

Sustainability Bulletin

July 2024

JCR Eurasia Rating
Economic Research



ECB Reports Carbon Emissions of Corporate Bond Portfolio.

The European Central Bank (ECB) published its second report on the disclosure of climate-related information in June. According to the report, carbon emissions of the Eurosystem's corporate bond portfolio continued to decrease.



Most of the reduction in carbon emissions comes from companies' efforts to become carbon neutral. On the other hand, the Eurosystem's reinvestment in companies with better environmental performance accounted for 20% of the reduction in emissions in 2022 and 2023.

Collaboration from UNEP Fi, CBI and PRI

The United Nations Environment Program Finance Initiative (UNEP FI), the Climate Bonds Initiative (CBI) and the Principles for Responsible Investment (PRI) announced cooperation on interoperability and the implementation of sustainable finance taxonomies and other frameworks.



The statement by UNEP FI emphasizes that all three institutions have significant experience in developed economies in taxonomy development, policy implementation and public project supports. The scope of the collaboration is to establish consensus on taxonomy definitions and concepts used by policy makers, taxonomy users and standard setters, to support taxonomy developments and to provide support on implementation tools.

Sustainability Action Plan from Cement, Glass and Ceramics Sectors

Turkish Cement, Glass and Ceramics Sectors Sustainability Action Plans were introduced with the press launch on June 4, 2024. The plan was interpreted as an important step especially for the cement sector, which is one of the 6 sectors prioritized within the scope of the Carbon Border Adjustment Mechanism (CBAM).



The sector representatives stated at the launch that the companies will have difficulty in coping with the costs that will arise on the way to sustainable transformation. Therefore they believe the transformation should be supported with government supports and long-term credit opportunities.

KGK Announced Sustainability Auditor Exam Subjects.

The Public Oversight Authority (KGK) has announced an exam in August to certify individuals responsible for assurance audits on sustainability reporting, which became mandatory in our country starting January 1, 2024. It was also mentioned that only those with the necessary skills, competence, and experience, as well as the capability to serve as independent auditors, will be eligible for authorization.

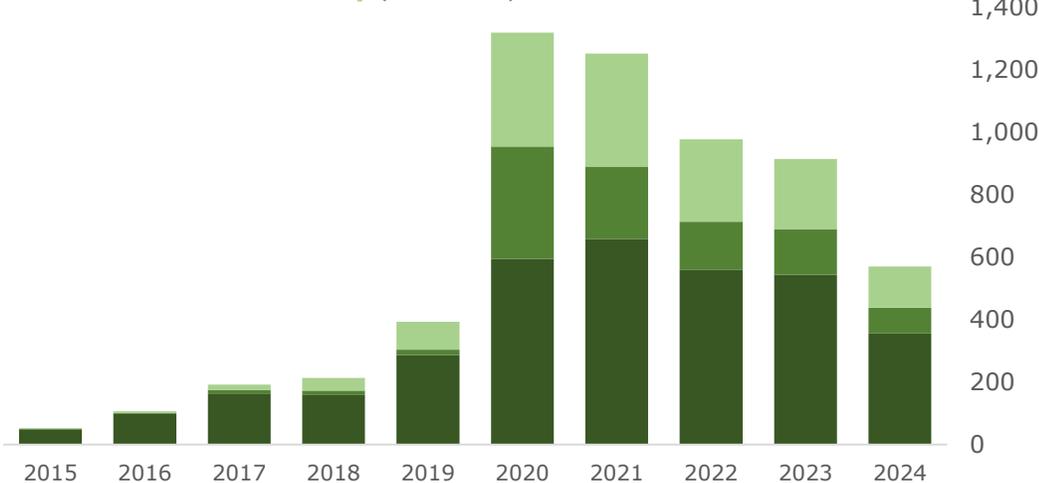
While no statement has been made regarding the exam application conditions, exam date and exam location yet, the exam topics are as follows:

