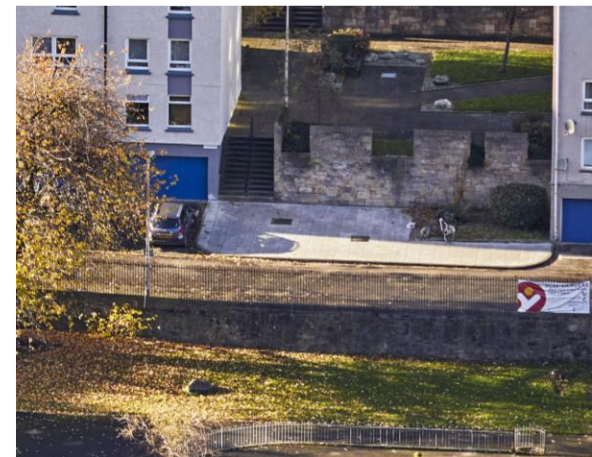
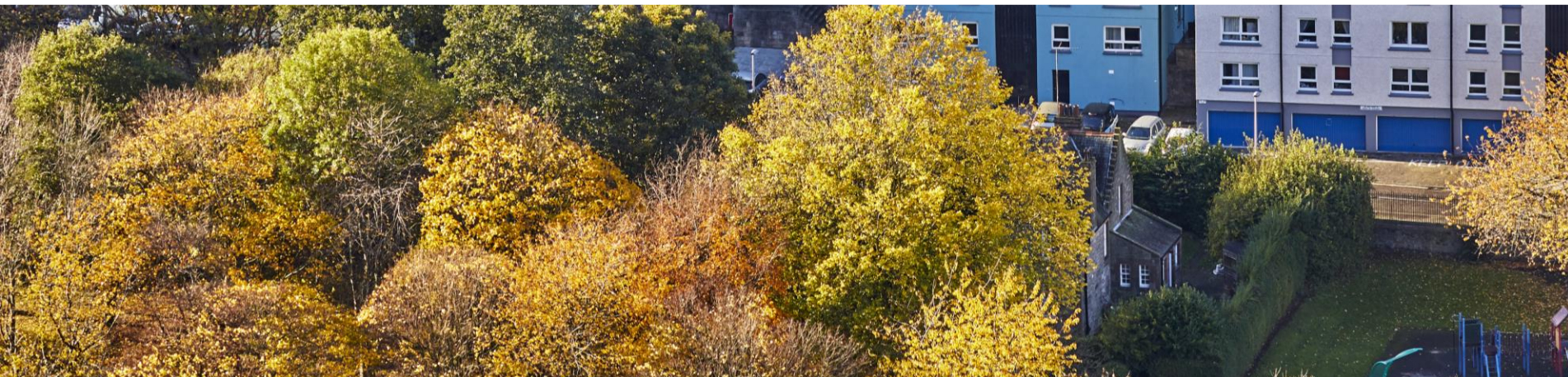




ESG Digest #5

November 2022



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ISSB to require climate-related scenario analysis under IFRS' Climate Disclosure Standard

At the supplementary board meeting held on 1 November 2022, the International Sustainability Standards Board (ISSB) voted to confirm that companies would be required to use climate-related scenario analysis to report on climate resilience and to identify climate-related risks and opportunities to support their disclosures.

The ISSB will refer to TCFD guidance that sets out types of scenario analysis, including quantitative, partially quantitative and qualitative. However, the analysis approach will also be scaled to an entity's circumstances. At a minimum an entity will need to undertake the qualitative form of scenario analysis as a basis for its resilience analysis.

A detailed guidance will be issued with the final IFRS Sustainability Disclosure Standard S2, Climate-Related Disclosures.

[Read more](#)

ECB sets deadlines for banks to deal with climate risks

At the beginning of November, The European Central Bank (ECB) set a series of deadlines for banks to deal with climate and environmental risks, with full alignment with expectations to identify and manage risks required by the end of 2024.

The new deadlines were announced after the release of the results of ECS's thematic review of 186 European banks. The thematic review looked into banks' strategies and their governance and risk management frameworks, examining whether EU banks adequately identify and manage climate and environmental risks such as biodiversity loss.

