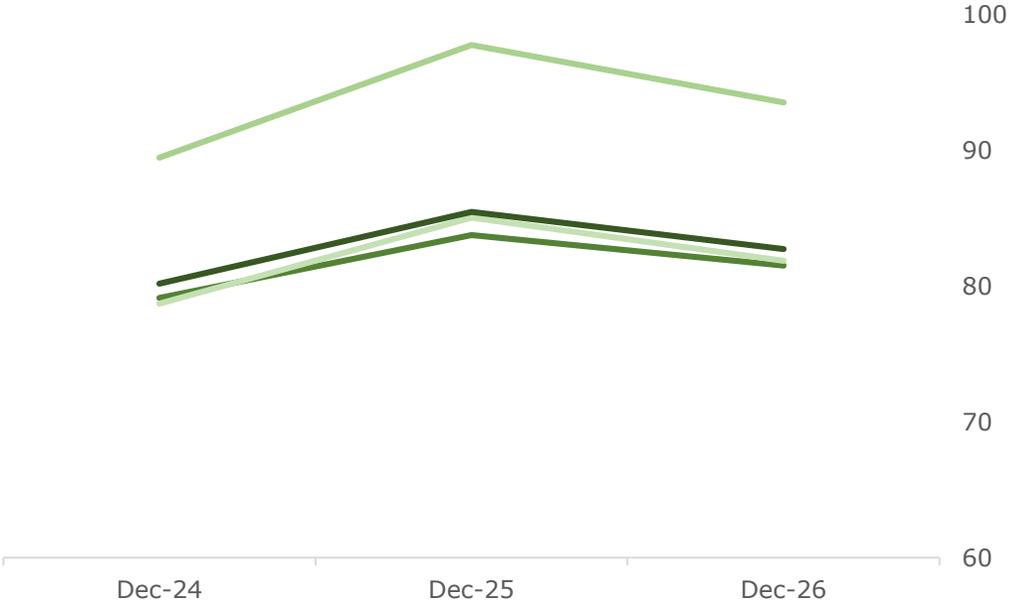


Source: JCR-ER, Refinitiv

Carbon Market

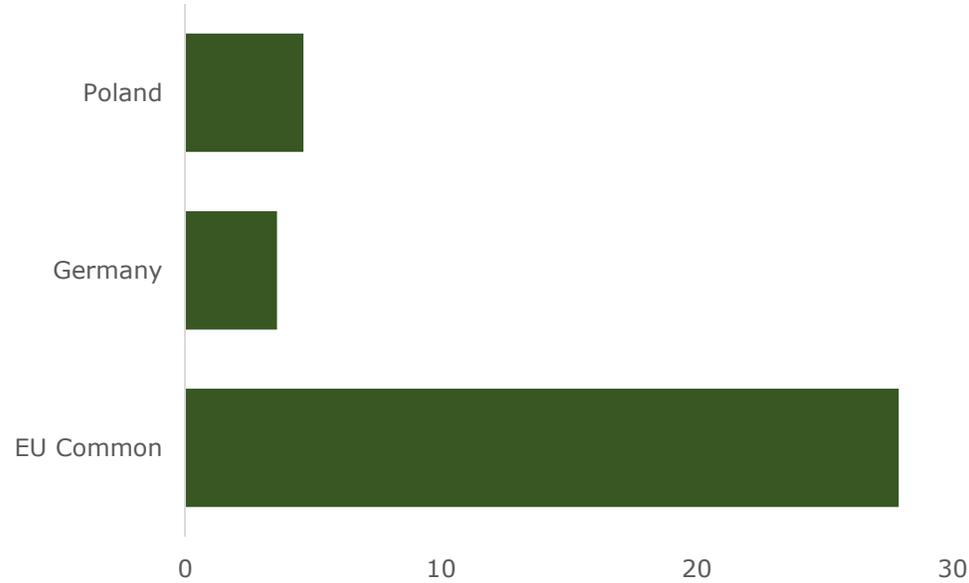
Carbon certificate prices hover above 80 EUR/t. but prices are declining

29 December 2023 22 December 2023 22 November 2023 22 August 2023



The amount of carbon certificates to be auctioned in the next month is 36 million tons.

Auctioned Carbon Certificates (EUR/t)



Source: JCR-ER, Refinitiv



Economic and Analytical Research

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