

Sustainability Bulletin

February 2024

JCR Eurasia Rating

Economic and Analytical Research



IESBA Published Drafts on Sustainability Reporting

The International Ethical Standards Board for Accountants (IESBA) has published two new draft standards on sustainability reporting and assurance. The “Draft on International Ethical Standards for Sustainability Assurance” aims to reduce greenwashing and increase the quality of information.



The draft on the “Use of the Work of an External Expert” determines the rules for ensuring whether the accounting professional or sustainability assurance expert has the necessary competence, capabilities and objectivity when using the work of an external expert.

EFRAG Published the Draft Sustainability Reporting Standards for SMEs

The European Financial Reporting Advisory Group (EFRAG) has published two new draft standards on sustainability reporting of SMEs. While the first draft published covers the mandatory reporting standards of listed SMEs, the second draft determines the standards for voluntary sustainability reporting of non-public SMEs.



The purpose of the first standard, called "ESRS LSME ED", is defined as better publishing the information of public SMEs and preventing possible negative discrimination by financial market participants and providing them with better access to finance. EFRAG believes that the second standard, called "VSME ED", will be useful for SMEs to provide more effective and quality information to their business partners.

EBA Announced the Draft Guide on the Management of ESG Risks

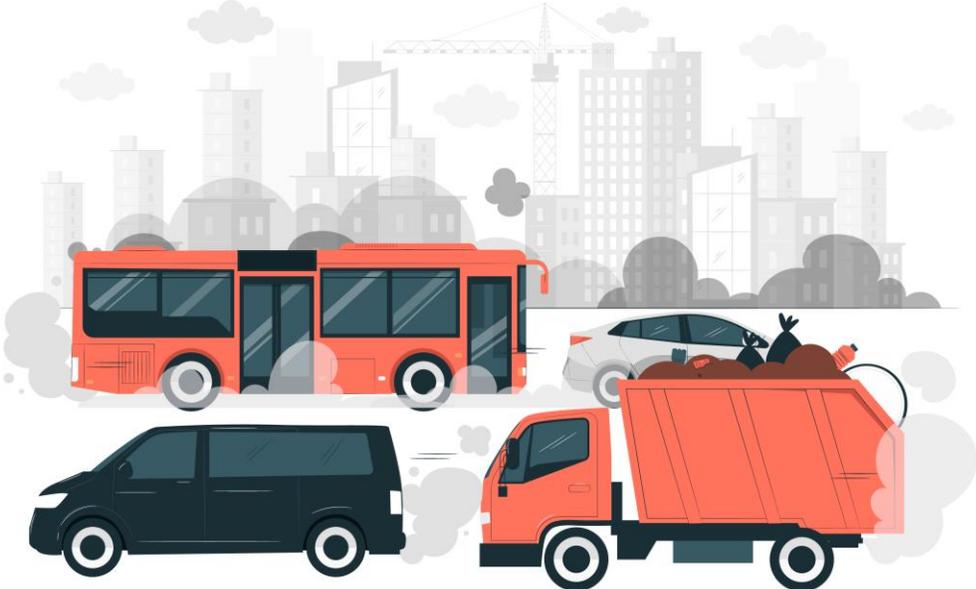
The European Banking Authority (EBA) published the draft of its study on banks' management of ESG and climate-related risks and open it for public consultation. The draft guide includes steps to identify, measure and manage institutions' ESG risks.



In the draft guideline, it is stated that institutions should take ESG risks into account as a factor of all traditional risk categories and include them in risk management processes. One of the important issues included in the guide is that institutions have a policy for the management and mitigation of short, medium and long-term ESG risks, covering a period of at least 10 years.