The review concluded that, even if 85% of EU banks now have in place at least basic practices in most areas, they are still lacking more sophisticated methodologies and granular information on climate and environmental risks.

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85%

of EU banks still lacking more sophisticated methodologies



Kuwait commits to carbon neutrality by 2050

On the sidelines of COP27 climate summit, which took place from 6 to 18 November 2022 in Sharm El-Sheikh, Egypt, Kuwait affirmed its commitment to becoming carbon neutral in the oil and gas sector by 2050 and in the whole country by 2060.

The country has executed many projects to preserve the environment and reduce emissions and sticks to all the commitments it has made since the launching of the first climate conference in 1992 in Brazil.

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Kazakhstan to adopt first low-carbon strategy

At the COP27 climate summit, which took place from 6 to 18 November 2022 in Sharm El-Sheikh, Egypt, Kazakhstan announces its plan on adopting a first low-carbon strategy by the end of 2022. The new strategy will be an update to the country's nationally determined contributions (NDC).

Kazakhstan aims for net zero emissions by 2060 and keeps its emissions reduction targets unchanged: 15% carbon emissions cut by 2030, compared with 1990 levels. A reduction target conditional on additional international support for the country is 25% by 2030, also compared with 1990 levels.

In addition, the Kazakhstan Government is taking measures to stimulate green investments and is ready to offer the Astana International Financial Centre as a unique regional investment centre for "green" finance.

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China announces plan to curb rising methane emissions

China has drafted a new plan to control methane emission and will promote new technologies and financing mechanisms to slash rising emissions of the greenhouse gas. While around 40 per cent of China's methane emissions is gas that escapes during the mining of coal, another 42% is from agriculture, including livestock and rice cultivation.

China's emissions are the highest in the world and around a fifth of the global total. While it did not sign a "Global Methane Pledge" last year, it agreed to "develop additional measures" to control the gas. The utilisation of coalbed methane (CBM) has already become a major industry in China and helped cut atmospheric emissions in northern China's Shanxi province, which produces as much methane from its mines as the rest of the world combined

Tackling methane has become a major part of global efforts to limit temperature rises to 1.5 deg C.

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EU adopts Corporate Sustainability Reporting Rules

EU parliament voted to adopt Corporate Sustainability Reporting Rules (CSRD). 525 MEPs voted in favor, while 60 voted against; 28 MEPS abstained. CSRD significantly expanded the number of companies required to provide sustainability disclosures to over 50,000 from around 12,000 currently, and introduced more detailed reporting requirements on company impacts on the environment, human rights and social standards and sustainability-related risk.

Large public-interest companies with over 500 employees will be required to apply CSRD starting from 2024, followed by companies with more than 250 employees or €40 million in revenue in 2025, and listed SMEs in 2026.

With the adoption of the CSRD by the EU Parliament, the proposal will move on to the Council, which is expected to adopt the proposal later this month.

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Large public-interest companies with over

500

employees will be required to apply CSRD



White House (USA) announces new sustainability rules for federal suppliers

Federal Supplier Climate Risks and Resilience Rule will impose emission disclosure requirements on contractors that received \$7.5 million or more in federal contract obligations. The proposed Federal Acquisition Regulation (FAR) rule was published in the Federal Register for comments on November 14, 2022, which must be submitted to the Regulatory Secretariat Division before January 13, 2023.

As the world's single largest buyer of goods and services—purchasing over \$630 billion in the last fiscal year alone—the Federal Government faces significant financial risks from climate change. The new rule will mark the next step in the USA steady drive toward net-zero procurement.

[Read more](#)

India publishes Long Term Emissions Strategy to reach net zero in 2070

India released its Long-Term Low Emissions and Development Strategies (LT-LEDS) at the 27th United Nations Climate Change Conference being held from 6 to 18 November 2022 in Sharm-El-Sheikh, Egypt.

The long-term plan builds on the 2070 goal with six elements:

- expanding renewables and strengthening the grid;
- exploring a greater role for nuclear energy and enhancing support for R&D into future technologies such as green hydrogen, fuel cells, and biofuels;
- appropriate demand-side measures such as energy efficiency improvements;
- rational utilisation of fossil fuel resources;
- enabling a focused transition towards low carbon development; a
- optimum energy mix complimenting national development scenarios.

