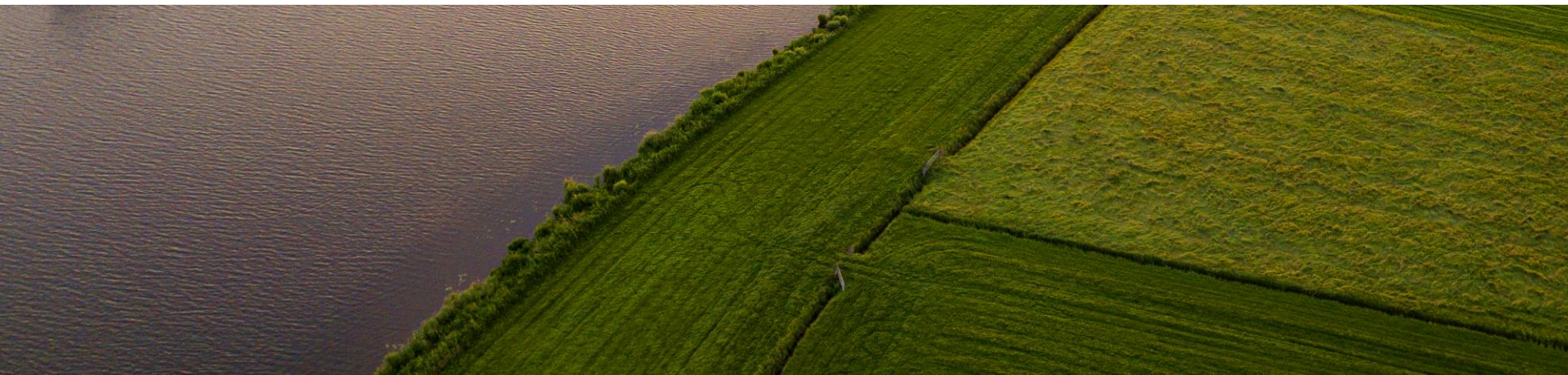




ESG Digest #1

July 2022



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Europe classified gas and nuclear energy as “green”

On July 6, 2022, EU parliament voted to keep some specific nuclear and gas energy activities in its taxonomy of sustainable sources of energy in some circumstances.

The European Commission has noted that gas and nuclear will be considered green if they are used to transition away from dirtier fossil fuels such as coal and oil, which, in turn, will contribute to green transition. Even though the inclusion of certain gas and nuclear is time-limited, the Commission believes there is still a role for private investment in gas and nuclear activities in climate change mitigation.

[Read more](#)

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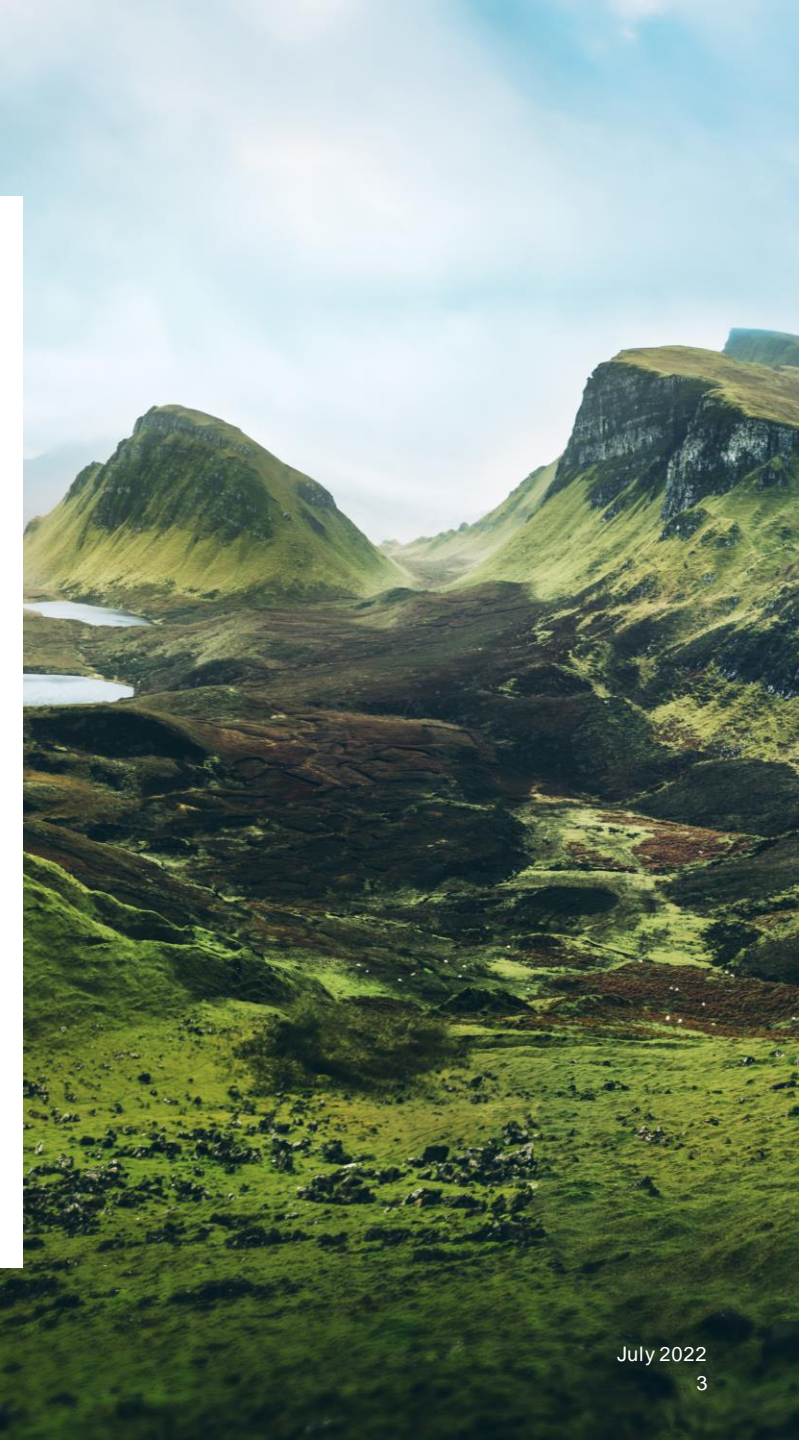
MEPs voted against the inclusion

