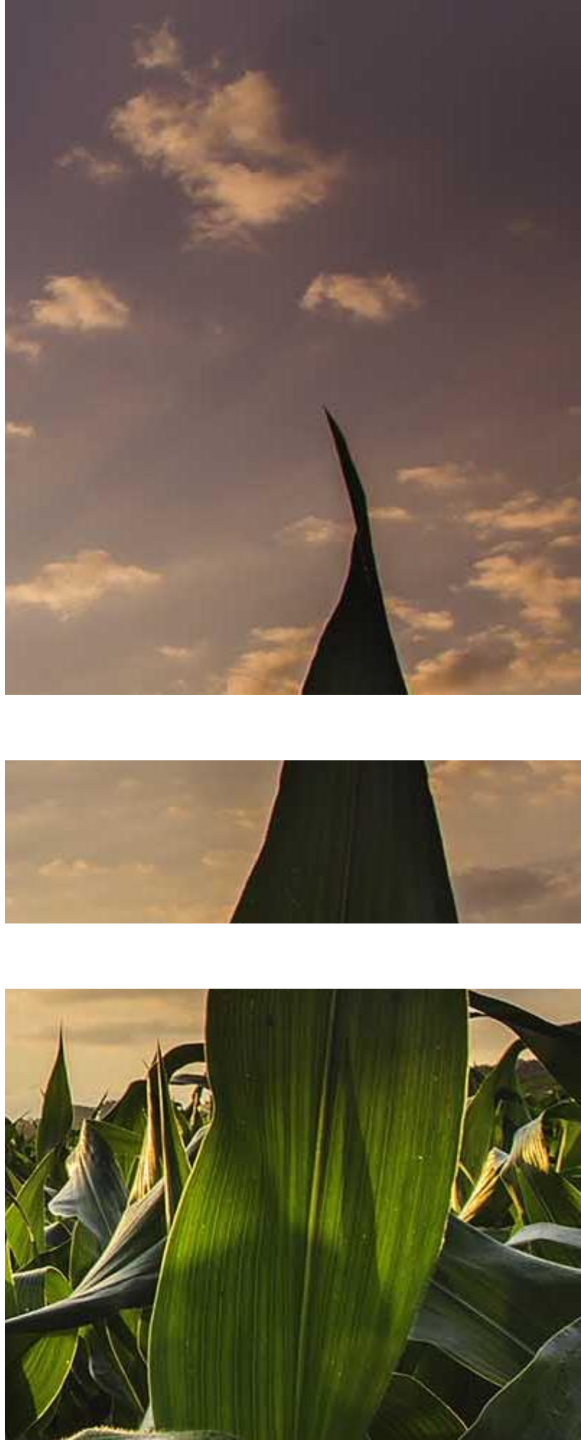
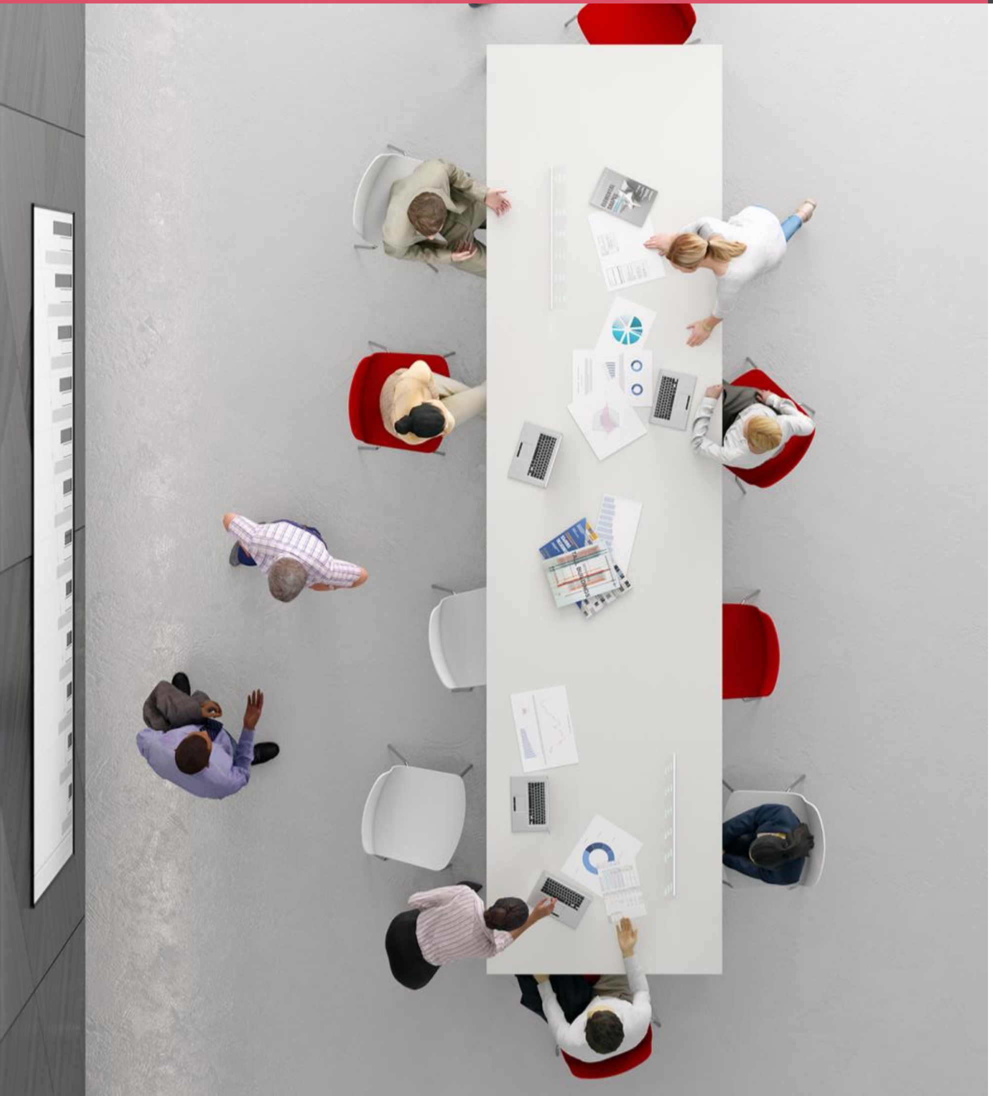
ESG Digest #26