- Introduction to Sustainability: Definition, Historical Perspective, and Tripods of Sustainability
- Sustainability Regulations and Impacts on Sectors in Türkiye
- Basic Concepts on Sustainability
- Framework and Standards for Corporate Sustainability Reporting
- Türkiye Green Deal Action Plan
- Türkiye Sustainability Reporting Standards
- Measurement and Reporting of Sustainability Performance
- Emission Control and Management
- Environmental, Social and Governance Sustainability (ESG)
- Sustainable Financing
- Assurance Engagements Other than GDS 3000 Independent Audit or Limited Audit of Historical Financial Information
- GDS 3410 Assurance Audits for Greenhouse Gas Declarations

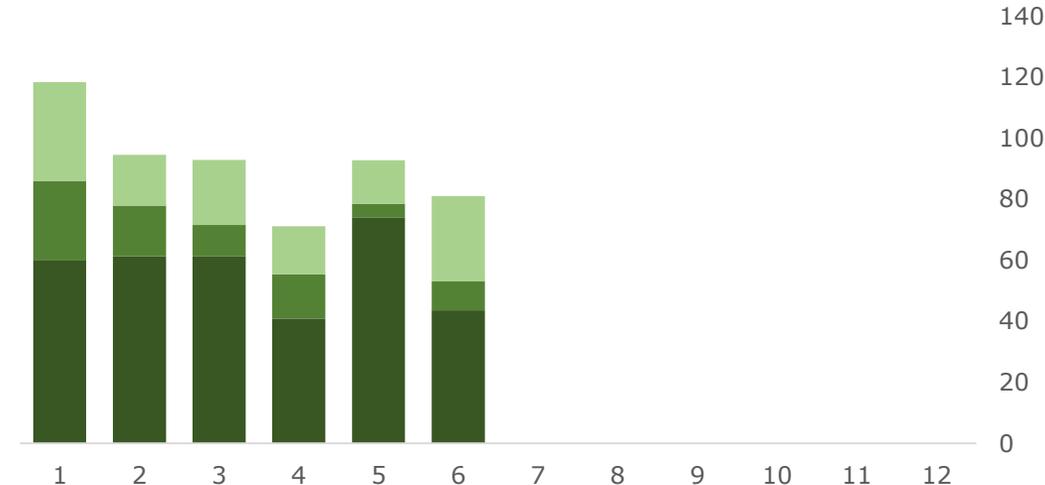


Sustainable Bond Market

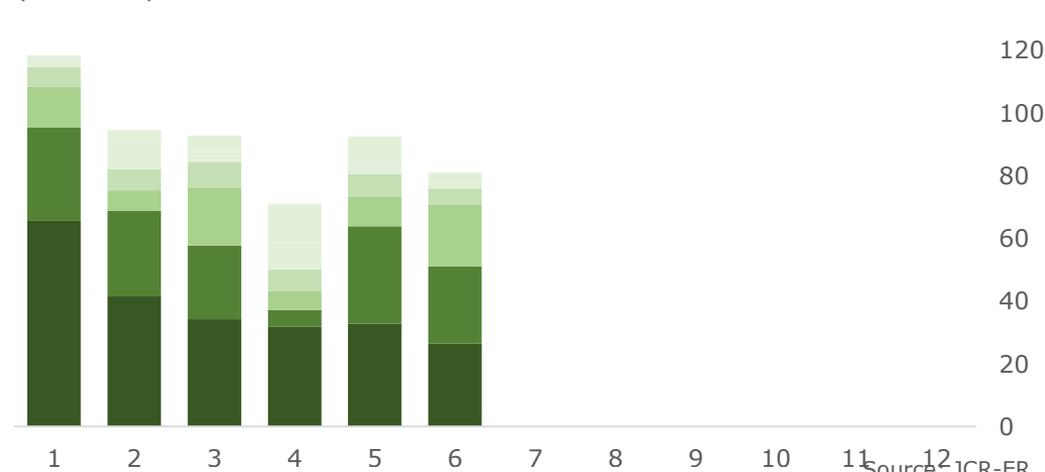
Sustainable Bond Issues
Green Social Sustainability (Billion USD)