EU's Decision to Reduce Carbon Emissions from Trucks by 90%

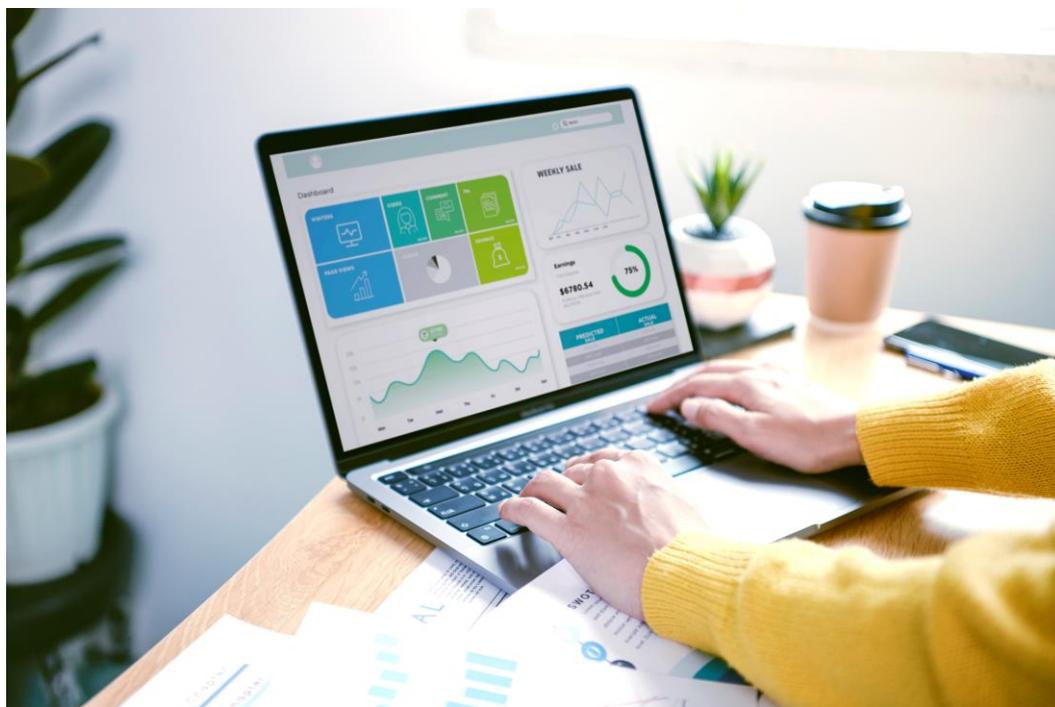
According to a news in ESGtoday, the EU Parliament and the EU Council agreed to reduce carbon emissions from trucks and heavy vehicles by 90% by 2040.



The sectoral effects of the decision will primarily be on road freight and passenger transportation and truck and bus manufacturers. The share of carbon emissions from buses and trucks in global carbon emissions is calculated as 6%.

320 Institutions Will Report Within the Scope of TNFD

The Task Force on Nature-Related Financial Disclosures (TNFD) announced that 320 institutions from 46 countries have committed to nature-related reporting within the scope of TNFD's recommendations.



**Taskforce on Nature-related
Financial Disclosures**

The total assets of industrial companies that have committed to reporting exceed USD 4 trillion. On the other hand, in addition to investment companies with a total Assets Under Management (AUM) of USD 14 trillion, the world's leading banks, insurance companies, and auditing companies also made their commitments. Institutions committed that they will comply with TNFD's recommendations in their corporate reports for the 2023, 2024 and 2025 financial years.

EU Transfers ETS Revenues to Clean Energy Infrastructure

According to the news in ESGtoday, the EU Commission announced that EUR 2.2 billion obtained from the Emission Trading System (ETS) will be spent to establish clean energy infrastructure in low-income Union countries.



The modernization of energy systems in countries such as Bulgaria, Croatia and the Czech Republic will be carried out through the EU Modernization Fund. To date, a total of EUR 9.7 billion has been raised through the Fund, which was established in 2018.

