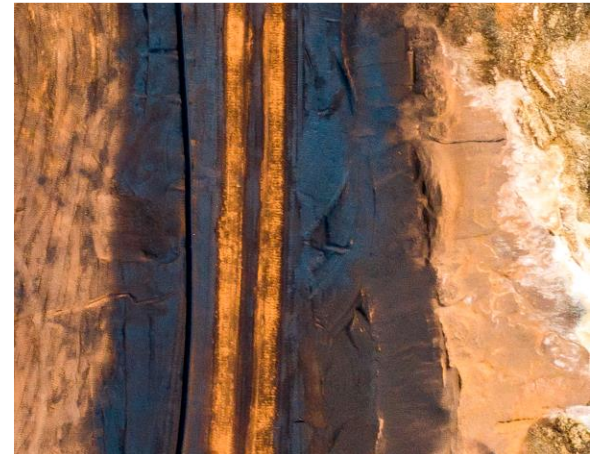
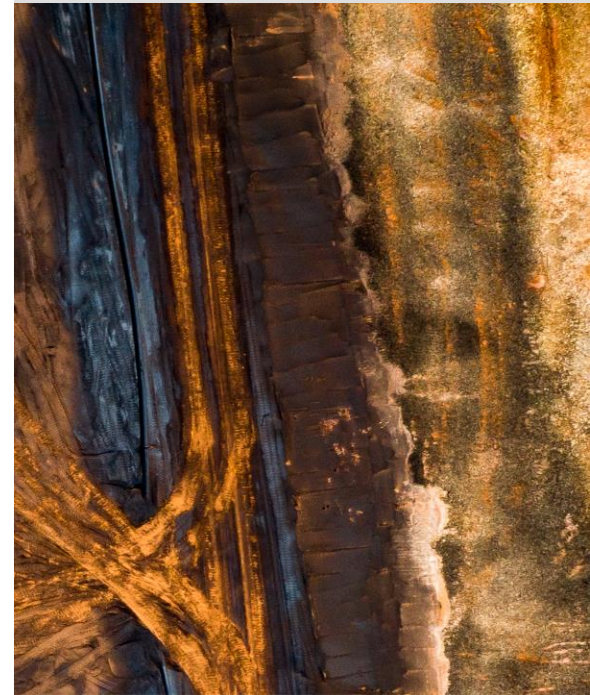




ESG Digest #4

October 2022



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PwC Research: Energy transition is the basis of decarbonization of Kazakhstan

In the study, PwC experts analyzed global and Kazakhstani energy and fossil fuel markets.

The main research topics included the energy crisis, exacerbated by various geopolitical events, the role of coal in the energy transition, and the current state of the renewable energy sources (RES) market. In addition, several RES and clean technology development opportunities were identified.

The energy crisis has significantly affected development of energy markets. The pandemic, geopolitical events and climatic changes have led to an increase in fossil fuel consumption, which has caused a sharp increase in gas and coal prices. Imposed sanctions against Russia, as well as the desire of the European Union to significantly reduce the consumption of Russian gas, led to the second wave of the energy crisis, Russia being the largest supplier of gas and coal to Europe.

Thus, investments in RES have become profitable and continue to increase. According to IRENA, in 2022, investments in RES development made in 2021 will save \$55 billion against the backdrop of high fossil fuel prices.

[Read more](#)

Global natural gas consumption in 2021
increased by

5,3%

Global coal consumption in 2021
increased by

6,3%

55 bln

US dollars will save investments in the
development of renewable energy

US Treasury seeks public input on implementing the Inflation Reduction Act's incentives

The U.S. Department of the Treasury and the Internal Revenue Service issued six Notices requesting public input on key climate and clean energy tax incentives in the Inflation Reduction Act.

The Notices mark a key first step in the formal process of implementing the landmark legislation, which puts the United States within reach of climate goals and strengthen the nation's energy security. The Act will allow to create good-paying jobs, lower energy costs and provide tax benefits for households, who will switch to clean energy and electric vehicles.

Nearly three-quarters of the Inflation Reduction Act's climate change investment – \$270 billion – is delivered through tax incentives, putting Treasury at the forefront of this critical legislation.

[Read more](#)

The six Notices are the following:

- Energy Generation Incentives
- Credit Enhancements
- Incentives for Homes/Buildings
- Consumer Vehicle Credits
- Manufacturing Credits
- Credit Monetization



London Stock Exchange launches its Voluntary Carbon Market

The London Stock Exchange announced the launch of its voluntary carbon market (VCM) to facilitate financing at scale into projects that mitigate climate change.

The Voluntary Carbon Market will enable funds and operating companies to raise capital to be directed to projects that contribute to reducing the amount of greenhouse gases in the atmosphere, both nature-based and technology led, and that are expected to generate carbon credits. The designation requires issuers to produce additional disclosures relating to the projects they are directly or indirectly financing.