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)

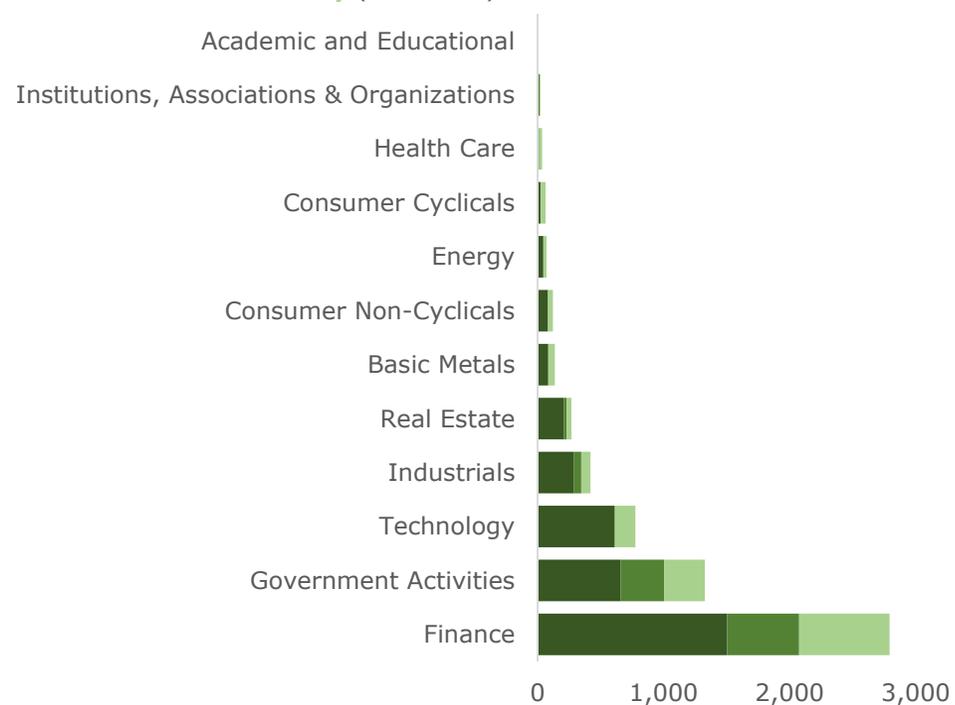


Source: JCR-ER, Refinitiv

Sustainable Bond Market

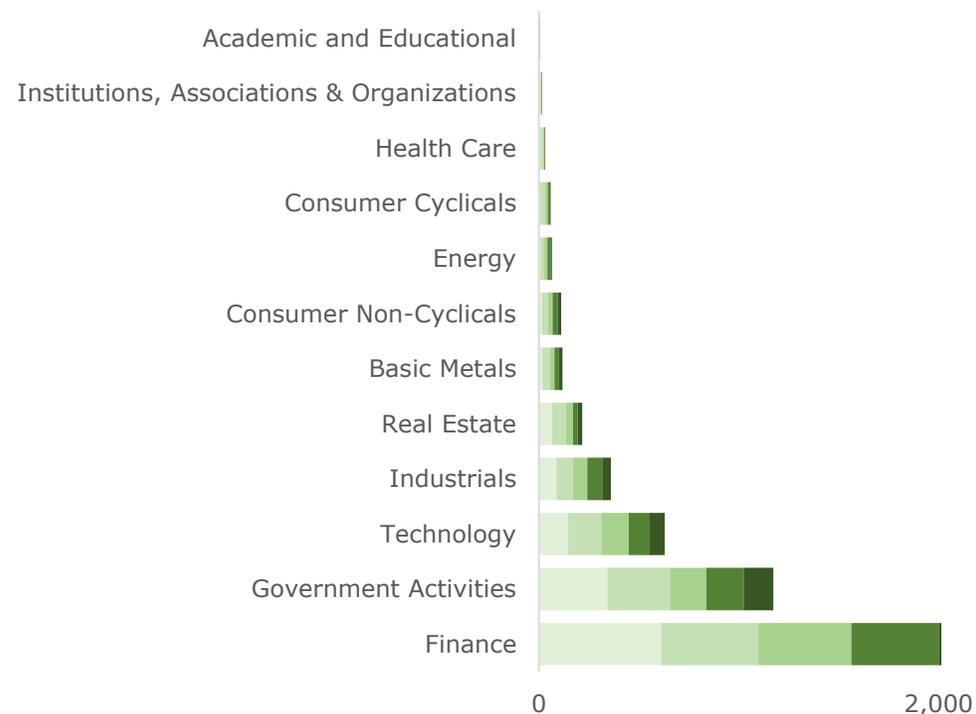
Sustainable Bond Issuance Sector-Bond Breakdown in 2006-2024 Period