IPCC 60th Session Held in Istanbul

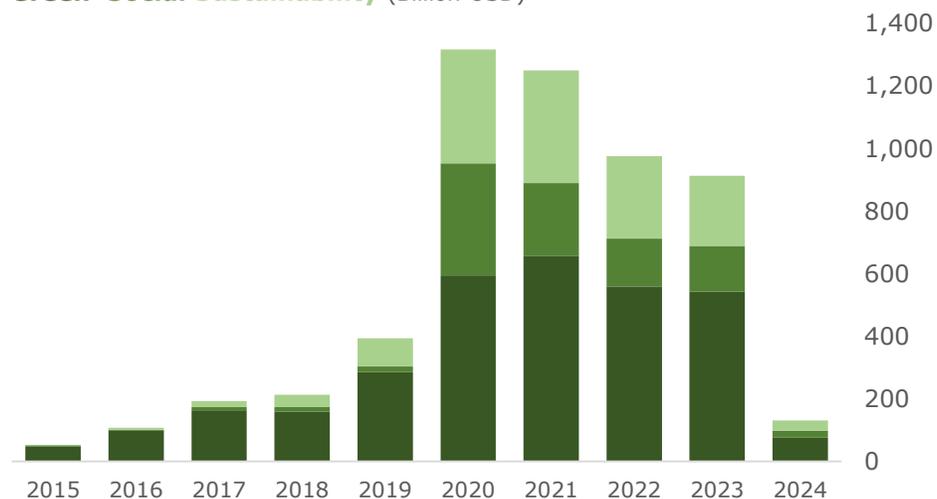
The 60th session of the United Nations Intergovernmental Panel on Climate Change (IPCC) took place in Istanbul with more than 400 participants from 195 countries. According to the news of Yeşil Büyüme, it was decided to preserve the current report structure of the IPCC. The Panel's current report structure consists of four reports: three working group reports and one special report.



Türkiye's current road map to combat climate change and 2030 targets were also emphasized during the session. It was also stated once again that Türkiye was a candidate for COP31, which will be held in 2026.

Sustainable Bond Market

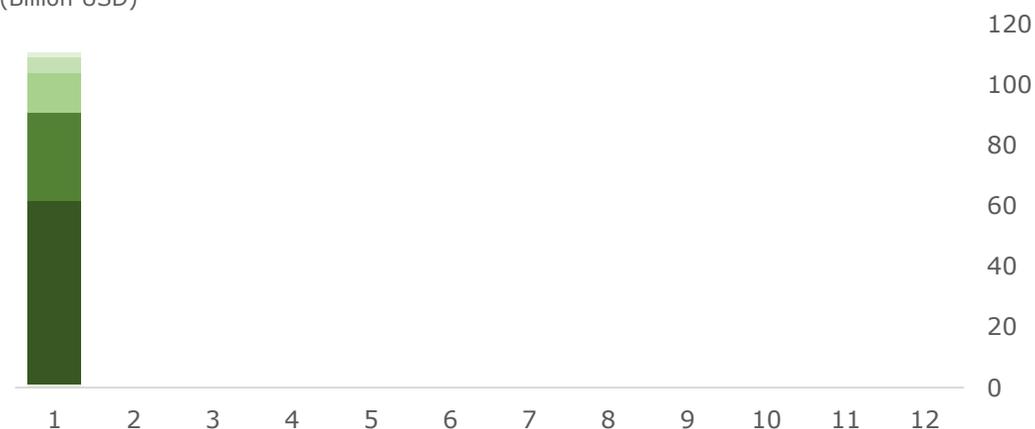
Sustainable Bond Issues
Green Social Sustainability (Billion USD)



Monthly Sustainable Bond Issues in 2024
Green Social Sustainability (Billion USD)



