

# Sustainability Bulletin

March 2024

## JCR Eurasia Rating

Economic and Analytical Research



## First Pain in the Carbon Border Adjustment Mechanism Transition Period

The transition period of the EU Carbon Border Adjustment Mechanism, which started as of the last quarter of 2023, was disrupted in the first period. According to Financial Times, many European companies have not reported for the reporting period ending on January 31, 2024.



During the transition period of the Carbon Border Adjustment Mechanism, products in seven sectors must report the carbon footprint of imported goods from countries outside the Union. However, several companies stated that they were not aware of the regulation, while others stated that there was uncertainty and confusion about the execution. Companies failing to submit the required reports by mid-July 2024 will face a penalty of 50 Euros per tonne of carbon emissions.

## IEA Announces Annual Energy-Related Carbon Emissions

The International Energy Agency (IEA) has released its annual report on energy-related carbon emissions. The findings reveal a 1.1% year-on-year increase in energy-related carbon emissions for 2023, amounting to a total of 37.4 billion tons.



Highlights of the report are as follows:

- **The incorporation of clean energy has notably contributed to a structural slowdown in energy-related carbon emissions over the past decade leading up to 2023. Throughout this period, the sector's emissions experienced an average annual increase of just 0.5%, marking the lowest rate of growth since the Great Depression.**
- **Due to the global drought, hydroelectric production saw a decline, prompting a shift towards fossil fuels. This transition increased CO2 emissions by 170 million metric tons.**
- **While developed economies will grow by an average of 1.7% in 2023, their energy-related emissions will decrease by 4.5%.**



## CDP Reporting Calendar Announced

Carbon Disclosure Project (CDP), one of the world's largest environmental reporting platforms, has unveiled its reporting cycle calendar for 2024. The calendar will begin on April 16, and the reporting cycle is expected to be completed on October 2. Notably, the 2024 reporting period will consolidate surveys on water security, deforestation, and climate change into a single comprehensive survey.



Important dates in the calendar are as follows:

- **April 16** – Opening of the platform for reporting requests
- **April 30** – Publication of the question set for 2024
- **June 4** – Start of company reporting processes
- **September 18** – Deadline for companies wishing to receive a rating
- **October 2** – End of 2024 reporting period

## Vakıfbank is on the Global A List in the Climate Change Program

As reported by Bloomberg HT, Vakıfbank has been recognized in the Global A List of the Carbon Disclosure Project (CDP) Climate Change Program. The bank's exceptional performance in climate change and water security surveys has elevated it to a leadership position.



Mr. Abdi Serdar Üstünsalih, the General Manager of Vakıfbank, whose comments were featured in the same report, emphasized that these results underscore their commitment to sustainable banking practices and their dedication to addressing environmental challenges.

## Support for Green Transition

The Ministry of Commerce of Türkiye announced the Green Deal Compliance Project Support Package. In the statement made by the Ministry, the support package aims to raise sustainability-oriented awareness of the European Green Deal, improve current situations, and facilitate companies' access to finance.

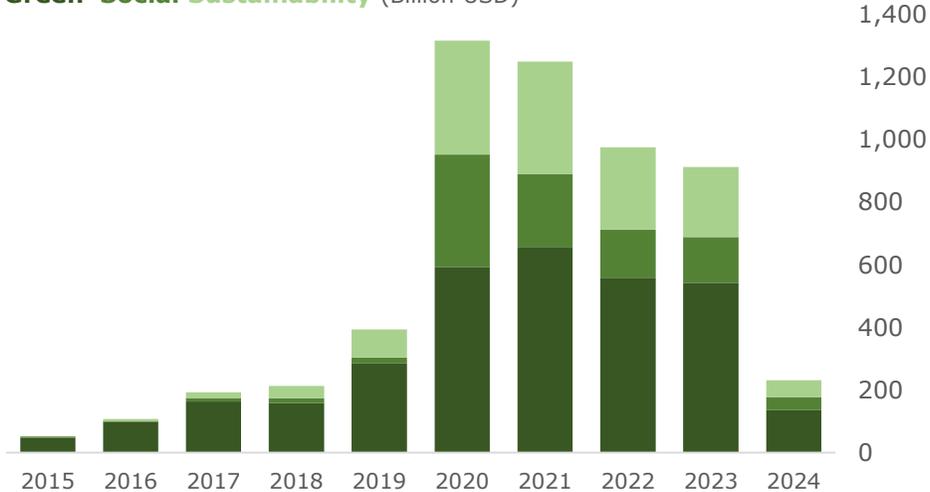


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The support package encompasses covering the service expenses incurred by exporting companies in the realm of sustainability. Accordingly, consultancy services availed by companies will receive backing from the ministry, accounting for 50% of the costs for 5 years, with a maximum total support of up to 10 million Turkish lira.

