

SECTORAL

UPDATES

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AUGUST 2022





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IT companies sharpen focus on green goals as ESG holds key to win deals

Financial Express, 2nd August 2022

Like their international counterparts, Indian IT firms are paying more attention to their ESG framework as customers have begun to consider it significantly before making technology deals.

Wipro has made a commitment to having zero emissions by 2040. HCL Technologies reduced its per capita carbon footprint by 55.9% between 2010 and 2020. TCS has established a new carbon reduction goal to reduce its absolute GHG emissions by 70% by 2025 and to achieve net zero emissions by 2030. Moreover, Infosys aims to reduce absolute Scope 1 and 2 GHG emissions by 75% and scope 3 emissions by 30%.

A growing focus on ESG could mean the difference between winning and losing a deal for IT companies that operate in a highly competitive environment. They will be given priority for possessing distinguishing qualities that can meet both existing goals and support future requirements.

<https://www.financialexpress.com/industry/it-companies-sharpen-focus-on-green-goals-as-esg-holds-key-to-win-deals/2614254/>

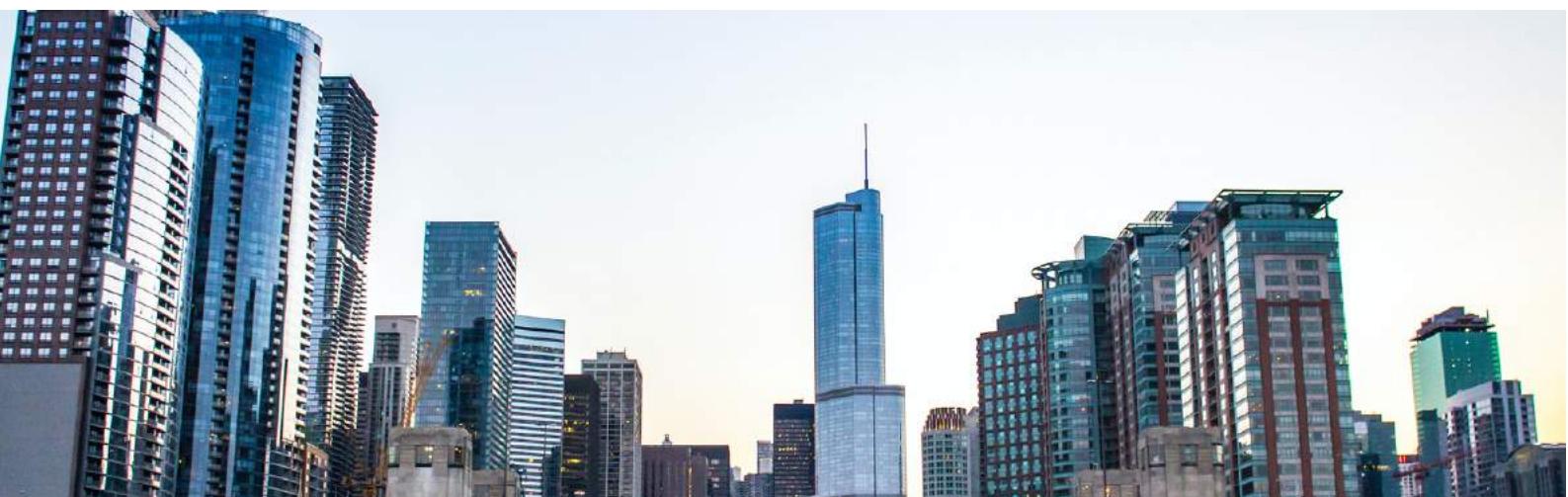
The financial sector in the GCC likely to accelerate ESG practices

SME10X, 2nd August 2022

Adoption of ESG requirements is primarily optional throughout the Gulf Cooperation Council (GCC) region, however requirements development is still going on. The fact that high performers on ESG come from a variety of countries and industries—including telecom, logistics, industrials, real estate, and financials—shows that any business can excel in ESG.

