



ESG Digest #10

April 2023



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Royal Bank of Canada launches climate research institute to develop net-zero emission strategies

The Royal Bank of Canada (RBC) establishes the RBC Climate Action Institute to further develop climate policy research and action across key sectors, involving government officials, business leaders and others. The institute will focus initially on agriculture, buildings & real estate and energy systems.

RBC has already formed a group with Nutrien Inc., Loblaw Cos. Inc. and Maple Leaf Foods called the Canadian Alliance for Net Zero Agriculture, which is researching and publishing reports on the need for net-zero projects in agriculture. The group also includes large commercial farmers and industry coalitions focused on decarbonizing the food supply chain.

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OPEC Fund contributes \$40 million financing to two wind farms in Uzbekistan

The OPEC Fund for International Development (the OPEC Fund) has signed two separate US\$20 million loan agreements with ACWA Power (Saudi Arabia) to support the construction and operation of the 500 MW Dzhankeldy wind farm and the 500 MW Bash wind power plant in the Bukhara region of Uzbekistan. The new facilities will boost renewable energy generation capacity, reduce greenhouse gas emissions and diversify the country's energy mix.

The OPEC Fund and ACWA Power, a leading international developer and operator of power generation and water desalination facilities, have previously cooperated in energy projects in Jordan (Zarga), Egypt (Kom Ombo) and Uzbekistan (Sidarya).

To date, the OPEC Fund has provided close to US\$600 million public and private sector financing in support of Uzbekistan's sustainable growth agenda in line with its country partnership strategy.

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ASEAN greenlights coal phase out in updated sustainable finance taxonomy

The ASEAN Taxonomy Board (ATB), representing ASEAN finance sectoral bodies, has released the second version of its sustainable finance taxonomy.

The ASEAN Taxonomy for Sustainable Finance Version 2 expands on the first version published in November 2021 with a complete framework comprising detailed methodologies for assessing economic activities. It also includes technical screening criteria for the first sector in focus, which is the energy sector. The board said other sectors will be addressed in later versions.

The board said the focus on energy includes an emphasis on phasing out coal. Coal phase-outs are expected to play a role in decarbonisation in support of the Paris Agreement goals.

Version two also has a greater emphasis on social factors in the transition, including a 'do no significant harm' and 'remedial measures to transition' principles.

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ISSB gives companies an extra year on General Sustainability Reporting

At its meeting on 4 April 2023, the International Sustainability Standards Board (ISSB) decided to give companies an extra year to disclose sustainability metrics unrelated to climate issues.

Companies applying the ISSB's first two Standards—S1 (general requirements) and S2 (climate)—will be required to report on climate-related risks and opportunities for annual reporting periods beginning on 1 January 2024. However, companies will need to provide disclosure on other sustainability-related risks for annual reporting periods beginning on 1 January 2025.

ISSB staff recommended the one-year delay after companies said reporting all sustainability information at once would be too burdensome. Some ISSB members said a delay would give companies more time to prepare better disclosures and understand investor expectations.

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Development Bank of Kazakhstan approved ESG Implementation Roadmap

The Development Bank of Kazakhstan approved the ESG Implementation Roadmap. Thus, the bank demonstrates its commitment to ESG principles both in internal processes and in project financing.

The roadmap was developed with grant support from the Asian Development Bank based on the best international practices on implementation of sustainable development principles.

The Bank will also prepare its reporting in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD). This will further increase the transparency of DBK for all stakeholders.

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Taskforces merge to create social risks disclosure framework

The Taskforce on Inequality-related Financial Disclosures (TIFD) and Taskforce on Social-related Financial Disclosures (TSFD) are joining forces to design a framework for financial disclosures for social and inequality-related risks, similar to those established for climate and nature-related risks.

The new taskforce will use third-party research and collaborate with existing initiatives as well as with “the people most impacted by inequality”. An early priority will be to develop an inclusive governance structure that includes a balance of these stakeholder representatives.