# 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)

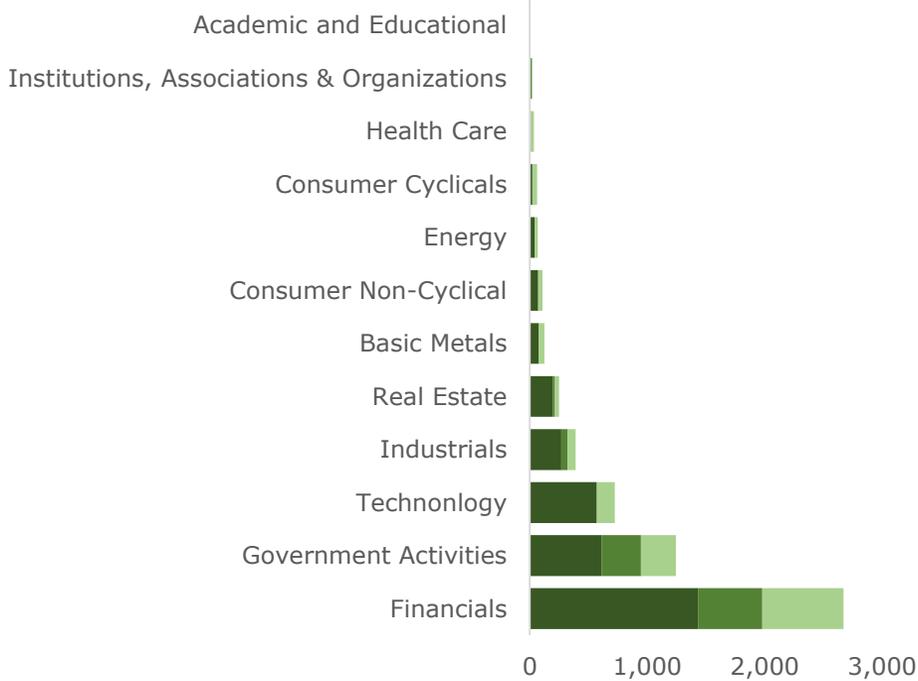


Source: JCR-ER, Refinitiv

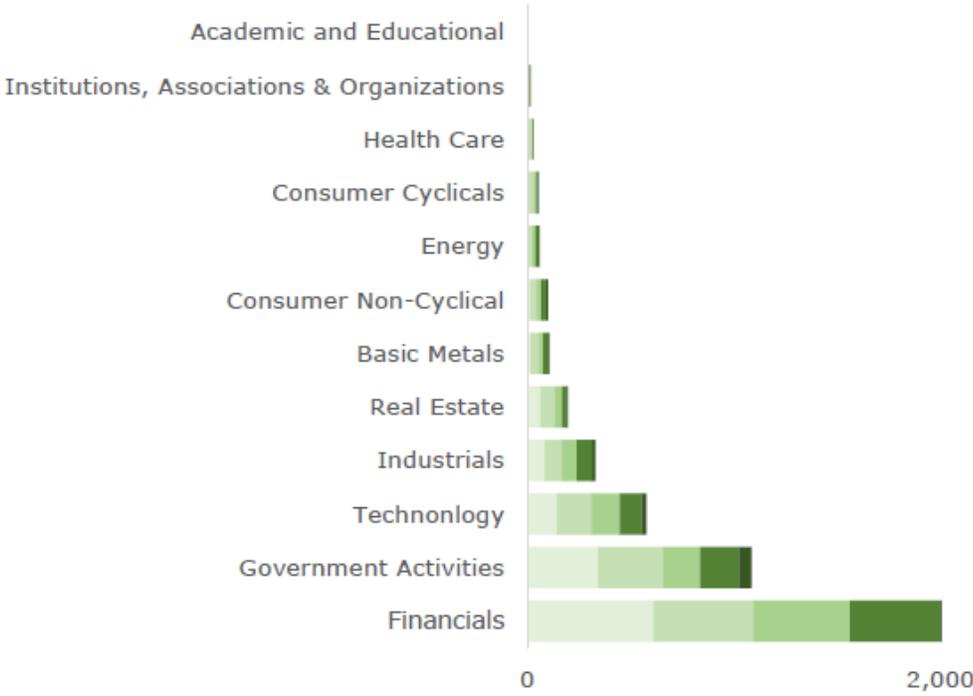
# Sustainable Bond Market

**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)



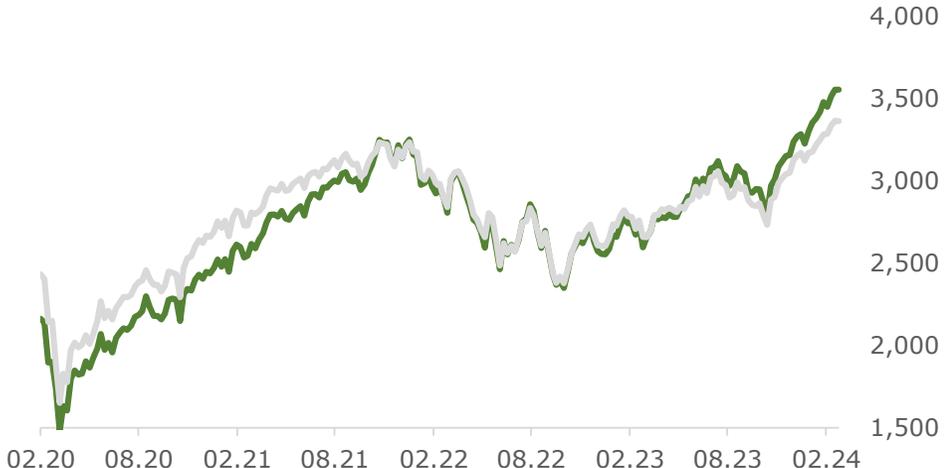
