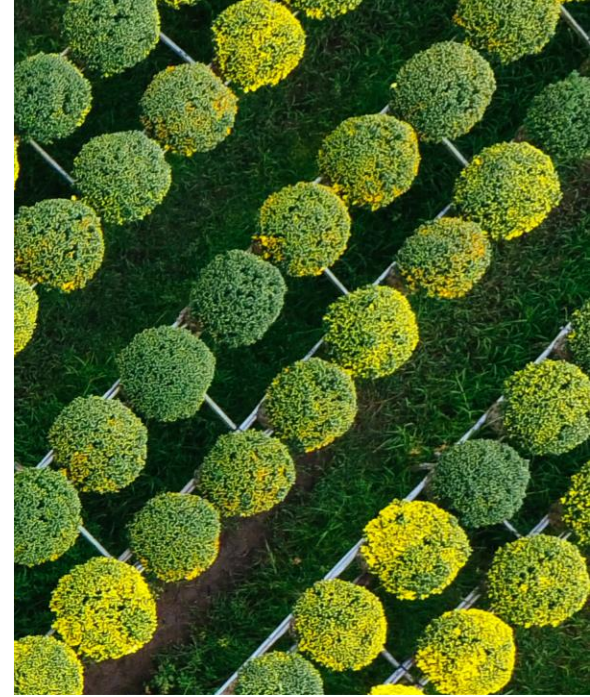




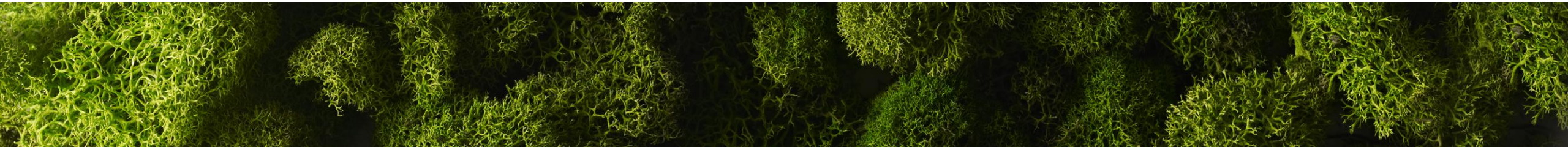
ESG Digest #15

September 2023



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PwC Research: Global efforts to decarbonize need 12 times faster to deliver Paris Agreement

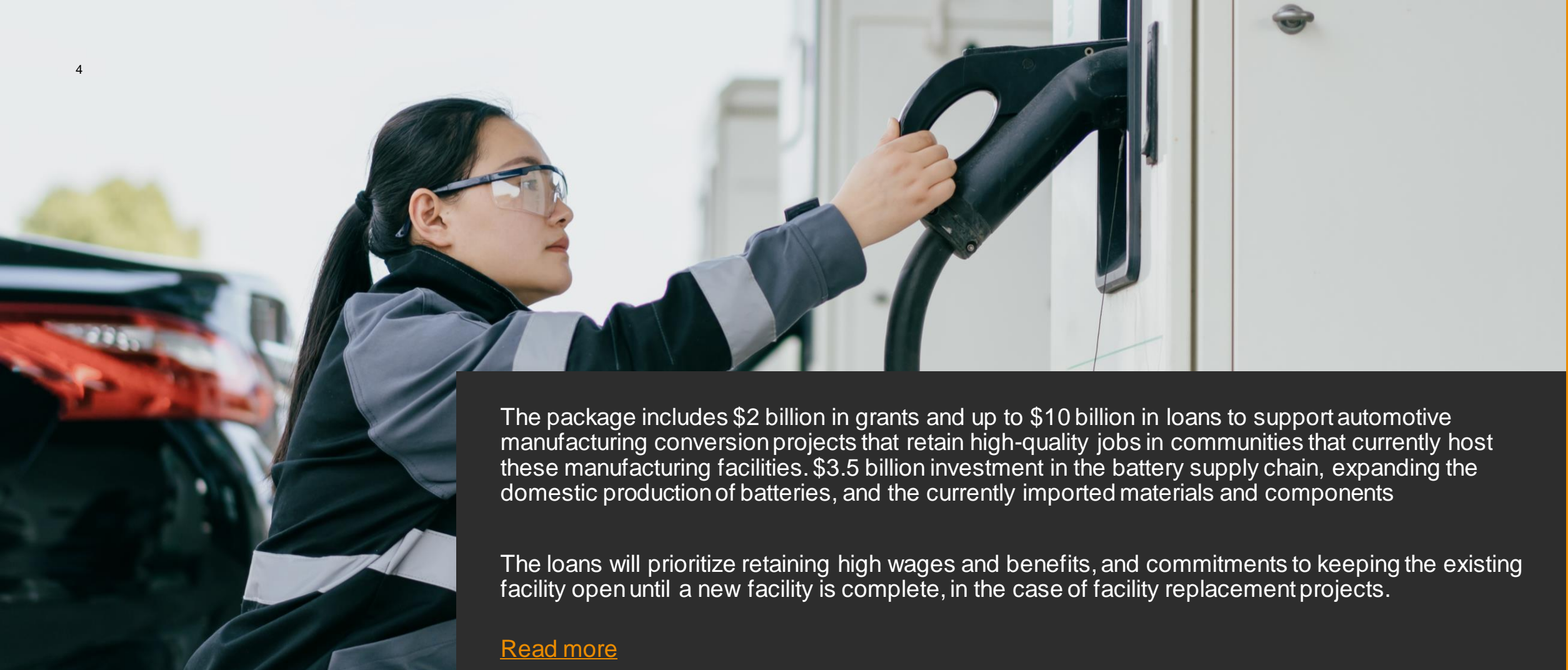
The PwC Net Zero Economy Index, reveals a significant shortfall in global decarbonization efforts to meet the 1.5°C target of the Paris Agreement.