The strategic transitions will be sectors including electricity, transport, urbanisation, industry, CDR (carbon dioxide removal), forests, finance and investment, research and innovation, adaptation and resilience, LiFE – Lifestyle for Environment, and international cooperation.

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Major banks join pledge to mobilize \$20 bln to support Indonesia's clean energy transition



The International Partners Group (IPG), a coalition of countries led by the U.S. and Japan, announced the launch of a Just Energy Transition Partnership (JETP) with Indonesia, aimed at accelerating and supporting the shift of Indonesia's power sector to clean energy sources, and mobilizing \$20 billion to finance the transition.

The JETP will see the G7 plus Denmark and Norway deliver the funding to Indonesia over the next three to five years, using a mix of grants, concessional loans, market-rate loans, guarantees, and private investments.

As part of the new agreement, Indonesia will commit to a series of climate goals for its power sector. These goals will require a rapid transition away from coal, which currently accounts for over 60% of Indonesia's electricity generation, according to a report released today by the IEA.

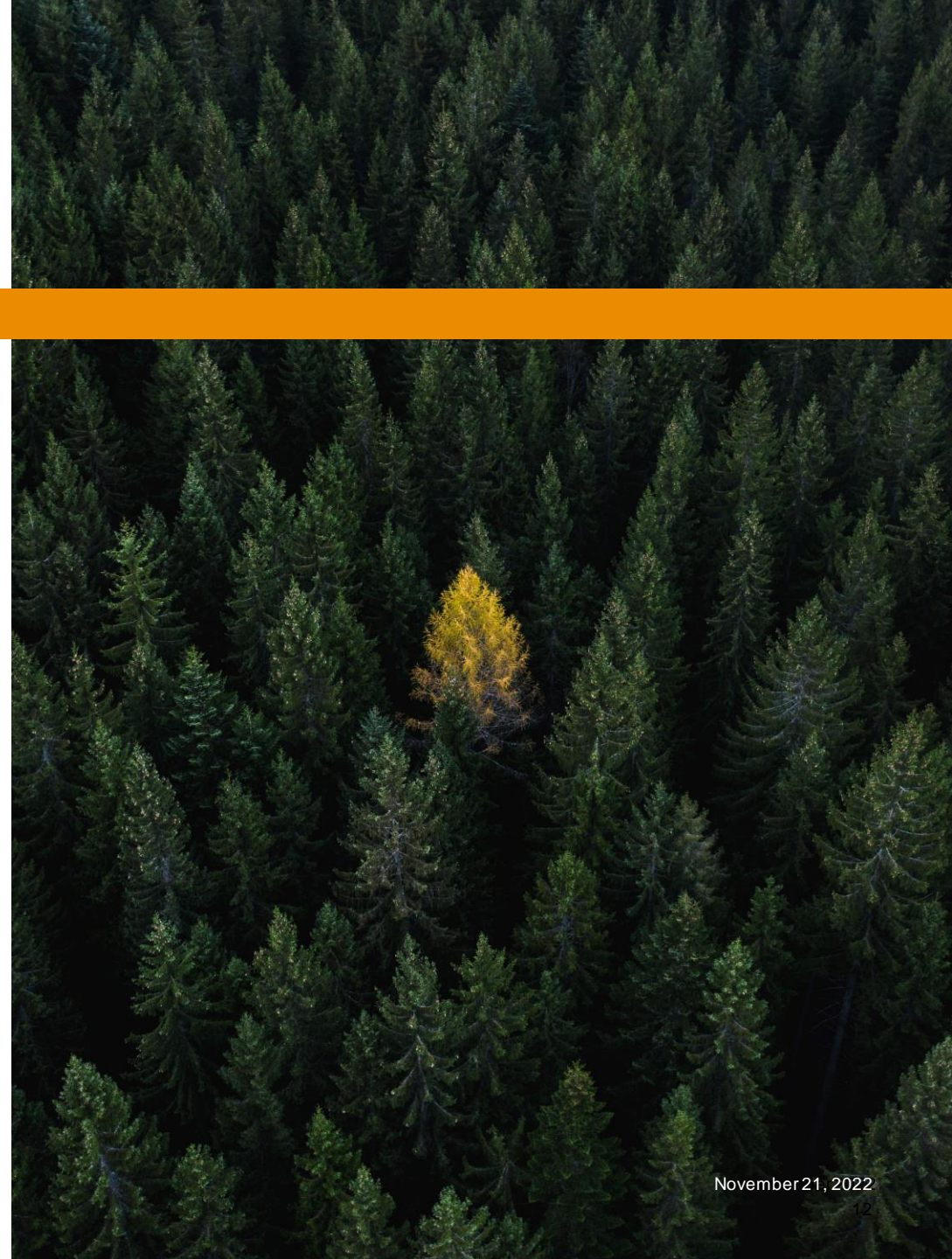
[Read more](#)