Source: JCR-ER, Refinitiv

# Sustainability Indices

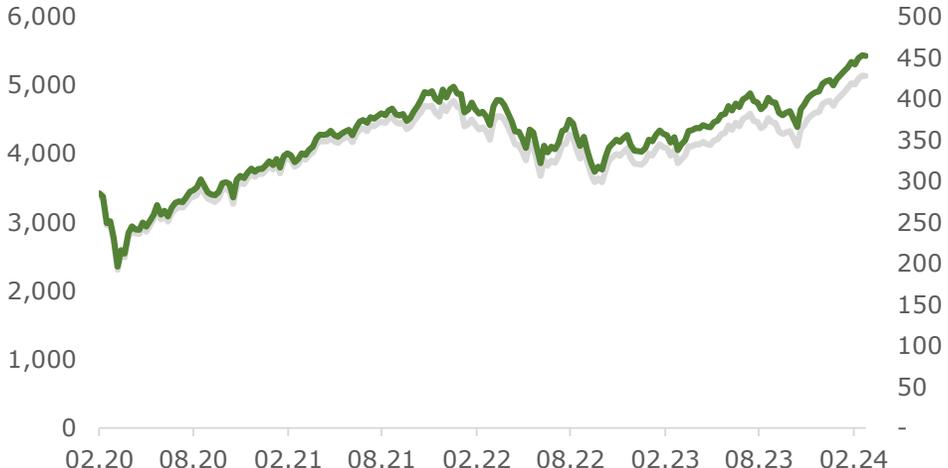
**BIST Sustainability Index**  
BIST100



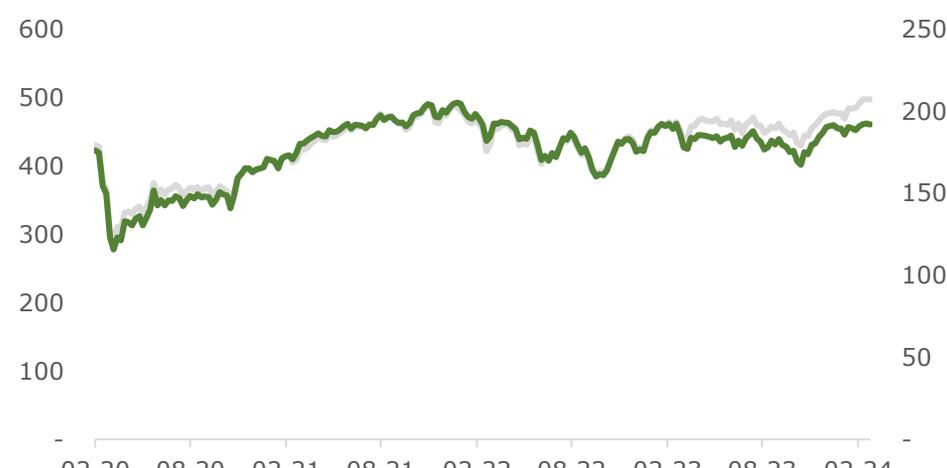
**KLD400 Social Index**  
MSCI Global Index