August 2024



Contents:

UNDP to Partner with GRI, GSG Impact, IFRS Foundation, and ISO to Promote Sustainability Disclosure in Emerging Countries



The UN Development Programme (UNDP) has formed a partnership with the Global Reporting Initiative (GRI), the Global Steering Group for Impact Investment (GSG) Impact, the International Financial Reporting Standards (IFRS) Foundation, and International Organization for Standardization (ISO) to create Sustainability Disclosure and Management Hubs (SDMHs) in 14 developing and emerging countries.

In 2024 and 2025, SDMHs will work in collaboration with UNDP Financial Centers for Sustainability (FC4S) in Latin America, the Caribbean, Africa, and Asia. Their projects will focus on building local capacity, aligning with national development goals, providing guidance for stock exchanges, and developing regulations.

The projects will promote the use of international sustainability standards, such as IFRS S1 and S2, GRI standards, and ISO standards.

Read more

ASIC Wins Greenwashing Case Against Mercer, Resulting in AUD 11.3mln Penalty

The Australian Securities and Investments Commission (ASIC) has won its first greenwashing case against the financial services company Mercer Superannuation (Australia) Limited (Mercer), following an order from the Federal Court of Australia. Mercer has agreed to pay AUD 11.3mln (USD 7.4mln) fine for making false or misleading claims regarding the sustainable nature and characteristics of the «Sustainable Plus» investment options offered by the Mercer Super Trust.

The Court found that despite the company's claims of sustainable investing, the "Sustainable Plus" options included investments in 15 companies involved in the extraction or sale of carbon-intensive fossil fuels, 15 companies involved in alcohol production, and 19 companies involved in gambling.

Read more

China Unveils Plan to Standardize Carbon Emission Calculations

China has announced a plan to standardize carbon emissions calculations across key sectors to meet carbon reduction targets. By the end of 2024, China will introduce 70 national standards covering carbon accounting, footprint, reduction, capture, utilization, and storage.

The plan focuses on new energy vehicles, photovoltaic products, and lithium batteries. In 2025, a standardized system for calculating and evaluating carbon emissions will be implemented.