The financial industry is the main contributor to the list of top ESG issues in the GCC, which includes climate change/energy, paperless, data security, talent & equity, ethics, and digitization.

<https://www.sme10x.com/10x-industry/financial-sector-in-the-gcc-likely-to-accelerate-esg-practices>



Companies scout for top ESG talent to drive sustainability plans

The Economic Times, 23rd August 2022

Companies across a variety of industries, including mining, consultancy, paper pulp, electric vehicles, cement, FMCG, and finance, want leaders to manage their ESG activities using cleaner and greener processes, improved reporting transparency, and the creation of a long-term sustainability strategy.

Depending on the size of the organisation, compensation for CXO-level executives in ESG jobs ranges from Rs 2 crore to Rs 4 crore and beyond. Talent from abroad is more expensive.

Because it is a new and developing function, recruitment managers claim that there is a critical lack of talent in this field.

<https://economictimes.indiatimes.com/jobs/companies-scout-for-top-esg-talent-to-drive-sustainability-plans/articleshow/93721748.cms>



BlackRock warns Wall Street watchdog new ESG rule could harm investors

Reuters, 19th August 2022

While acknowledging the need for increased oversight, BlackRock questioned the SEC's request for more information on how funds should classify strategies and describe their ESG impact, arguing that such information could mislead investors about how much ESG actually matters when managers choose stocks and bonds. This can make investors confused and raise the possibility of greenwashing.

Regulators and activists are worried that the US funds trying to capitalise on the popularity of ESG investing may be deceiving shareholders about their ESG credentials. Additionally, the Managed Funds Association concurred with the SEC's desire to encourage better disclosure but expressed some reservations.

<https://www.reuters.com/business/sustainable-business/blackrock-warns-wall-street-watchdog-new-esg-rule-could-harm-investors-2022-08-19/>

Deutsche Bank and Home Credit close ESG-linked loan focusing on financial inclusion and literacy

Deutsche Bank Media Release, 22nd July 2022

Deutsche Bank and PT Home Credit Indonesia closed a US \$10.4 million ESG-linked loan facility that focuses on performance targets linked to ESG principles.

The loan's performance targets are primarily centred on financial literacy and inclusivity. In keeping with the government's ambition to reach its 90% digital financial inclusion target by the year 2024, Home Credit will seek to increase both first-time and female consumers. In addition to using digital technologies, Home Credit will uphold strict customer data privacy to provide consumer finance.

The ESG-linked loan complies with the Asia Pacific Loan Market Association's Sustainability-Linked Loan Principles, which promote environmentally and socially sustainable economic activity. Here, performance targets will also be independently verified by a third-party advisor.

https://www.db.com/news/detail/20220722-deutsche-bank-and-home-credit-close-esg-linked-loan-focusing-on-financial-inclusion-and-literacy?language_id=1



SUSTAINABLE FINANCE

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Mirae Asset Launches Global X Bloomberg MSCI Asia Ex Japan Green Bond ETF

PR Newswire, 19th August 2022

The Global X Bloomberg MSCI Asia Ex Japan Green Bond ETF was the first fixed income ETF offered by Mirae Asset Global Investments (Hong Kong) Limited. The fund gives investors exposure to investment-grade, US dollar-denominated green bonds issued by Asia Ex Japan issuers to finance initiatives with direct and measurable environmental benefits. On August 19th, the fund started trading on the Hong Kong Stock Exchange.

It is the firm's third Hong Kong-listed ETF to be recognized by the Securities and Futures Commission of Hong Kong as an ESG fund and is the world's first green bond ETF focused on the Asia Ex Japan region.

