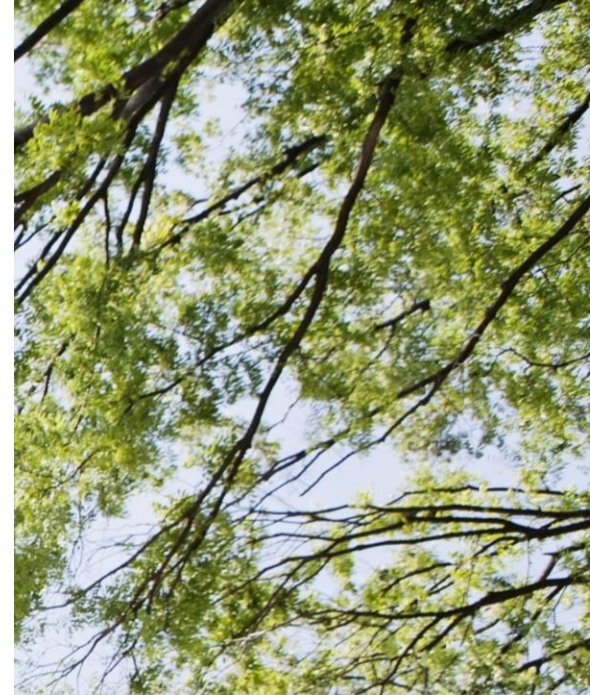




ESG Digest #11

May 2023



Contents

- ▶ Reuters Legislations Directory: Insights on all major sustainability legislations
- ▶ Research: Predicting bankruptcy by asking the employees
- ▶ IPU report: Women in parliament 2022
- ▶ MSCI: More than a third of public companies reporting Scope 3 emissions
- ▶ EDB report: Total issuance of ESG bonds in Eurasia reached \$4.9 billion in 2022
- ▶ ISSB ESG Agenda consultation
- ▶ ADB launches IF-CAP, a new program to combat climate change
- ▶ EU Parliament votes to ban on generic environmental claims
- ▶ Florida adopts a bill banning 'ESG' investments
- ▶ New York bans fossil fuels in new buildings starting 2026
- ▶ Vietnam aims to double power generation capacity by 2030
- ▶ Venture capital investors launch Venture Climate Alliance to align startup portfolios with climate goals
- ▶ Australia invests \$1.4 billion to scale green hydrogen industry
- ▶ China to adopt stricter standards for auto emissions from July 1, 2023
- ▶ USA announces rules to slash power plant emissions
- ▶ Asia-Pacific Countries Adopt 10 UN Resolutions
- ▶ EU and Republic of Korea Launch Green Partnership
- ▶ G7 Leaders support development of Global Sustainable Disclosure Standards
- ▶ SBTN releases first corporate science based targets for nature
- ▶ France signs short haul flight ban into law

Reuters Legislations Directory: Insights on all major sustainability legislations

The scope of ESG-related disclosures is expanding across borders, influencing organizations who are not headquartered in the country in which the regulatory body is domiciled. In case of failure, organizations will face legal issues.

Reuters has prepared an overview of some of the key ESG-related disclosures that will help to gauge a high-level understanding of the disclosure requirements currently or imminently set to impact businesses.

Legislative acts covered include:

1. Corporate Sustainability Reporting Directive (CSRD)
2. Sustainable Finance Disclosure Regulation (SFDR)
3. EU Taxonomy
4. Corporate Sustainability Due Diligence Directive (CS3D/CSDDD)
5. EU Green Claims Directive
6. UK Green Taxonomy
7. UK Sustainability Disclosure Requirements (SDR)
8. And others...

[Read more](#)



Research: Predicting bankruptcy by asking the employees



A new preprint of a paper on bankruptcy predicting developed by University of Connecticut professors has been published at Social Science Research Network (SSRN) repository. The purpose of the paper titled “Predicting Bankruptcy: Ask the Employees” is to test the predictive performance of established bankruptcy prediction models against a new model inclusive of employee information. The hypothesis is that employee satisfaction shows up as a predictor of financial distress prior to financial statement data.

The authors documented that employee satisfaction was a strong predictor of bankruptcy. Specifically, they found that the employee satisfaction model predicted bankruptcy more accurately two to three years before the actual bankruptcy filing, while the other models were more accurate the year prior to the bankruptcy. In addition, when the authors added employees’ information in each of the existing bankruptcy models, they found that the predictive performance of those models increased.