328

voted in favor the inclusion

33

abstained



Climate Bonds Initiative Updated Green Bonds Methodology

Key Methodology Updates

Energy

- Introduction of new criteria for hydrogen
- Expansion of criteria for bioenergy and hydropower
- Expansion of criteria for electricity infrastructure

Buildings

- Increased certification requirements: LEED Gold or higher certification
- Extension of the list of recognized certifications
- Exclusion of investments in airport terminal buildings

Transport

- Tighten requirements for transport emissions
- Inclusion of more detailed criteria for shipping

Climate Bonds has released the latest update of its Green Bond Methodology, tightening criteria for more established sectors. Moreover, CBI will also require more disclosure in activity description and performance matrix to ensure transparency of the screening process.

Moreover, CBI plans to release more updates, including ones for such industries as chemicals, cement, and steel, where "green" projects are associated with special difficulties.

[Read more](#)



Bloomberg Survey: Financial firms have initiated climate risk integration process, yet lack consensus on what to measure

85%

of firms are still at early stages of climate risk integration

5%

of firms indicated that they are in the advanced stages

25%

stated that regulatory requirements is the driver of considering climate risk

Bloomberg, a leading provider of financial data, research and news, questioned more than 140 risk professionals and leaders from financial services firms around the world in May 2022.

The survey revealed that majority of financial firms, 85% of respondents, are still at early stages of climate risk integration. Yet, they lack consensus on how to effectively manage and report on these risks. Only 5% of firms indicated that they are in the advanced stages, collecting and analyzing data on a variety of climate variables like carbon emissions, geolocation data, and extreme weather events. 25% of firms indicated that regulatory requirements is the main driver of considering climate risk in the investment process, followed by risk management at 19%. Investors and portfolio managers reported as the main intended audience for climate risk analyses (38%).

[Read more](#)

Moody's ESG Credit Impact Scores expanded to Healthcare, Agriculture, Transport & Logistics Companies

Moody's, a credit ratings, research, and risk analysis provider, initially launched the ESG Credit Impact Scores in January 2021 and has significantly expanded its coverage since. Credit Impact Score (CIS) indicates the extent to which ESG factors impact an issuer's credit rating. By quantifying the tangible risks of ESG factors, Moody's has increased the transparency around the impacts of climate change on businesses across the world.

July 2022 the following sectors were included:

- Healthcare Services;
- Protein & Agriculture;
- Surface Transportation & Logistics.

[Read more](#)

1

Healthcare services companies

- ESG factors have a moderately negative credit impact
- Social risks: customer relations, demographic and societal trends, human capital, and responsible production

2

Protein and agriculture companies

- ESG factors have a moderately negative credit impact
- Environmental risks: reliance on land and water
- Social risks: supply chain, deforestation and potential livestock contamination issues

3

Surface transportation and logistics

- ESG factors have a neutral to low or moderately negative credit impact
- Environmental risks: emissions issues

If you have any questions or need assistance, please contact us:



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