<https://en.prnasia.com/releases/apac/mirae-asset-launches-global-x-bloomberg-msci-asia-ex-japan-green-bond-etf-372333.shtml>

Bursa Malaysia to introduce carbon market exchange

The Statesman, 30th August 2022

Later this year, Bursa Malaysia Bhd will launch its Voluntary Carbon Market (VCM) exchange, enabling businesses to buy voluntary carbon credits from climate-friendly projects and solutions.

The exchange operator stated in a statement yesterday that participation in the VCM will enable businesses to offset their carbon emission footprint and achieve their voluntary climate targets. Buyers and suppliers will be able to exchange high-quality carbon credits at transparent pricing thanks to the VCM exchange.

For carbon credit derived from nature-based solutions and technologies that reduce or remove carbon emissions, there will be specific product categories. Bursa Malaysia will adopt the Verified Carbon Standard or Verra to guarantee the high integrity of carbon credits made available through the VCM exchange.

<https://www.thestatesman.com/world/bursa-malaysia-introduce-carbon-market-exchange-1503100657.html>



Singapore Prices S\$2.4 billion 50-year Inaugural Sovereign Green Bond; Public Offer now Open for Individual Investors

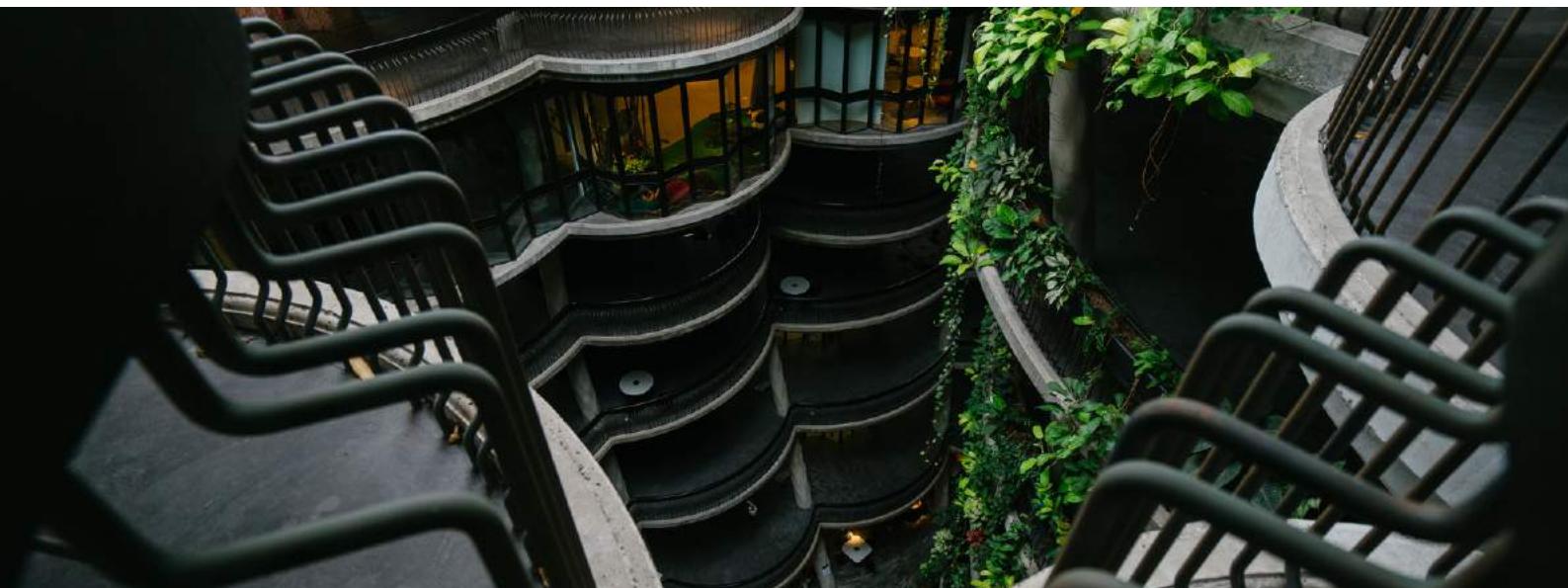
Monetary Authority of Singapore, 04th August 2022

The Monetary Authority of Singapore (MAS) has priced Singapore's US \$2.4 billion 50-year inaugural sovereign green bond with a 3.04% per annum coupon. The bond will mature in August 2072 making it the longest-tenor green bond issued by a sovereign to date.