Demand for carbon offset projects that counteract the release of greenhouse gases, and related credits, is expected to increase significantly over the next several years, as companies and businesses increasingly launch net zero ambitions, and turn to offsets as a bridge to their own absolute emissions reduction efforts, or to balance difficult to avoid emissions.

[Read more](#)


2022 TCFD Status Report: Climate-related financial disclosures

In its 2022 status report, the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) analyses the current state of disclosure practices as well as progress in firms' disclosures in line with the TCFD Recommendations given in 2017.

The percentage of companies disclosing TCFD-aligned information continues to grow. For fiscal year 2021 reporting, 80% of companies disclosed in line with at least one of the 11 recommended disclosures; however, only 4% disclosed in line with all 11 recommended disclosures and only around 40% disclosed in line with at least five. Europe remains the leading region for disclosure at 60% on average across the 11 recommended disclosures, 24% higher than the next highest region (Asia Pacific).

Several industries now have average levels of disclosure of over 40%. For fiscal year 2021 reporting, such industries include energy companies (43%), materials and buildings companies (42%), banks (41%), and insurance companies (41%). Governance remains the least disclosed recommendation.

[Read more](#)



80%

of companies
disclosed in line with
at least one of the 11
recommended
disclosures

40%

of companies
disclosed in line with
at least five

4%

of companies
disclosed in line with
all 11 recommended
disclosures

Oslo looks to become the first capital city with an all-electric public transport system

Norway's capital Oslo, a city of 700,000, aims to have zero-emissions public transport network. This will make Oslo the world's first wholly emissions-free city by the end of 2023.

As part of this push, the city's diesel-fuelled buses will be replaced by 450 electric buses. The program is set to cost 500 million Krone, aiming to save the city money over the long term. This e-bus program comes amid a global push by major cities worldwide to try to cut their air pollution.

In addition to public transport system, Oslo has already electrified most of the ferries that ply the fjord on which it is located. It also has an extensive tram and bike lane network.

[Read more](#)



Oslo will be the world's first wholly emissions-free city by the end of

2030

EU Council approves Rules to improve gender balance on listed company boards

A EU directive that will require companies listed in one or more EU member states to have gender-balanced boards was finally agreed to by the Council of Ministers, and awaits formal adoption by the European Parliament.

The directive lays down that at least 40% of non-executive director positions in listed companies should be held by members of the underrepresented sex by 2026. If member states choose to apply the new rules to both executive and non-executive directors, the target would be 33% of all director positions by 2026.

Currently, women comprise 31.5% of board members of the EU's largest publicly listed companies, and 8% of board chairs.

[Read more](#)



Google partners with C40 Cities to pursue 24/7 carbon free energy

C40 cities, a climate-focused network of mayors of nearly 100 large cities, and Google launched a new 24/7 Carbon-Free Energy for Cities program.

This program will support cities around the world to explore the concept of 24/7 carbon-free energy (CFE), accelerate the decarbonization of regional electricity grids, and enable their residents to benefit from the clean energy transition. Initial pilot cities include London, Copenhagen and Paris.

Google is supporting this program by sharing best practices from its decarbonization journey, data and technology, and providing funding of \$900,000

[Read more](#)



EU: Net-Zero buildings by 2030

The European Council has reached an agreement on a proposal to revise the Energy Performance of Buildings Directive. The revision aims to ensure that all buildings are energy efficient, requiring that all new buildings should be zero-emission buildings by 2030. For existing buildings, the Council agreed to introduce minimum energy performance standards which are based on based on a 2050 net zero trajectory for residential buildings.

Buildings are a key source of global greenhouse gas (GHG) emissions, and also one of the hardest to replace, given their long-term nature. According to the European Commission, buildings account for 40% of the energy consumed in the EU, and for 36% of energy-related GHG emissions. 80% of household energy consumption is used for heating, cooling, and hot water.

[Read more](#)

UN Climate Change: Climate plans remain insufficient

4.7%

Decrease in the rate of growth in GHG emissions due to the COVID-19

45%

of CO2 emissions needed to be cut by 2030 compared to 2010 levels

43%

of GHG emissions needed to be cut by 2030 compared to 2019 level

A new report from UN Climate Change shows countries are bending the curve of global greenhouse gas emissions downward but underlines that these efforts remain insufficient to limit global temperature rise to 1.5 degrees Celsius by the end of the century. According to the report, the combined climate pledges of 193 Parties under the Paris Agreement could put the world on track for around 2.5 degrees Celsius of warming by the end of the century, a level deemed catastrophic by scientists at the Intergovernmental Panel on Climate Change.

Even though the global response to the COVID-19 pandemic has slowed the rate of growth in GHG emissions (drop of 4,7% from 2019 to 2020), this reduction was short-term as 2021 CO2 emissions rebounded 2019 levels.