This initiative, led by the National Development and Reform Commission, the State Administration for Market Regulation, and the Ministry of Emergency Management, highlights China's commitment to enhancing green and low-carbon development, aims to achieve carbon neutrality by 2060.

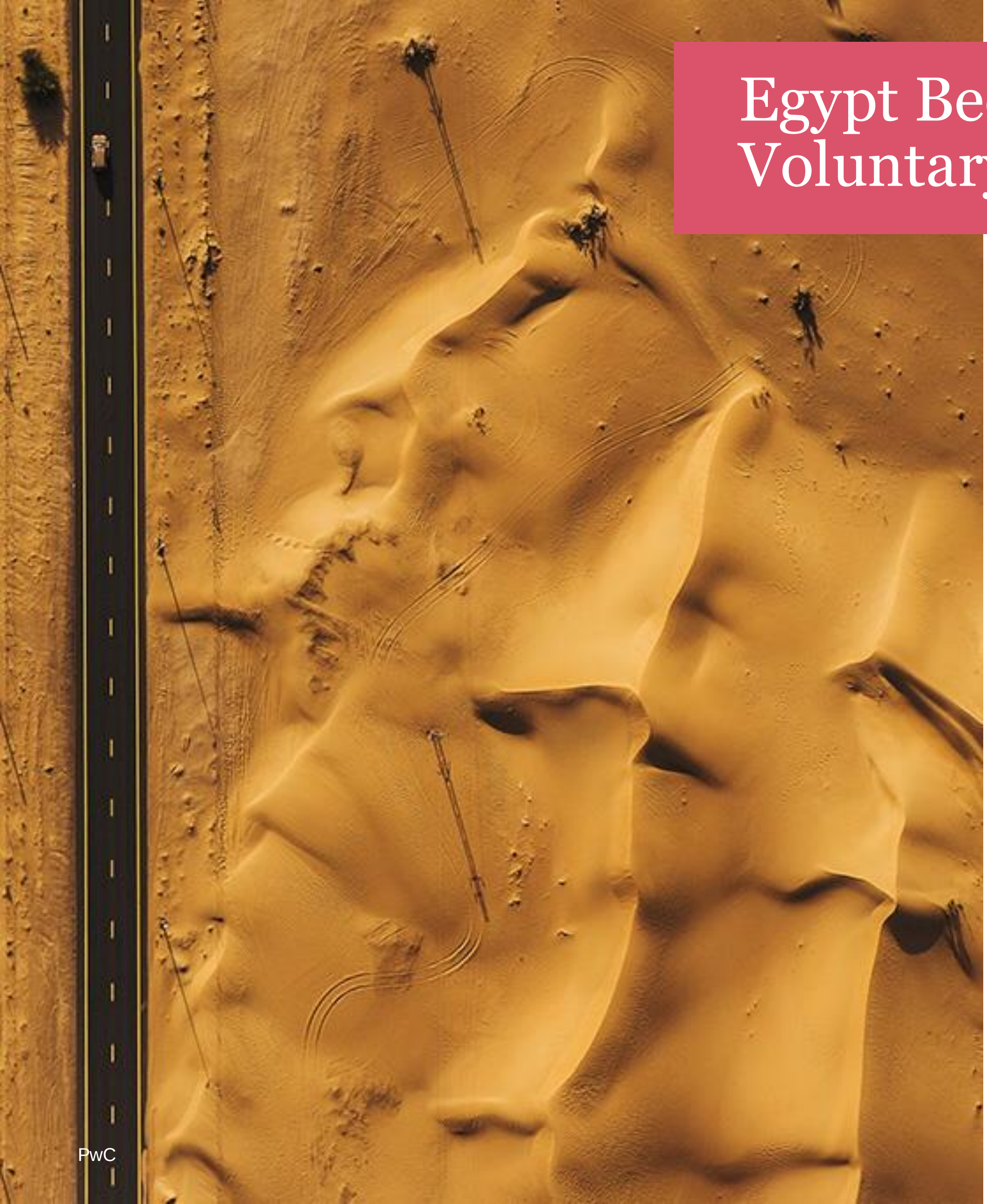
Read more

UK to Regulate ESG Ratings Providers in 2025

The UK government plans to introduce legislation in 2025 to regulate ESG ratings providers. This initiative aims to enhance transparency and reliability in ESG ratings, which have become crucial as investors increasingly consider environmental, social, and governance factors in their decisions.