The PwC Net Zero Economy Index emphasizes the need for a 17.2% yearly decarbonization rate, up from the previous estimate of 15.2%, to meet the 1.5°C target of the Paris Agreement. Progress needs to be seven times faster than the previous year and twelve times greater than the average rate over the past two decades.

No G20 country has achieved the necessary level of decarbonization since 2000. The report also highlights a record growth in solar (24.4%) and wind (13.1%) energy in 2022, primarily in China, the US, and Europe, but calls for this progress to be replicated globally. The UNFCC warns that even if fully implemented, current climate commitments would lead to a 2.5°C temperature increase by 2100, well above the Paris Agreement's target.

[Read more](#)





The package includes \$2 billion in grants and up to \$10 billion in loans to support automotive manufacturing conversion projects that retain high-quality jobs in communities that currently host these manufacturing facilities. \$3.5 billion investment in the battery supply chain, expanding the domestic production of batteries, and the currently imported materials and components

The loans will prioritize retaining high wages and benefits, and commitments to keeping the existing facility open until a new facility is complete, in the case of facility replacement projects.

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USA announced a \$15.5 billion investment package for a smooth transition to electric vehicles

Kazakhstan emphasizes the development of a green economy

At the beginning of September 2023, President Tokayev, in his address to the nation, emphasized the importance of ESG principles. He noted that a lot of work is being done in Kazakhstan in this direction: a new Environmental Code and a Strategy for achieving carbon neutrality until 2060 have been adopted.

The President particularly emphasized the importance of expanding hydrogen generation and applying ESG principles in financial institutions.

The share of renewable energy in total generation has grown to almost 5% over the past five years. The President called for further energy industry management improvement: from generation to sales, and also emphasized the importance of developing hydrogen generation.

ESG principles have become standard practice in financial institutions in a short period of time. In this regard, the Astana International Financial Center should become the main platform in the region for attracting “green” funding.

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UN Environment Programme publishes the first draft on a treaty to combat plastic pollution

The UN Environment Programme (UNEP) has released the initial draft of a global treaty aimed at tackling plastic pollution until 2040. The treaty outlines measures to prevent, reduce, and eventually eliminate plastic pollution throughout its lifecycle.

While it doesn't set specific numerical targets, the draft advocates for a quicker phase-out of harmful chemicals and the hardest to recycle plastics. Nations are expected to create and implement national plans aligned with the treaty.

UNEP plans to establish a central body for overseeing treaty implementation once the final version is ratified, which is anticipated in 2024.

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GRI and EFRAG achieved a high level of interoperability between their respective standards

The Global Reporting Initiative (GRI) and the European Financial Reporting Advisory Group (EFRAG) have announced that definitions, concepts, and disclosures are closely aligned.

Thus their reporting standards can be used in tandem, eliminating the need for double reporting by companies. This alignment is in accordance with the Corporate Sustainability Reporting Directive (CSRD), which calls for new reporting standards to consider existing ones and adopt a double materiality approach. The convergence is expected to lead to more streamlined reporting and clearer regulations for both companies and investors.

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G20 Member states agreed to target tripling renewables capacity

In the G20 New Delhi Declaration 2023, all nations agreed to pursue and encourage efforts to triple renewable energy capacity globally by 2030.

The agreement also recognized the need of \$5.8-\$5.9 trillion in the pre-2030 period required for developing countries to implement their nationally determined contributions (NDCs), as well as the need for \$4 trillion/year for clean energy technologies by 2030 to reach net zero emissions by 2050.

Member-states committed to encouraging the production of hydrogen, and advance international markets by striving for unified standards and certification systems.

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EU Parliament votes to boost renewable energy share by 42.5% by 2030

Renewable energy currently accounts for approximately 22% of the EU's energy consumption, and the new legislation makes a goal to make it 42.5% by 2030, with the aim of achieving 45%. The parliament also revised the EU's strategy to cut greenhouse gas (GHG) emissions from the current 2030 target of 32% to 55%, compared to 1990 levels.