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



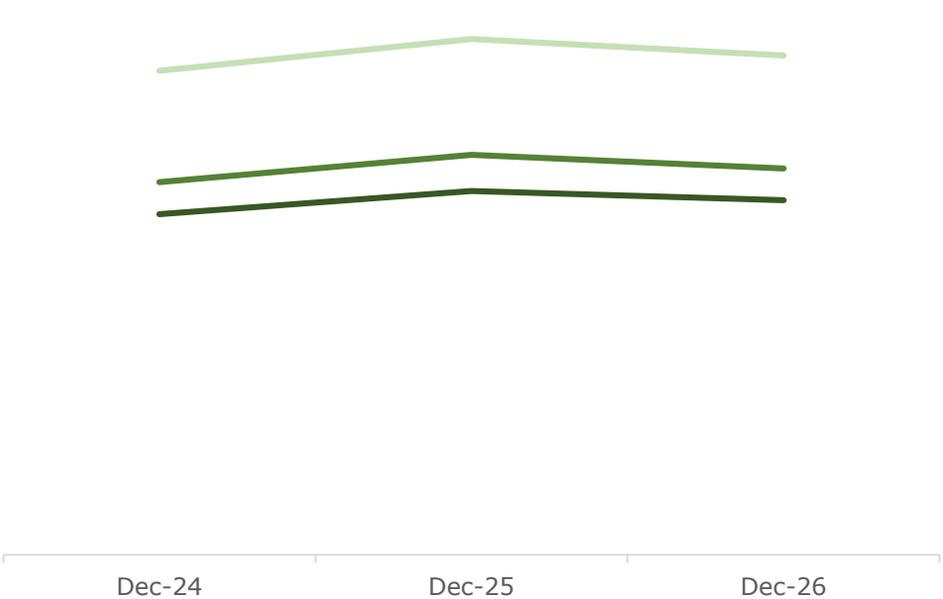
**Stoxx Global ESG Leader Index (Right Axis)**  
STOXX600 Index (Left Axis)



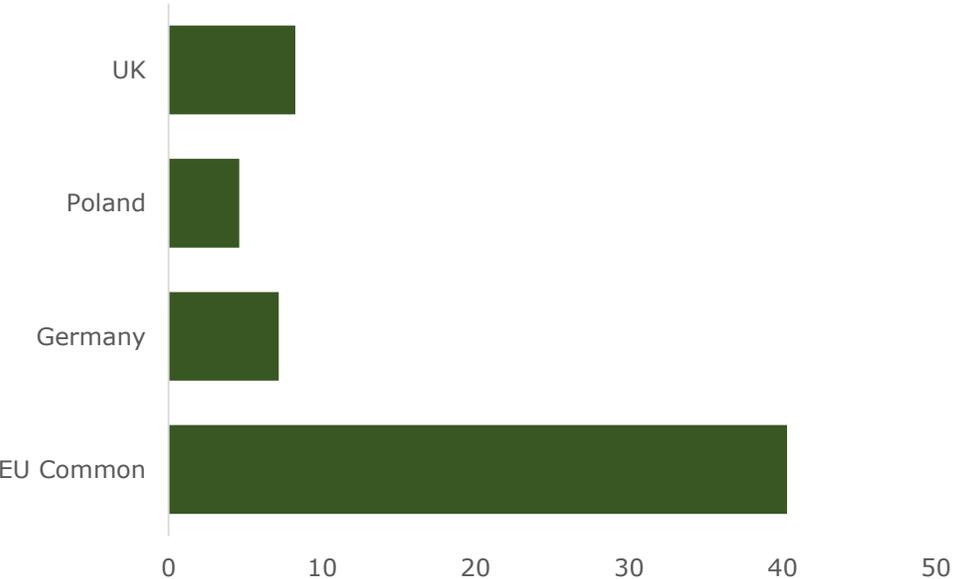
Source: JCR-ER, Refinitiv

# Carbon Market

**Carbon certificate prices regressed to below 60 EUR/t.**  
29 February 2024 29 January 2024 29 December 2023



**The amount of carbon certificates to be auctioned in the next month is 60 million tons.**  
Auctioned Carbon Certificates (EUR/t)



Source: JCR-ER, Refinitiv



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