Of the amount, US \$2.35 billion was placed with institutional and accredited investors and the remaining US \$50 million will be offered to individual investors.

Such continuous support of MAS for green sovereign bonds and the development of green finance can contribute to global efforts to mitigate climate change.

<https://www.mas.gov.sg/news/media-releases/2022/singapore-prices-2-4-billion-50-year-inaugural-sovereign-green-bond-public-offer-now-open-for-individual-investors>



Green is the new colour of Indian Banking

Money Control, 12th August 2022

On July 27, the Reserve Bank of India (RBI) released a Discussion Paper on Climate Risk and Sustainable Finance to suggest 'an appropriate governance structure and a strategic framework' to RBI-Regulated entities for managing and addressing risks related to climate change.

The RBI discussion paper indicated two major risks facing the banking system due to climate change: physical risks and transition risks. The RBI's survey looks at broad areas of risk management, governance, climate-related financial disclosures, and opportunities for transition to a green future. The survey summarises that the board of directors and senior management should be involved in preparing a strategy for assessing and understanding climate change. It also mentions that the banks need to establish dedicated climate change departments with people drawn from multiple disciplines and conduct awareness programs for employees.

By publishing the discussion paper and survey, the RBI has encouraged the greening of the banking system.

<https://www.moneycontrol.com/news/opinion/green-is-the-new-colour-of-indian-banking-9016741.html>



Leader in Climate Risk, The Demex Group, Launches First-of-its-Kind Snow Insurance

The Demex Group, 11th August 2022

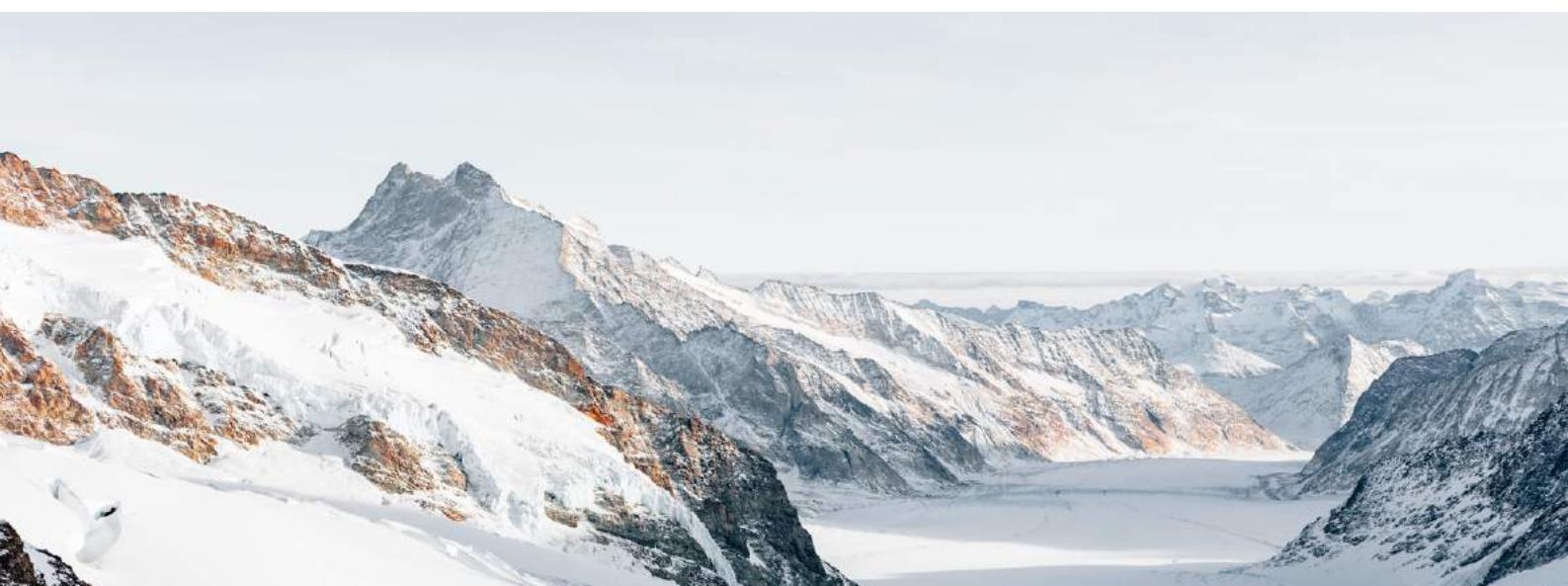
The Demex Group (Demex) - the first provider of comprehensive solutions for modeling, assessing, and managing climate-linked risks at scale announced the launch of revolutionary new snowfall insurance.