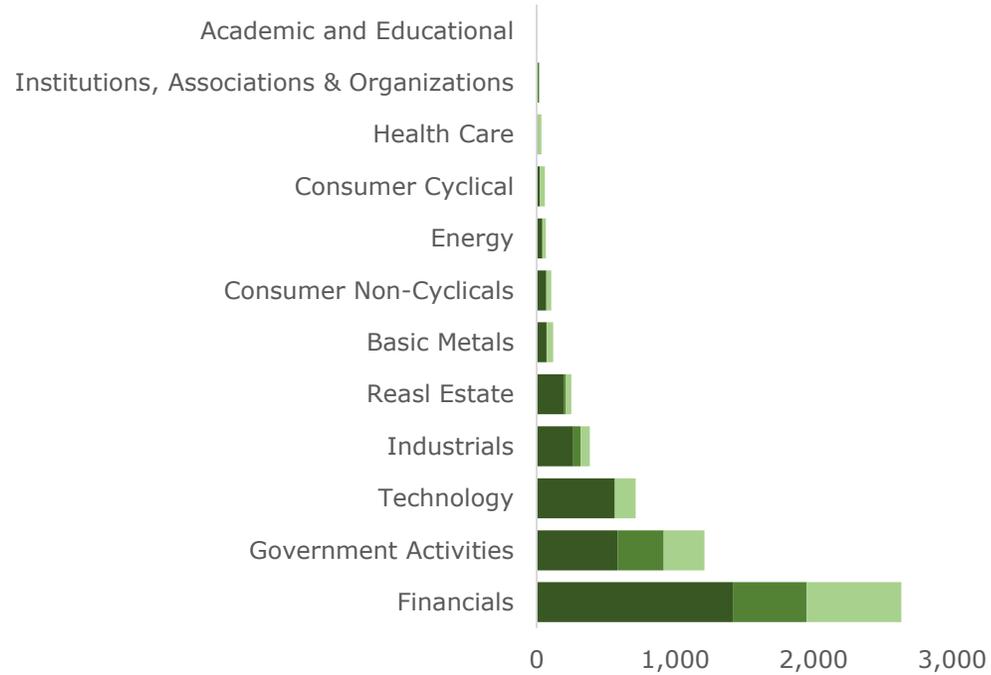
Sectoral Breakdown of Monthly Sustainable Bond Issues in 2024
Financials Government Activity Technology Industrials Others (Billion USD)



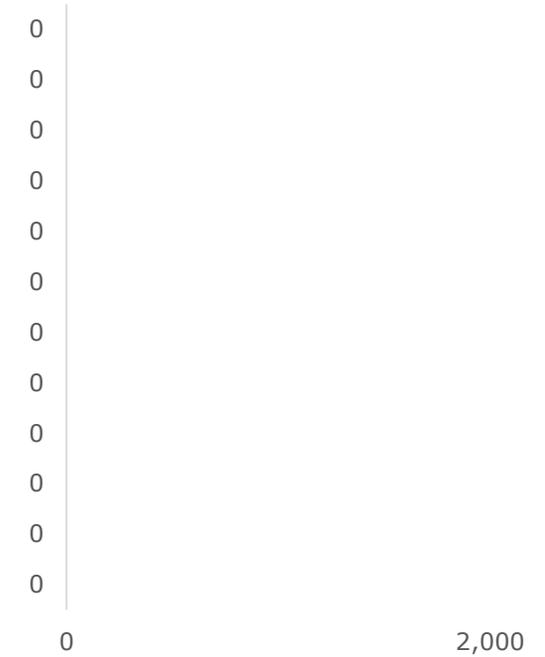
Source: JCR-ER, Refinitiv

Sürdürülebilir Tahvil Piyasası

Sustainable Bond Issuance Sector-Bond Breakdown in 2006-2024 Period
Green Social Sustainability (Billion USD)



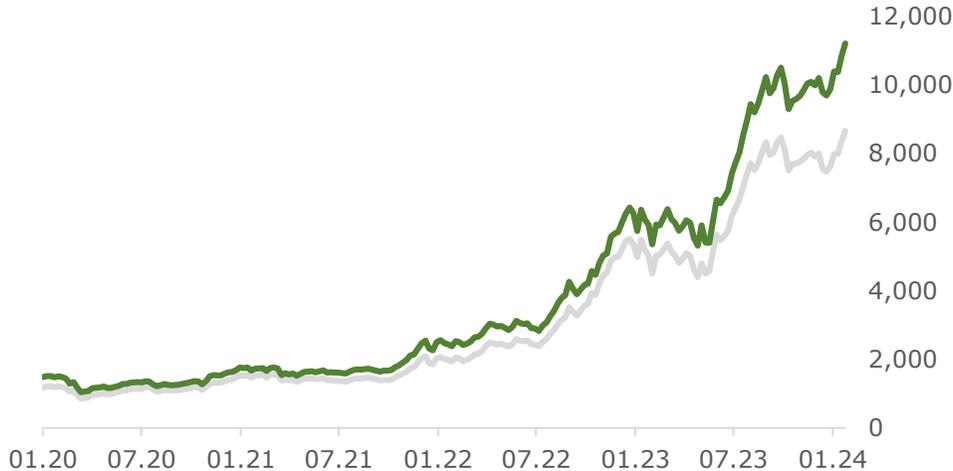
Sustainable Bond Issue Sector-Year Breakdown in 2020-2023 Period
2023 2022 2021 2020 (Billion USD)