[Read more](#)

IPU report: Women in parliament 2022

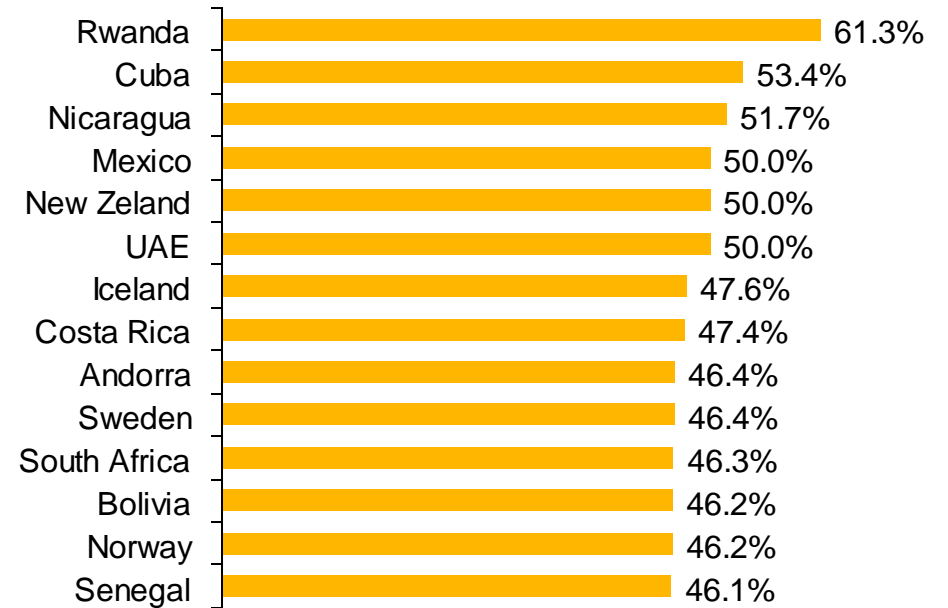
According to the latest Inter-Parliamentary Union report, Women in Parliament 2022, women's participation in parliament has never been as diverse and representative as it is in many countries today. And for the first time in history, not a single functioning parliament in the world is male-only.

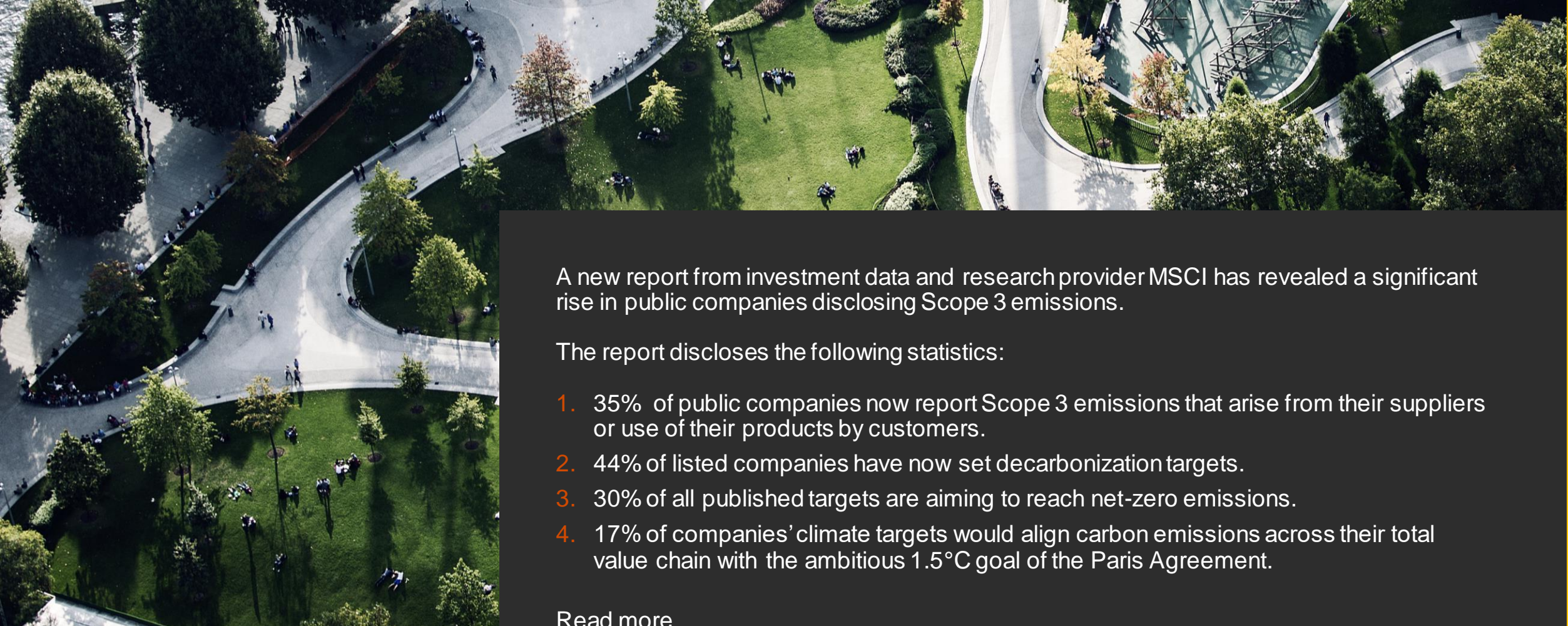
The findings in the annual IPU report are based on the 47 countries that held elections in 2022. In those elections, women took an average 25.8% of seats up for election or appointment. This represents a 2.3 percentage point increase compared to previous renewals in these chambers.