The new law will place ESG ratings providers under the supervision of the Financial Conduct Authority (FCA) and align with recommendations from the International Organisation for Securities Commissions (IOSCO). This move follows the FCA's earlier introduction of a voluntary code of conduct for ESG ratings providers and mirrors similar regulatory efforts in the European Union.

Read more



Egypt Becomes First African Country to Launch Voluntary Carbon Market

The Financial Regulatory Authority (FRA) has launched Egypt's first regulated voluntary carbon market. This market, the first of its kind in Africa, allows organizations to issue and trade carbon reduction certificates, supporting the country's efforts to achieve carbon neutrality.

The FRA, in collaboration with the Ministry of Environment, has completed the necessary regulatory procedures and set requirements for brokers. The launch is supported by the Development Policy Financing Program, implemented by Egypt's Ministry of International Cooperation and the World Bank, which provided technical support and helped establish the regulatory framework, promoting structural reforms and green transformation.

Read more

World Bank Issues Largest Outcome Bond to Support Amazon Reforestation and Carbon Removal

The World Bank has issued a 9-year, USD 225mln Amazon Reforestation-Linked Bond.

This is the largest World Bank outcome bond, offering investors a fixed guaranteed coupon and a variable component linked to the generation of Carbon Removal Units (CRUs) from reforestation projects in Brazil.

Approximately USD 36mln will support Mombak's reforestation activities. This bond introduces a new model for mobilizing private capital to finance environmental projects.

Read more

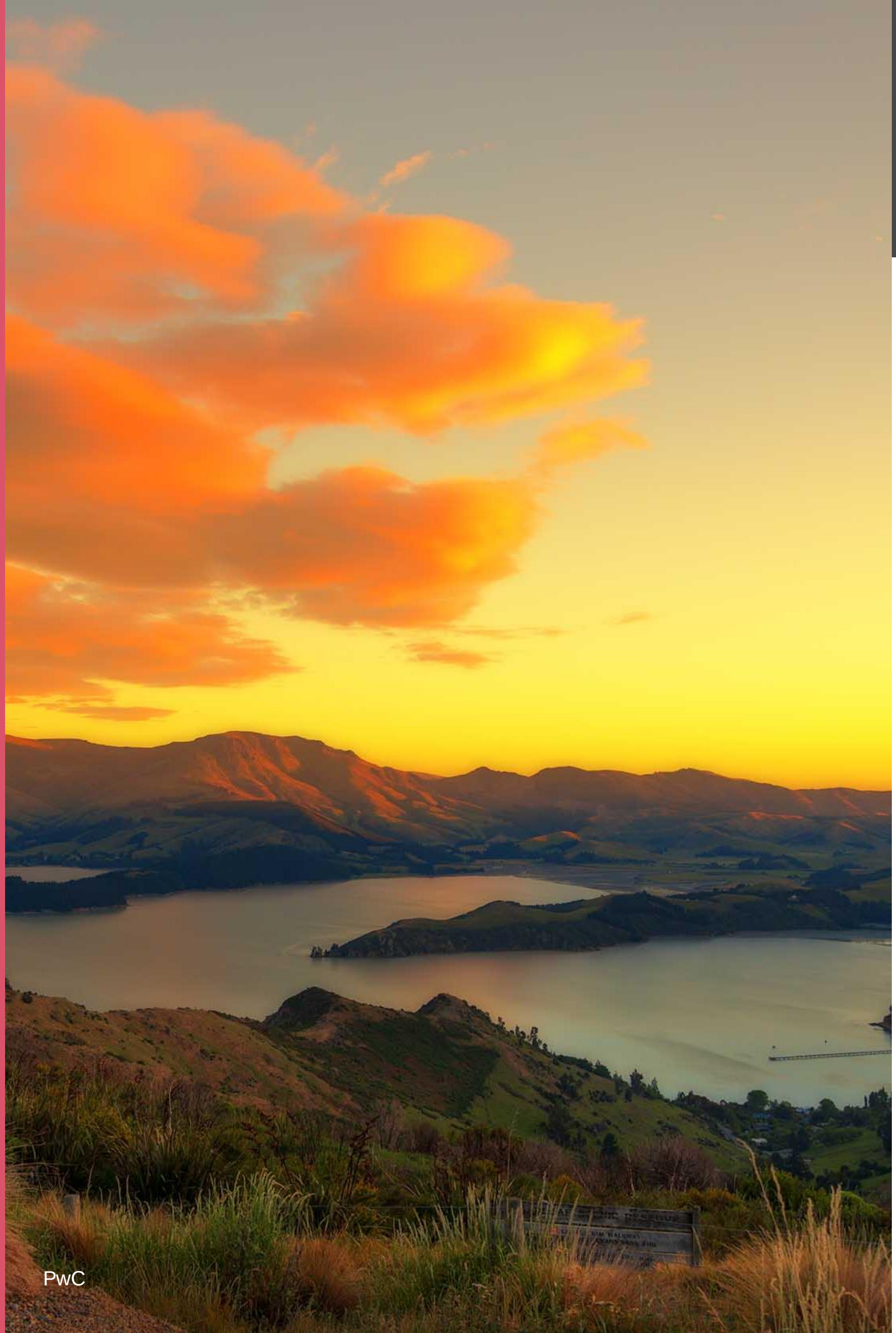
Canada Growth Fund Invests USD 100mln to Boost Carbon Capture Innovation