COP27: Breakthrough on funding repair of climate damage

The 27th UN Climate Change Conference (COP27) took place from 6 to 18 November 2022 in Sharm El-Sheikh, Egypt. Climate negotiations edged forward after European Union's proposal to provide "loss and damage" funding for vulnerable countries hit hard by climate disasters in exchange for a pledge to peak global emissions before 2025 and phase down all fossil fuels - not just coal, which was spelt out in the Glasgow climate pact last year.

The European Union offer would include a commitment to immediately establish a new loss and damage response fund with details worked out over the next year as well as a commitment to examine debt and reform the multilateral development banks. There also would be a pledge to ensure all financial flows are aligned with the Paris Agreement commitment to keep global warming to 1.5 degrees Celsius.

[Read more](#)





Egypt to start building \$11 bln wind farm from 2024

The construction of one of the world's largest wind farms in Egypt is set to start in 2024 and could provide electricity to Europe and Saudi Arabia, according to one of the main companies backing the \$11 billion project. A consortium that includes Abu Dhabi-owned Masdar, Infinity Power Holdings and Egypt's Hassan Allam Utilities will finish building the 10-gigawatt onshore plant by 2030.

The same group is also working on an Egyptian green-hydrogen facility that may be able to produce 480,000 tonnes a year of the fuel by 2030. Around 80 per cent of the two projects will be financed through debt, while the rest of the money will come from equity.

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The same group is also working on an Egyptian green-hydrogen facility that may be able to produce

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Switzerland adopts law requiring mandatory climate reporting for public companies

During its meeting on 23 November 2022, the Federal Council adopted the implementing ordinance on climate disclosures for large Swiss companies, and brought it into force as of 1 January 2024.

Under the newly adopted “Ordinance on Climate Disclosures,” public companies, banks and insurance companies will be required to provide reporting based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Public reporting involves disclosures not only on the financial risk that a company incurs as a result of climate-related activities, but also on the impact of the company's business activities on the climate. In addition, the company has to describe the reduction targets it has set for its direct and indirect greenhouse gas emissions, as well as how it plans to implement them.

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Singapore Exchange (SGX) launched a Sustainable Fixed Income initiative, aimed at enabling investors to identify green, social and sustainability fixed income securities. Under the new program, issuers of the sustainable bonds will be able to use an “SGX Sustainable Fixed Income mark” for securities that meet requirements including alignment with recognized green, social or sustainability standards and disclosure.

SGX said that it estimates that 200 SGX-listed fixed income securities already meet the SGX Sustainable Fixed Income criteria.

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Singapore Exchange enables investors to identify sustainable bonds