[Read more](#)

Countries with most women in national parliaments

Share of women in lower houses of parliament between January 1998 and January 2023





A new report from investment data and research provider MSCI has revealed a significant rise in public companies disclosing Scope 3 emissions.

The report discloses the following statistics:

1. 35% of public companies now report Scope 3 emissions that arise from their suppliers or use of their products by customers.
2. 44% of listed companies have now set decarbonization targets.
3. 30% of all published targets are aiming to reach net-zero emissions.
4. 17% of companies' climate targets would align carbon emissions across their total value chain with the ambitious 1.5°C goal of the Paris Agreement.

[Read more](#)

MSCI: More than a third of public companies reporting Scope 3 emissions

EDB report: Total issuance of ESG bonds in Eurasia reached \$4.9 billion in 2022

According to the new report by the EBD, Eurasian countries are stimulating the development of a green finance market by devising and implementing criteria (taxonomies) for identifying green projects. Kazakhstan and Russia have already adopted their own taxonomies, while Kyrgyzstan and Belarus are in the process of developing taxonomies for sustainable development projects and green finance, respectively.

The report estimates that the total issuance of ESG bonds in the region reached \$4.9 billion in 2022. Additionally, the region's countries are expected to benefit from the model taxonomy of EAEU green projects published in 2023.

The report provides quantitative data that highlights the significant contribution of multilateral development banks (MDBs) to the green agenda in low- and middle-income countries, even though they may not be major players in the global green transformation. In 2021, MDBs allocated climate finance to the tune of \$81.7 billion, with over \$50.6 billion or 62% directed towards low- and middle-income countries. However, Central Asian countries, in particular, received only 4% of this amount.

[Read more](#)



ISSB ESG Agenda consultation

The International Sustainability Standards Board (ISSB) published its Request for Information, Consultation on Agenda Priorities, seeking input into the Board's priorities for 2024 through 2026. The ISSB is seeking to obtain input on the prioritization of four proposed research projects:

- Biodiversity, ecosystems, and ecosystem services
- Human capital
- Human rights
- Integration in reporting, including the interrelation between financial and sustainability performance

The Request for Information is open for comment until September 1, 2023.

[Read more](#)

ADB launches IF-CAP, a new program to combat climate change

The Asian Development Bank has launched the Innovative Finance Facility for Climate in Asia and the Pacific (IF -CAP) to tackle the impact of climate change.

IF-CAP's initial partners are Denmark, Japan, the Republic of Korea, Sweden, the United Kingdom, and the United States. Those partners are in discussions with ADB about providing a range of grants for project preparation along with guarantees for parts of ADB's sovereign loan portfolios. Up to \$15 billion in new loans for various climate projects across Asia and the Pacific could be created under IF-CAP.

[Read more](#)





EU Parliament votes to ban on generic environmental claims

Parliament's approved a directive banning the use of general environmental claims like "environmentally friendly", "natural", "biodegradable", "climate neutral" or "eco" if these do not come with detailed evidence. MEPs envision allowing only sustainability labels based on official certification schemes or established by public authorities to be used.