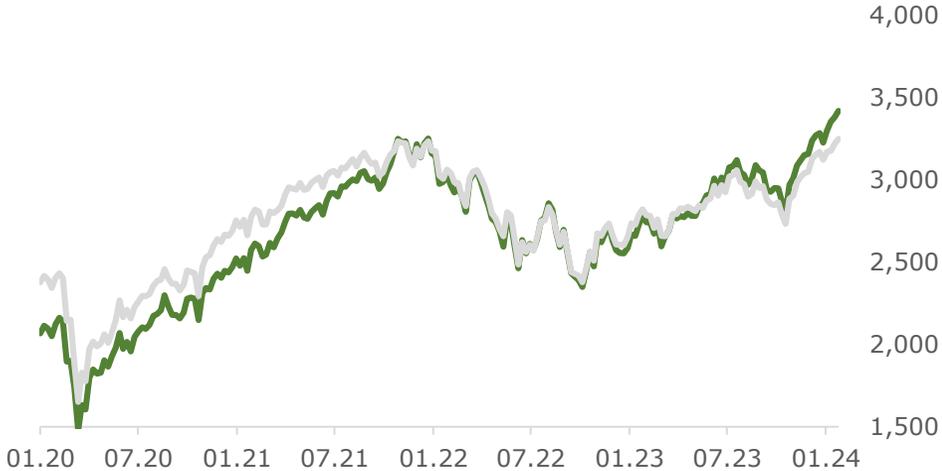
Source: JCR-ER, Refinitiv

Sustainability Indices

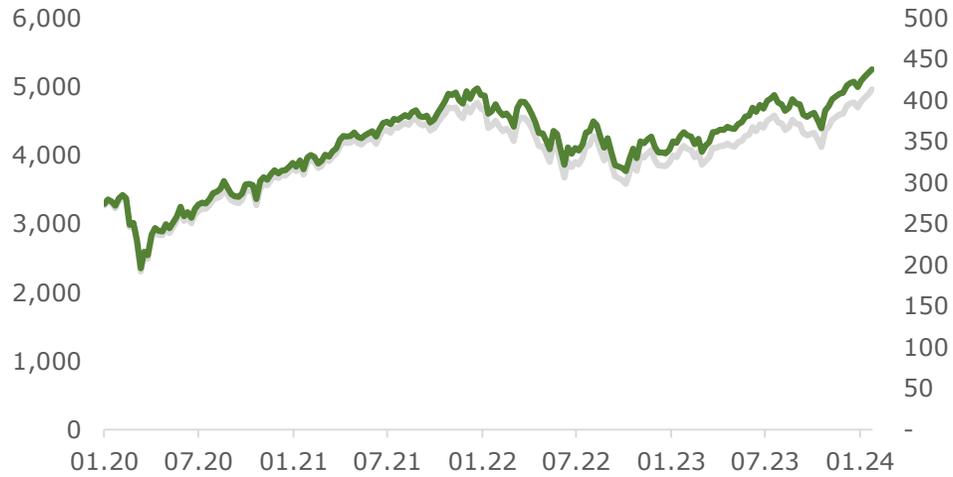
BIST Sustainability Index
BIST100



KLD400 Social Index
MSCI Global Index



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



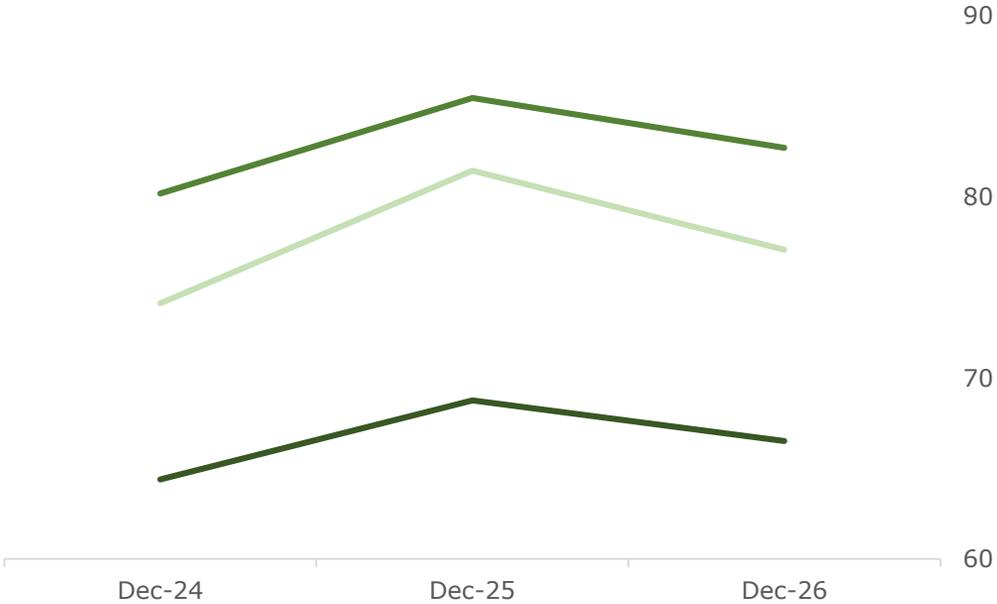
Stoxx Global ESG Leader Index (Right Axis)
STOXX600 Index (Left Axis)