Further information about the combined taskforce, including propositions regarding its governance, processes, and substantive work, will be shared for public consultation.

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The state of ESG maturity amongst companies surveyed in APAC

Aon's latest Asia Pacific Corporate Governance and ESG Survey showed that only 29% include ESG-related goals and KPIs for their C-suite, with most companies in Asia Pacific still in the early stages of using ESG metrics and developing their ESG profile. This is despite 58% of respondents stating ESG is critical to their long-term success.

Going further, while only 34% of companies reported having a dedicated ESG function, business strategy was noted to be the primary driver of action on ESG in Asia Pacific, as opposed to compliance requirements. This is perhaps due to the regulatory environment still evolving in most of the surveyed countries.

Per the survey, more than 40% of respondents report that their company is in the very early stages of linking ESG with business strategy in a meaningful or measurable way.

The study surveyed more than 255 companies responded from 14 countries, primarily from Australia, India, Singapore, Japan, Malaysia, and China.

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Canada introduces mandatory Labelling Rules for plastic products

The Government of Canada announced a new series of measures aimed at preventing plastic pollution and improving how plastics are made, used and managed, including the launch of consultations into proposed new labelling rules for products, requirements for recycled content in plastic packaging, and for reporting requirements for a planned plastics registry.

The new rules come as Canadians throw away 4.4 million tonnes of plastic waste annually, with only 9% recycled.

Under the proposed rules, the use of the chasing-arrows symbol and other recyclability claims on plastic packaging and single-use plastics would be prohibited unless 80% of people in a province or territory have access to recycling systems that accept, sort, and re-process these plastics. The rules would also prohibit the use of terms including “degradable” or “biodegradable” in the labelling of plastic packaging and single-use items, and would set minimum standards for labelling of products as compostable. In addition, the rules would also include requirements for minimum recycled content in certain types of plastic packaging.

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Singapore launches Action Plan to mobilize finance for Asia's Net Zero Transition

The Monetary Authority of Singapore (MAS), the central bank and financial regulator of Singapore, announced today the launch of the Finance for Net Zero (FiNZ) Action Plan, series of strategies to mobilize financing aimed at catalyzing the net zero transition in Asia and Singapore.

The FiNZ Action Plan aims to achieve the following four strategic outcomes:

Data, Definitions & Disclosures: promoting consistent, comparable, and reliable climate data and disclosures

Climate Resilient Financial Sector: engaging with financial institutions to build sound climate and environmental risk management practices, deepen climate scenario analysis capabilities

Credible Transition Plans: promoting the adoption of credible transition plans by financial institutions

Green & Transition Solutions & Markets: promoting green and transition financing solutions and markets to support decarbonisation efforts and climate risk mitigation

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CDP adds reporting on plastic-related impact and risks to disclosure system

CDP, climate research provider and environmental disclosure platform, announced the launch of the ability for companies to report on plastic-related impacts, following demand from investors for more information on companies' plastic-related risk and exposure.

Through CDP's online disclosure platform, companies will disclose information on the production and use of the most problematic plastics, i.e., plastic polymers, durable plastics, and plastic packaging and this data, where publicly disclosed, will be made available from September 2023. High-impact plastic sectors invited to disclose include: chemicals, fashion / apparel, food and beverage, fossil fuels, packaging.

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The European Central Bank (ECB) has published its review of EU banks' climate and environmental risk disclosure practices. The assessment covered 103 significant banks under the direct supervision of the ECB, and 28 other institutions supervised by national authorities.

The research found that banks have significantly improved climate and environmental risk disclosure compared to the ECB's review last year, with 86% of banks now disclosing material exposures to these risks, compared with only 36% last year. However, the quality of disclosures is often insufficient: only 6% disclose at least broadly adequate information in all five categories of the assessment, while 50% of the banks provide some information on the amount of emissions they finance, in the vast majority of cases this information is incomplete, unspecific or not properly substantiated. As a result, banks appear largely unprepared for the impending EBA standards on Pillar 3 disclosures.