The legislation comes as a part of the RePowerEU package, with the goal of reducing European dependence on fossil fuel imports from Russia. The bill received approval with 470 votes in favor, 120 against, and 40 abstentions. It now awaits formal endorsement by the Council to become law.

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EU Commission to require Sustainability-Related Disclosures for all financial products

The EU has implemented the Sustainable Finance Disclosure Regulation (SFDR) to establish a transparency framework. It mandates that financial market participants disclose sustainability information, aiding investors in making informed choices for investments aligned with sustainability goals. The SFDR allows investors to assess how sustainability risks are factored into investment decisions, thereby supporting the EU's goal of attracting private funding for a transition to a net-zero economy.

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The U.S. Treasury has released 9 guiding principles for financing and investment towards achieving net-zero emissions. The voluntary principles emphasize that financial institutions should align their net-zero goals with limiting global temperature rise to 1.5°C. They should also create clear transition plans for achieving net-zero status.

The institutions are also encouraged to set credible metrics and targets for their financial activities, align engagement practices with clients and portfolio companies with net-zero commitments, and maintain transparency about their goals and progress.

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U.S. Treasury releases principles for Net Zero Commitments by financial institution

SEC adopts Rule requiring ESG-designated funds to allocate 80% of investments in line with theme

The U.S. SEC has introduced new rules mandating funds with names implying a focus on ESG or sustainability factors to invest a minimum of 80% of their assets accordingly. This is an amendment to the "Names Rule" established in 2001 to prevent misrepresentation of fund investments and risks. While the rule applies to funds with specific characteristics, it particularly targets ESG funds due to the increasing investor interest and potential for greenwashing.

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A man and a woman are working at a desk in a modern office. The man, wearing a plaid shirt and glasses, is looking at a laptop. The woman, wearing a striped dress, is also looking at a laptop. The desk is cluttered with papers, a red water bottle, and a keyboard. In the background, there is a whiteboard with diagrams and a large potted plant.

TNFD releases framework for reporting on nature-related risks and opportunities

The Taskforce on Nature-related Financial Disclosures (TNFD) has released its final recommendations for managing and disclosing nature-related risks.

The framework aims to guide companies and capital providers in making informed decisions regarding nature and biodiversity-related factors. The publication includes 14 recommended disclosures under four pillars: Governance, Strategy, Risk and impact management, and Metrics and targets. Additionally, the TNFD has provided indicators, metrics, and guidance to support organizations in implementing these recommendations. The TNFD's guidelines are expected to influence future sustainability disclosure standards.

[Read more](#)

EU bans generic and emissions offsetting-based green product claims

Lawmakers in the European Parliament and EU Council have agreed on new rules to protect consumers from misleading sustainability claims and greenwashing practices. These rules include bans on unverified environmental claims and those based on emissions offsetting. The agreement follows a study revealing that over half of environmental claims made by companies in the EU were vague or unsubstantiated, prompting the need for more stringent regulations.

[Read more](#)






French President Emmanuel Macron revealed France's "ecological plan" to reduce greenhouse gas emissions by 55% from 1990 levels by 2030, aligning with EU climate targets.

The plan includes phasing out coal-fired power plants by 2027, promoting domestic electric vehicle production, and accelerating the adoption of renewable energy sources.

Macron announced an additional €10 billion investment for the 50-point program, emphasizing that it aims to combat the climate crisis while maintaining France's competitiveness in agriculture and industry.

[Read more](#)

France announces “ecology à la Française”, country’s 50 point plan to cut greenhouse gas emissions by 55%



EU bans some consumer goods to prevent microplastic pollution

The European Commission expects to prevent the release of half a million tonnes of microplastics with the new set of rules prohibiting the sale of various items, like cosmetics, detergents, and toys, that intentionally incorporate microplastics.

Some products, such as construction materials with enclosed microplastics, and those used in industrial settings, are exempt from the ban. However, manufacturers of these exempted products will be obliged to annually disclose their estimated microplastics emissions and offer guidance on preventing such emissions during product use and disposal.

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\$24 trillion investor group targets 100 corporations in its campaign to address biodiversity

Nature Action 100, backed by 190 institutional investors managing nearly \$24 trillion, has announced a campaign targeting 100 companies, including big corporations like Amazon, McDonald's, and others.

The campaign sent letters calling for corporate action to address nature loss and biodiversity decline, set targets on nature-related dependencies, impacts, risks, and opportunities, and a plan to achieve the targets.

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Uzbekistan held its first business-forum on ESG practices

Uzbekistan's capital, Tashkent held a Forum on "Championing Business Sustainability in Uzbekistan: introducing the values of sustainable development and ESG in business." The organizers were The United Nations (UN) in Uzbekistan, the UN Global Compact and the founding members of the UN's Coalition of Business Champions for Sustainable Development. The event was also supported by the US Chamber of Commerce.

Over 70 companies' representatives participated in the forum, which served as the first platform in Uzbekistan to discuss ESG practices and integrating the principles of UN sustainable development into the private sector.

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