Another new requirement proposed by the EU Parliament is to include in the rules a prohibition on green claims such as "carbon or climate neutrality" that are based solely on carbon offsetting schemes.

The new rules are meant to address a need for reliable and verifiable information for consumers, highlighted by EU Council's 2020 study that found that 53% of green claims by companies in the EU were vague or misleading.

[Read more](#)



Florida governor Ron DeSantis signed into law a bill barring state officials from investing public money to promote environmental, social and governance goals. The law also outlaws the sale of ESG bonds, a popular way to fund renewable energy projects or lower debt costs for borrowers if they meet gender diversity or greenhouse gas emissions targets.

[Read more](#)

Florida adopts a bill banning 'ESG' investments

New York bans fossil fuels in new buildings starting 2026

New York will become the first state to ban the use of gas stoves and heating, according to new rules released with 2024 Budget. The provision will apply to buildings under seven stories by 2026 and to taller buildings by 2029, with exceptions including hospitals, critical infrastructure and commercial food establishments, and buildings where the local electric grid are unable to handle the load of new all-electric buildings. Homes with existing gas appliances will not be affected by the rules.

[Read more](#)

Vietnam aims to double power generation capacity by 2030

Vietnam plans to increase its power generation capacity to 158 gigawatts (GW) by 2030, more than double the capacity in 2020. The 2030 target for offshore wind capacity, which is expected to attract foreign investments, is set at 6 GW from zero now.

The plan is important to unlock \$15.5 billion of green-transition funds pledged to Vietnam in December by the Group of 7 nations and other wealthier countries.

Capacity could soar to over 90 GW by 2050, according to the targets indicated by the government, which are still subject to changes until they are approved under a new power plan.

[Read more](#)



Venture capital investors launch Venture Climate Alliance to align startup portfolios with climate goals



A coalition of 23 venture capital firms across the U.S. and Europe announced the formation of the Venture Climate Alliance (VCA), aimed at supporting global climate goals by encouraging and helping to facilitate net zero pathways for startups, and financing climate solutions.

According to the VCA, the new alliance will also develop tools and best practices for the VC industry to collect and report on carbon emissions and climate impact data, and tools to help overcome the challenges of aligning early stage investments with net zero goals.

[Read more](#)

Australia invests \$1.4 billion to scale green hydrogen industry

Australia will invest A\$2 billion (\$1.4 billion) in the “hydrogen headstart” program, which aims to support two or three large-scale renewable hydrogen projects to become commercially viable, the government announced in its budget 2023-24.

The commitment is seen as crucial for manufacturing products like steel and aluminium currently made using fossil fuels. The government plans to use wind and solar energy to create green hydrogen and aims to have 1 GW of electrolyser capacity by 2030.

[Read more](#)





China to adopt stricter standards for auto emissions from July 1, 2023

China will implement a more rigorous set of emissions standards for motor vehicles nationwide from July 1, 2023.

China will ban production, imports and sales of vehicles that do not comply with the National VI B emission standards, which include stricter requirements on pollutants including carbon monoxide of gas and petrol vehicles. It will also require Real-Driving Emission (RDE) tests of the vehicles while driven on the road, which are not required in the current standards of National VI A implemented since July 2020.

[Read more](#)

USA announces rules to slash power plant emissions

U.S. Environmental Protection Agency (EPA) announced proposed rules to reduce emissions from coal and gas-fired power plants. The new rules would require new and existing coal-fired power plants to capture nearly all carbon dioxide emissions by 2040.

The proposal would result in more than an 80% reduction in carbon pollution from power plants by 2040 compared to 2005 levels, accelerating the country's shift to a clean energy economy.

The power sector accounts for a quarter of the greenhouse gas emissions in the United States.

[Read more](#)





Asia-Pacific countries adopt 10 UN Resolutions reaffirming commitments to protect the planet and its people

Ten UN resolutions aimed at strengthening regional action and partnerships towards achieving the 2030 Agenda for Sustainable Development were adopted at the 79th session of the Economic and Social Commission for Asia and the Pacific (ESCAP), which was held in Bangkok from 15 to 19 May.

So, Governments from across Asia and the Pacific endorsed a UN resolution to take urgent action to combat climate change and its impact. They re-committed to immediately curb greenhouse gas emissions – of which the region accounts for over half of the global emissions.