The UN's Intergovernmental Panel on Climate Change's 2018 report indicated that CO2 emissions needed to be cut 45% by 2030, compared to 2010 levels. The latest science from the IPCC released earlier this year uses 2019 as a baseline, indicating that GHG emissions need to be cut 43% by 2030.

[Read more](#)

EU Markets Regulator adds ESG disclosure to its key priorities



ESG

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, is changing its Union Strategic Supervisory Priorities (USSPs) to include ESG disclosures alongside market data quality. The new priority of ESG disclosures represents an important step in the implementation of the ESMA Strategy, which gives a prominent role to sustainable finance.

The new ESG disclosures will foster transparency and comprehensibility across key segments of the sustainable finance value chain such as issuers, investment managers or investment firms and, hence tackle greenwashing.

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EU bans sales of new petrol and diesel cars from 2035

To reach its climate neutrality goal by 2050, the EU is taking action to reduce emissions from cars as road transport accounts for one fifth of the EU's CO2 emissions. From 2035, all new cars that come on the market should be zero-emission and cannot emit any CO2. This is to ensure that by 2050, the transport sector can become carbon-neutral.

The 2035 target was initially proposed last year as part of the European Commission's "Fit for 55" roadmap, the EU initiative to cut greenhouse gas (GHG) emissions by 55% by 2030, compared to 1990 levels. Achieving these emission reductions in the next decade is crucial to Europe becoming the world's first climate neutral continent by 2050 and making the European Green Deal a reality.

[Read more](#)



the EU initiative to cut greenhouse gas (GHG) emissions by

55%



Hong Kong Exchange launches Voluntary Carbon Market

On October 28, 2022, Hong Kong Exchanges and Clearing Limited (HKEX) announced the launch of Core Climate, a new marketplace for trading of voluntary carbon credits and instruments, and aimed at connecting capital with climate-related products and opportunities in Asia and international markets. Core Climate participants will be able to source, hold, trade, settle and retire voluntary carbon credits through the Core Climate platform.

According to HKEX, the carbon credits on the platform will come from internationally-certified carbon projects from around the world, including carbon avoidance and reduction projects such as deforestation avoidance and removal projects such as reforestation. All carbon credits generated by projects listed on Core Climate will be issued under international standards, such as the Verified Carbon Standard by Verra.

[Read more](#)

Bloomberg launches suite of indices tracking green, social & sustainability bonds

Business and financial markets information service provider Bloomberg launched a series of indices covering sustainable finance instruments including green, social and sustainability bonds.

The new series is comprised of 24 new indices, which can be customized to meet investors' needs, and will utilise Bloomberg's Sustainable Finance Group's social and sustainability bond indicators and range across corporates, sovereign, supranational and agency bonds, municipals and structured products. The indices will be aligned with the International Capital Market Association Green Bond, Social Bond and Sustainability Principles and Guidelines and will be overseen by Bloomberg's fixed income and data team.

[Read more](#)

The indices include:

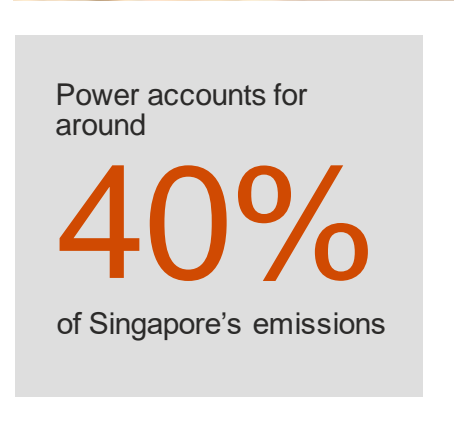
- Bloomberg Global Aggregate Green Social Sustainability Bond index
- Bloomberg Global Aggregate Green Bond index
- Bloomberg Global Aggregate Social Bond index
- Bloomberg Global Aggregate Sustainability Bond index
- Bloomberg Aggregate EUR Green Social Sustainability Bond index
- Bloomberg Aggregate USD Green Social Sustainability Bond index

Singapore launches national hydrogen strategy

Singapore outlined its national strategy to develop hydrogen as a major decarbonization pathway, to support the country's international climate commitment to achieve net zero emissions by 2050.

Singapore aims to turn to hydrogen as a clean energy source for the power and industrial sectors, noting its benefits including not emitting CO₂ when used as a fuel. Power accounts for around 40% of Singapore's emissions, with the sector currently heavily dependent on natural gas. With only limited capability to generate power from renewable energy or import clean energy, the possibility of using hydrogen seems the only choice for the city-state. The plan is to reduce emissions to around 60 million mtCO₂e in 2030.

[Read more](#)



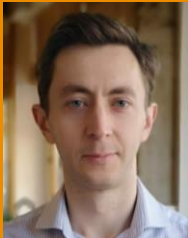
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