Supervisors have informed banks of their findings and requested them to address shortcomings and provide plans on how they will prepare to meet the impending EBA reporting standards.

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ECB: Banks must continue improving climate risk disclosures

China and Singapore partner to scale green finance

The Monetary Authority of Singapore (MAS) and the People's Bank of China (PBC), announced the launch of the China-Singapore Green Finance Taskforce (GFTF), aimed at deepening cooperation on green and transition finance, and facilitating public-private collaboration to facilitate financing for Asia's low carbon transition.

Priority areas for cooperation for the new taskforce, aimed at scaling up green and transition financing flows, include Taxonomies and Definitions, Products and Instruments, and Technology. Initiatives announced under these initial workstreams include working to achieve interoperability between the Singapore and China taxonomies defining sustainable economic activities, and strengthening sustainability bond market connectivity – including issuances of and mutual access to green and transition bond products.

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Norway and EU establish Green Alliance

The EU and Norway have established a Green Alliance to strengthen their joint climate action, environmental protection efforts, and cooperation on the clean energy and industrial transition.

Key focus areas of the new alliance include strengthening efforts to combat climate change, with cooperation in areas including climate adaptation, carbon pricing, carbon removals, and carbon capture, transport, utilisation and storage, and increasing cooperation on environmental issues such as halting and reversing biodiversity loss, forest degradation and deforestation, promoting circular economy and addressing plastics, and developing global standards for the management of chemicals and waste and sustainable ocean management.

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UK Government slashes estate emissions by 35% in five years

Annual State of the Estate report reveals emissions from government buildings have fallen 35 per cent since 2017 thanks to a “major efficiency drive”. The fall in energy consumption is estimated to have saved taxpayers £122m. The Government has committed to halving carbon emissions from the public sector by 2032, against a 2017/18 baseline, with a 75% reduction target by 2037.

Figures from the report also revealed that water consumption went down by 10% compared with 2017/18, saving the taxpayer £7.2m. Meanwhile, departments sent fewer than 1% of waste-to-landfill in 2021-22, easily surpassing the target of 5%. Overall 92% of waste within the Government is recycled, exceeding its 70% target. And it has reduced its paper consumption by 61%. Emissions from government buildings are down by 10%.

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EU approve new Carbon Tax and tougher Emissions Trading System



The European Council adopted a series of new laws aimed at enabling the EU to hit its climate targets, including the establishment of a carbon tax on imported goods, and an update to the EU emissions trading system.

The new laws include the establishment of the new EU Carbon Border Adjustment Mechanism (CBAM), aimed at avoiding “carbon leakage,” a situation in which companies move production of emissions intensive goods to countries with less stringent environmental and climate policies. CBAM will equalize the price of carbon paid for EU products operating under the EU Emissions Trading System (ETS) – the EU’s internal cap and trade carbon pricing mechanism – with that paid for products produced in other countries.

The new laws adopted also include the establishment of a Social Climate Fund, aimed at supporting vulnerable households, micro-enterprises and transport users that may be affected by the price impacts of the ETS on several sectors. The Social Climate Fund will be funded through the auctioning of ETS allowances, and supplemented by national contributions to reach up to approximately €87 billion.

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EU approve new Rules on the transition to sustainable aviation fuel

The Council and the European Parliament announced an agreement on a package of new proposed rules aimed at decarbonizing the aviation sector, primarily by ramping the use of Sustainable Aviation Fuels (SAF).

For aviation fuel suppliers, the new rules would require a minimum share of SAF at EU airports, starting a 2% in 2025, and increasing over time to reach 70% by 2050. Rules for aircraft operators include a requirement for flights departing EU airports to refuel only with the fuel necessary for the flight. The new rules also include requirements for airports to ensure that their fueling infrastructure is fit for SAF distribution.

[Read more](#)

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



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