

Enhancing sustainability in Türkiye through a trusted, transparent ESG data partnership

Borsa Istanbul

Borsa Istanbul is Türkiye's sole securities exchange entity, bringing together all the exchanges operating in the country's capital markets under one umbrella. As part of its vision of becoming a global, integrated marketplace for Turkish and regional financial assets, it aims to provide an innovative and sustainable trading platform for all investors. Through its collaboration with LSEG, it is increasing awareness, knowledge and practice of sustainability in Türkiye through its pioneering sustainability index.

One of our aims at Borsa Istanbul is to provide an innovative, sustainable trading platform. Sustainability has become pivotal to the financial sector and we believe exchanges can play a leading role in promoting it.

A key sustainability strategy of the World Federation of Exchanges (WFE) is for member exchanges to calculate sustainability indices, educate investors and create sustainable products. In line with this, we are striving to increase awareness, knowledge and hands-on practice of sustainability in Türkiye, especially for companies trading on Borsa Istanbul. Environmental, social and governance (ESG) scores are critical for the long-term prospects of Turkish companies.

This is why we launched the Borsa Istanbul Sustainability Index in 2014, whose constituents perform at a high level in terms of corporate sustainability.



“We are striving to increase awareness, knowledge and hands-on practice of sustainability in Türkiye.”

Murat Bulut

Executive Vice President, Borsa Istanbul

Taking our sustainability index into a new era

In 2021 we revised the index’s assessment methodology and partnered with LSEG to use its ESG data and scoring metrics to calculate and maintain the index. Since then, we’ve been able to assess the companies on our exchange based on international sustainability criteria. This is important to us as we want our companies to be able to compare themselves globally.

By improving their ESG performance, companies gain a competitive edge: inclusion in the Borsa Istanbul Sustainability Index enhances external awareness of the company as well as its reputation. The total market cap of companies currently tracked by the index is around USD 112 billion.

How the new methodology and data delivers

In the past we conducted sustainability assessments only once a year when selecting companies for inclusion in the index. Now, the 85 listed companies (65 of which are covered by the index) can update their ESG data throughout the year via the LSEG ESG contributor tool.

Put simply, LSEG’s assessment methodology has three main pillars — environmental, social and corporate governance (ESG) — 10 categories, 25 themes and more than 630 data points related to those themes. For inclusion in the index, we expect companies to meet all three of the following conditions:

- A combined ESG score of 50 or more
- A score of 40 or more for each E, S and G pillar
- Scores of 26 or more in at least eight categories within the pillars

We organise training and provide a guide to help companies achieve these sustainability targets.

Trusting the process and data

Thanks to the new methodology, more Turkish companies are increasingly working towards becoming part of the index and we see a rise in activity showing that they are keen to engage with the contributor tool. Easy online access to the tool has helped to grow not only the number of companies reporting on their ESG data, but also the overall transparency in the data. Scores of companies have now been assessed for inclusion in the index. An advantage of the system is that companies can check their own data and scores and provide feedback if they do not think their score reflects reality. This means that, over time, the data and sector classifications are continually improving.

Looking forward to more specialised sustainability indices

We plan to expand the number and diversity of sustainability-themed indices by creating sub-indices, giving Borsa Istanbul investors ease and choice when investing in sustainability themes — for example, we are planning a new investable sustainability index with fewer shares and higher scoring criteria. In the long term, we also plan to establish fixed income indices.

Borsa Istanbul and LSEG – a mutually beneficial collaboration in driving sustainability

At Borsa Istanbul, our focused efforts on enhancing sustainable growth in Türkiye will continue to evolve. Through our collaboration with LSEG in using their ESG data to calculate our sustainability index, we are increasing awareness, knowledge and the hands-on practice of sustainability for companies trading on our exchange. At the same time, we look to improve our own sustainability.

Our collaboration with LSEG is not only helping us to improve transparency and access to data — we are making a real-world impact by helping to create a better environment overall for capital markets in Türkiye.

Learn more about LSEG sustainable finance and investment solutions at <https://www.lseg.com/en/solutions/sustainable-finance>