The Canada Growth Fund (CGF), a public fund that attracts private capital to help Canada achieve its net zero goal, has invested up to USD 100mln in Svante Technologies, a developer of carbon capture technology.

This investment aims to accelerate the development and construction of commercial carbon capture projects in Canada and the US, aligning with CGF's mandate to support Canadian cleantech, protect intellectual property and jobs, and foster innovation.

The investment will be made in two tranches of $50 million each, to fund initial commercial projects and further development.

[Read more]



New Zealand Tightens Emissions Trading Scheme to Meet Climate Goals

The New Zealand government is tightening the NZ Emissions Trading Scheme (NZ ETS) to meet 2050 net zero targets. Launched in 2008, the NZ ETS covers about half of the country's emissions and allows trading of emission units. Recently, it faced challenges due to an oversupply of units, leading to lower carbon prices and failed auctions.

To address this, the government will reduce emission credits from 45 million to 21 million units between 2025 and 2029. This aims to boost carbon prices and encourage emission reductions, with minimal impact on New Zealanders according to government modeling. The new measures start with the first auction in 2025.

Read more

Australian Senate Enacts Mandatory Climate-related Financial Disclosure Law

Australia passed legislation for a mandatory climate-related financial disclosure regime, effective from 1 January 2025.

Entities required to comply with mandatory climate-related financial disclosure would be phased in three groups, over a four-year period:

- Group 1 starts reporting on 1 January 2025 for entities with AUD 500mln in revenue, AUD 1bn in assets, or more than 500 employees.
- Group 2 begins on 1 July 2026 for entities with AUD 200mln in revenue, more than 250 employees, or AUD 5bn assets under management.
- Group 3 starts on 1 July 2027 for entities with AUD 50mln in revenue, or more than 100 employees.

Entities in Groups 1 and 2 are required to prepare a sustainability report according to AASB standards. Group 3 entities are also subject to compliance unless they are exempt due to a lack of material climate risks and opportunities.

Read more

CDP report: one in five companies report supply chain water risks

The 2023 CDP Global Water Report reveals that one in five companies have identified significant water-related risks in their supply chains, potentially impacting their business. With 3,163 companies participating, the report highlights the importance of proactive water management across all sectors.

Key findings include:

- USD 77bln in assets are under threat due to water-related risks.
- Companies engaging suppliers on water issues are seven times more likely to identify and manage these risks effectively.
- 50% of buyers are now involving their suppliers in water-related matters, focusing on procurement, data collection, and innovation.
- 118 companies, including large corporations, have set water targets within their executive remuneration policies, driving meaningful action across supply chains

Read more

The release was prepared by:
Saniya Begenova, Anzhelika Mukhamadiyeva, Karina Abysheva

PwC contacts:

Nino Cholokashvili
Senior Manager
ESG Advisory Team
nino.cholokashvili@pwc.com

Saniya Begenova
Manager
ESG Advisory Team
saniya.b.begenova@pwc.com

Please send your questions and enquiries to:

Anzhelika Mukhamadiyeva
Senior Associate
ESG Advisory Team
anzhelika.mukhamadiyeva@pwc.com

PwC Offices in Eurasia

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

Uzbekistan

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

Mongolia

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

Georgia

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