Green Social Sustainability (Billion USD)



Sustainable Bond Issue Sector-Year Breakdown in 2020-2024 Period

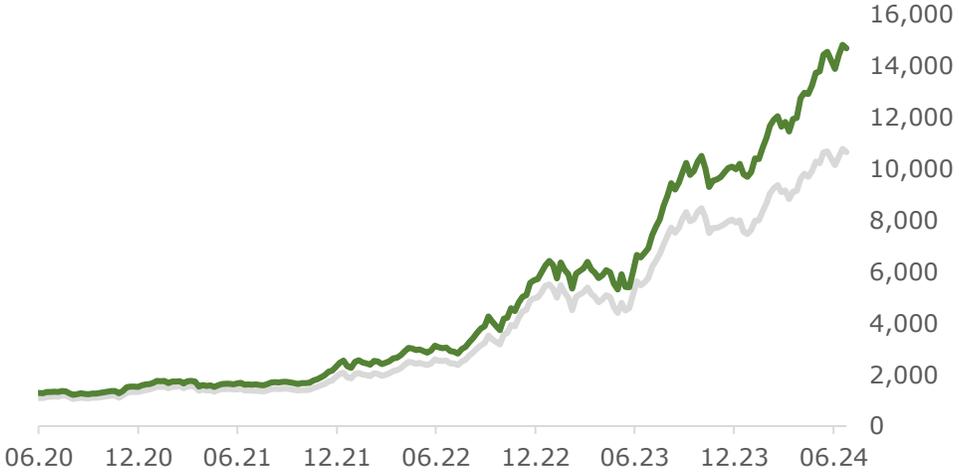
2024 2023 2022 2021 (Billion USD)