Other resolutions underscored commitments towards environmental protection; mitigating and minimising the consequences of disasters in the water basin of the Aral Sea; supporting countries in special situations; promoting digital cooperation and inclusion; advancing the use of space applications; promoting disability-inclusive development; better understanding of the linkages between climate and ocean; and sustainable urban development.

[Read more](#)



The EU and the Republic of Korea have established a Green Partnership with the aim of strengthening bilateral cooperation and exchanging best practices on climate action, clean and fair energy transition, protection of the environment, and other fields of the green transition

Both parties reaffirm with this Partnership their commitment to keep global temperature rise below 1.5°C and reach climate neutrality by 2050 at the latest. Additionally, both sides reiterated their commitment to their respective 2030 targets for greenhouse gas emission reductions.

[Read more](#)

EU and Republic of Korea Launch Green Partnership

G7 Leaders support development of Global Sustainable Disclosure Standards



Leaders of leading industrial nations at the Japan-hosted G7 summit in Hiroshima made a series of announcements in support of their Paris Agreement commitments to limit global temperature rise to 1.5°C.

Leaders supported the development of the International Sustainability Standards Board's (ISSB) upcoming sustainability and climate-related corporate reporting standards, called for an end of construction of new unabated coal-fired power plants, and supported initiatives to ramp climate transition finance to developing countries.

The leaders also recognized that low-carbon and renewable hydrogen should be developed to help decarbonize hard-to-abate sectors in industry and transportation, along with the need to develop standards and certifications, including a methodology to calculate emissions, for hydrogen production.

In addition, the communique highlighted the goal – unveiled last month by G7 climate and energy ministers – to increase offshore wind capacity by 150 GW and to increase solar PV to more than 1 TW by 2030.

[Read more](#)

SBTN releases first corporate science based targets for nature

The Science Based Targets Network (SBTN) announced the release of the first corporate science-based targets for nature, aimed at guiding companies in assessing and prioritizing their environmental impacts and setting a standard for targets to address these issues.

For its initial release, the SBTN is introducing targets covering freshwater and land, enabling companies to assess impacts and set goals on freshwater quality and quantity, and on the protection and restoration of terrestrial ecosystems. The release forms part of a multi-year plan, with future coverage including biodiversity and ocean targets.

The SBTN announced that an initial group of 17 companies are piloting the validation process for the new targets, with the rollout of the first target validation for companies outside of the pilot aimed to begin early 2024.

[Read more](#)





France signs short haul flight ban into law

The government of France signed into law a new rule banning short-haul domestic flights on routes that can be serviced by rail in less than 2.5 hours, with the rules taking effect immediately.

The new rule was initially announced as part of France's Climate and Resilience Law, introduced in 2021, as part of a series of measures aimed at supporting the country's goal to reduce greenhouse gas (GHG) emissions by 40% by 2030, targeting key sectors such as housing, retail and transport, as well as rules requiring environmental labeling for goods and services and bans on fossil fuel advertising. France has also set a target to achieve carbon neutrality by 2050.

[Read more](#)

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



Akbota Askanbay
Director
ESG Assurance Team
akbota.askanbay@pwc.com



Zhazira Zhanadilova
Senior Manager
ESG Advisory Team
zhazira.zhanadilova@pwc.com



Vassiliy Kalabin
Manager
ESG Advisory Team
vassiliy.kalabin@pwc.com



Yelena Krupina
Senior Associate
ESG Advisory Team
yelena.krupina@pwc.com



PwC Offices in Eurasia

© 2023 PwC. All rights reserved

Kazakhstan

Almaty
34, Al-Farabi Avenue

Astana
15/1, Kabanbay Batyr Avenue

Atyrau
55, Aiteke Bi Street
Tel: +7 (727) 330 3200

Azerbaijan

Baku
90A, Nizami Street
Tel: +994 12 497 2515

Mongolia
Ulaanbaatar
Sukhbaatar Square 2, SBD-8
Tel: +976 7000 9089

Uzbekistan

Tashkent
88A, Mustaqillik Avenue
Tel: +998 (71) 1206 101

Georgia
Tbilisi
12, Aleksidze Street
Tel: +995 (32) 25080 50

Armenia
Yerevan
2, Vazgen Sargsyan Str
Tel: +374-10-512151