Snow-sensitive businesses are seeing unanticipated volatility in revenue and operating costs as a result of the winter storms that are evolving. Demex Snow Insurance addresses volatility and stabilises operating budgets that are dependent on snowfall to promote climate resilience. Demex's Snow Insurance serves two distinct functions:

- Demex Revenue Protection Insurance is created for snow removal contractors and snow-dependent businesses. Claims are triggered when snowfall is extremely low.
- Demex Cost Control Insurance serves property owners, facility managers, and municipalities. Claims are triggered when snowfall is extremely high.

Both policies are backed by non-admitted paper from Evanston Insurance Company.

<https://www.prnewswire.com/news-releases/leader-in-climate-risk-the-demex-group-launches-first-of-its-kind-snow-insurance-301604294.html>



How horrible is the record heatwave, drought in Europe, China

Times Now, 30th August 2022

The soil across 47% of Europe has dried up, according to the most recent estimate from the Global Drought Observatory. Another 17% of the vegetation is on alert showing indications of stress. Production of hydroelectric power has dropped by a sizable 20% in Europe. The Rhine, a major shipping route, has dipped to such low levels due to the lack of rain in Germany that less freight can be transported, resulting in delays and higher costs.

In China, meantime, the drought has led to the drying up of lakes and tributaries, exposing riverbeds. Large riverside cities like Shanghai and Luzhou are grappling with the dual issues of high electricity consumption and low production.

Changing weather patterns, dry soil, climate change, oceanic and atmospheric circulation are causing for this extreme weather phenomenon.

<https://www.timesnownews.com/mirror-now/in-focus/how-horrible-is-the-record-heatwave-drought-in-europe-china-article-93746765>

Pakistan: Loss due to 'climate catastrophe' could exceed \$10 billion, minister says

Gulf News, 29th August 2022

Climate change has taken its toll on Pakistan, the world's 5th most populous country, with the season's floods affecting 30 million people. Many districts were submerged in the water, and Pakistan deployed its navy for the first time. It is experiencing severe rainfall that has claimed more than 1000 lives since June.

According to the Finance Minister of Pakistan, various economic sectors have been hit and the estimated loss is over US \$10 billion. Last week, the nation's central bank warned that prolonged, heavy rains could have a negative impact on agricultural output. The regulator already anticipates that economic growth will slow from last year's 6% to between 3% and 4% in the new year beginning in July.

While facing Asia's fastest inflation rate, the country has sought help from international donors. The IMF has considered resuming the US \$6 billion loan programme to support Pakistan.

<https://gulfnews.com/world/asia/pakistan/pakistan-loss-due-to-climate-catastrophe-could-exceed-10-billion-minister-says-1.90191469>

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