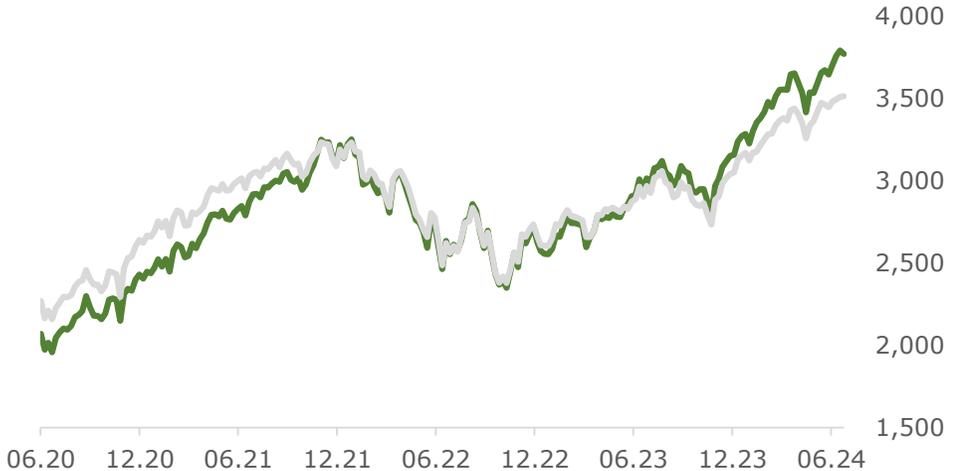
Source: JCR-ER, Refinitiv

Sustainability Indices

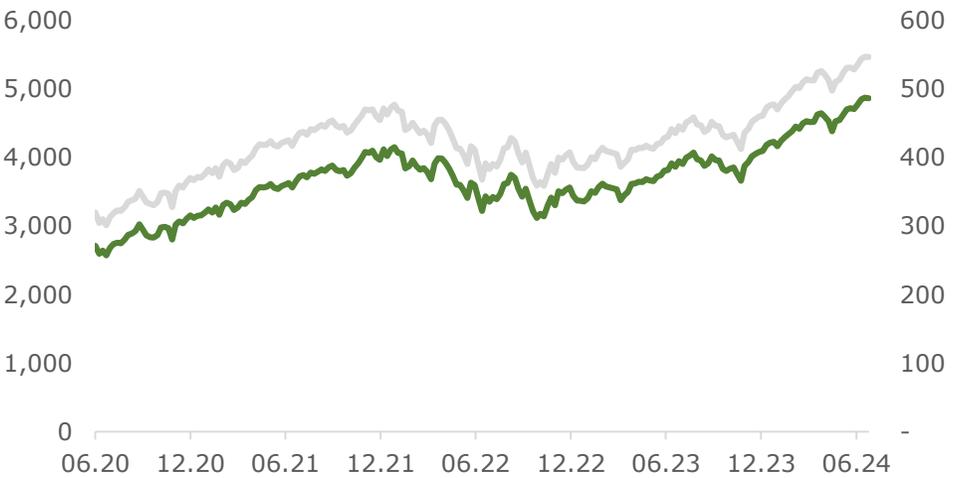
BIST Sustainability Index
BIST100



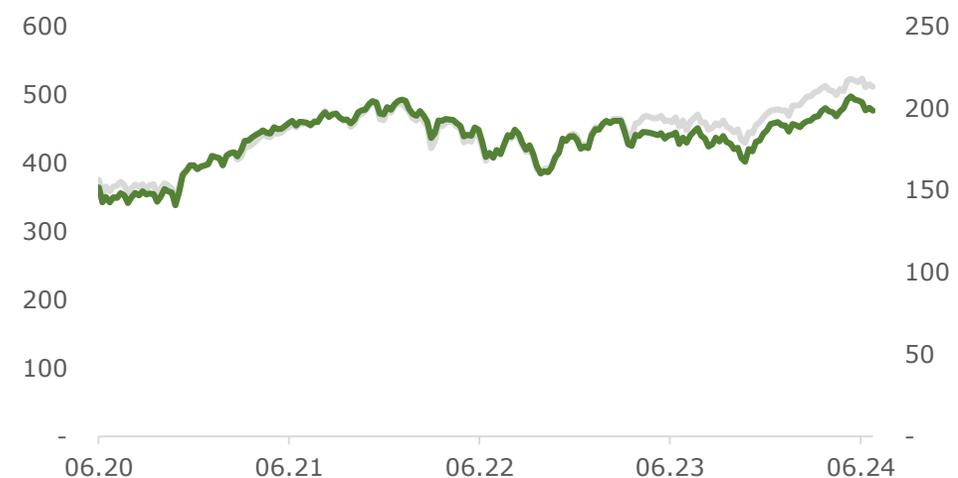
KLD400 Social Index
MSCI Global Index



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



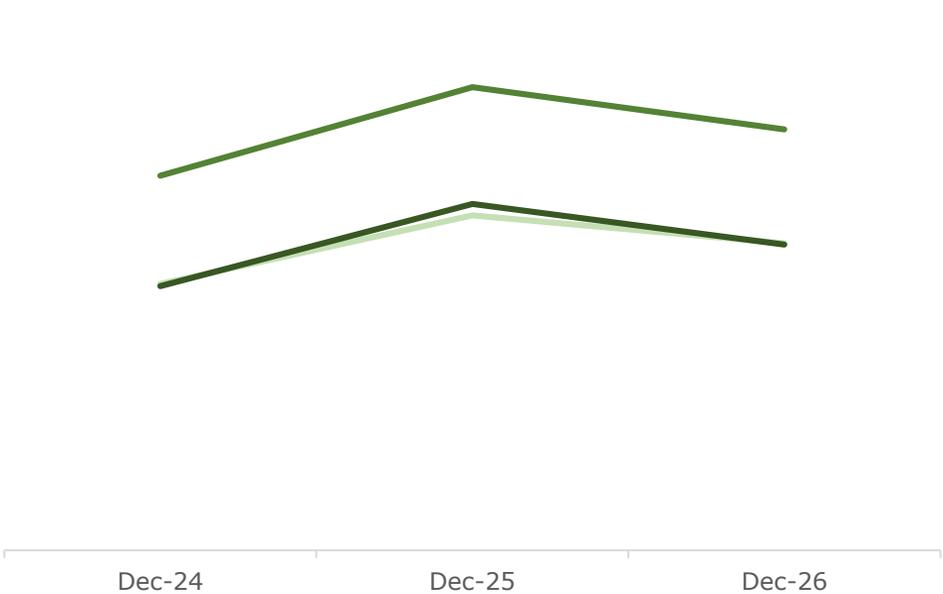