Source: JCR-ER, Refinitiv

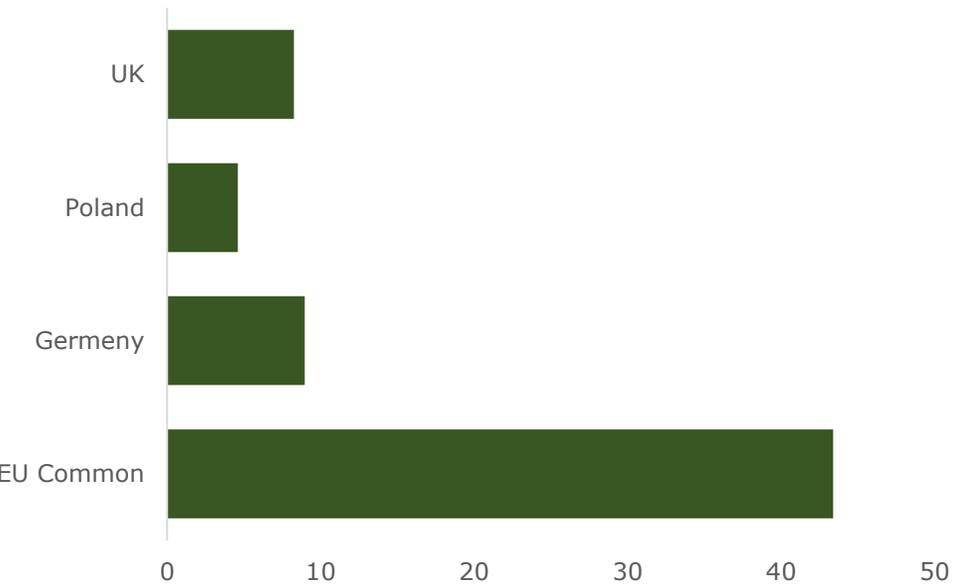
Carbon Market

Carbon certificate prices regressed to 65 EUR/t levels
31 January 2024 29 December 2023 29 November 2023



The amount of carbon certificates to be auctioned in the next month is 65 million tons.

Auctioned Carbon Certificates (EUR/t)



Source: JCR-ER, Refinitiv



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