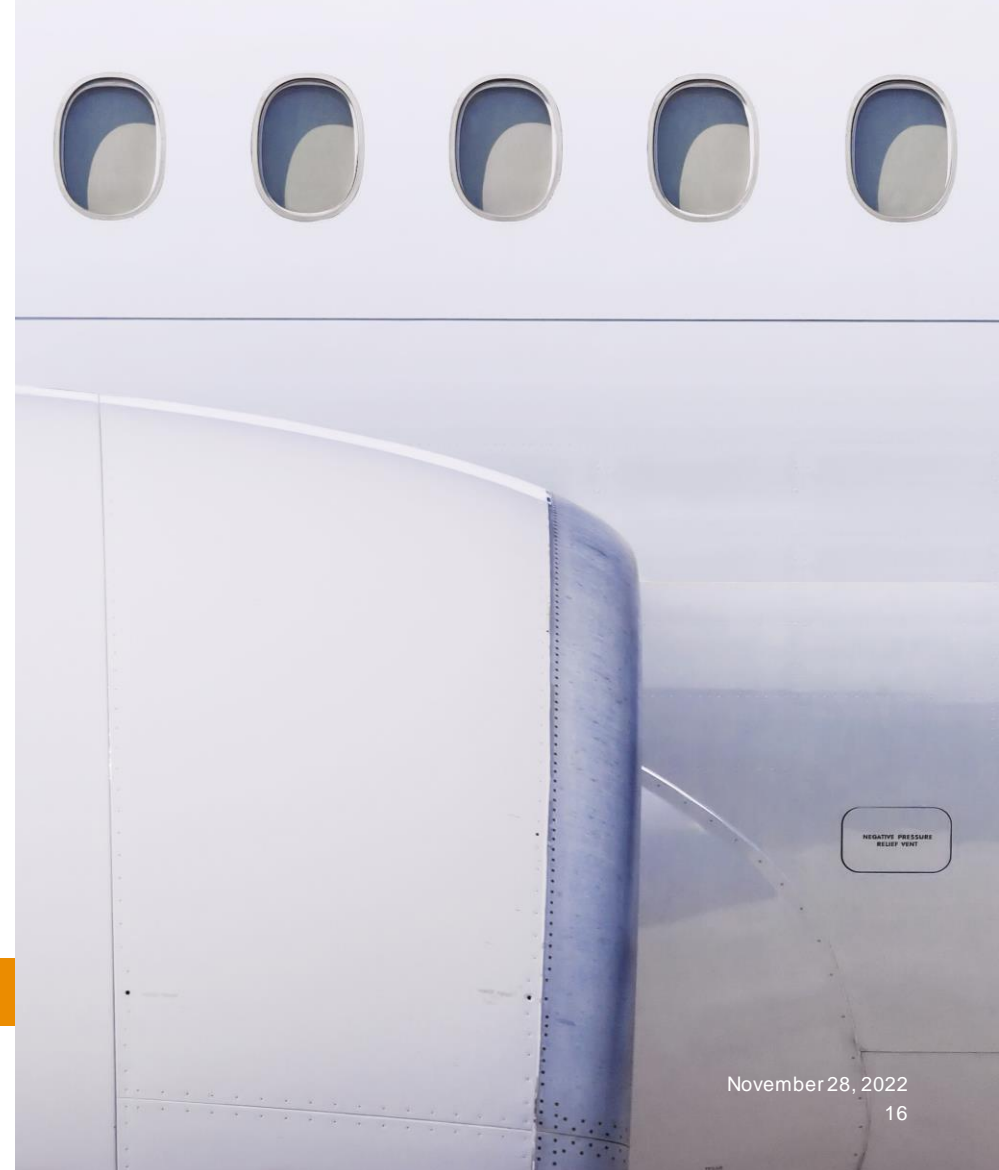
Hydrogen-powered zero-emission engines in aviation

The aviation industry has come under scrutiny as a significant source of greenhouse gas (GHG) emissions, responsible for 2-3% of global emissions. Several initiatives are being pursued in order to address the climate impact of the industry, typically involving efforts to improve aircraft efficiency, develop sustainable aviation fuels (SAF), or create aircraft utilizing low or zero carbon propulsion systems such as electric or hydrogen-based.

At the end of November 2022 Rolls-Royce and EasyJet completed a ground test on a converted regional aircraft engine using green hydrogen. Also, Airbus revealed that it was developing a hydrogen-powered fuel cell engine. Recent announcements demonstrated the potential of hydrogen to power a range of aircrafts from the mid-2030s.

[Read more 1](#)

[Read more 2](#)





Australia's banks to reduce lending to regions and sectors at risk of climate change impacts

A new report by the Australian Prudential Regulation Authority (Apra) found climate change could make banks more vulnerable to economic downturns as they face up to a threefold increase in lending losses by 2050

It is expected that Australia's largest banks would adjust their risk and lending practices, with potential actions including cutting back on high loan-to-valuation mortgage lending, and reducing exposure to sectors such as mining, manufacturing, and transport.

[Read more](#)

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



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