Stoxx Global ESG Leader Index (Right Axis)
STOXX600 Index (Left Axis)



Source: JCR-ER, Refinitiv

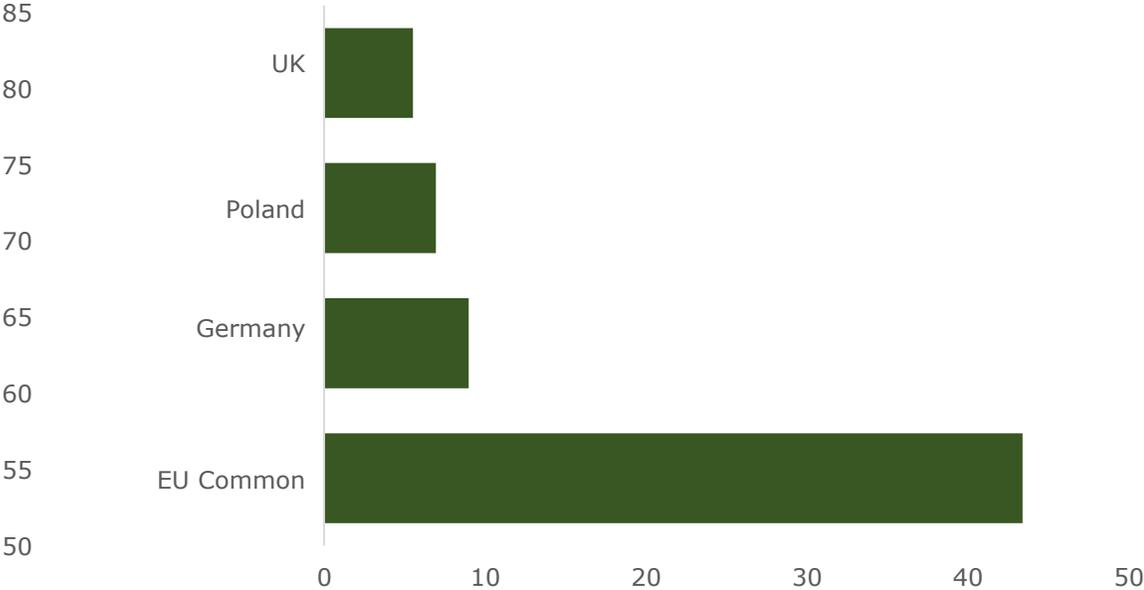
Carbon Market

Carbon certificate prices is about 70 EUR/t.
28 June 2024 28 May 2024 26 April 2024



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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