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**UPDATES**

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## ESG Data Demand Surges, but Face Data Management Challenges, Says Bloomberg Survey

*ESG News, 24th August 2023*

A recent survey by Bloomberg and Adox Research reveals a growing demand for ESG (Environmental, Social, and Governance) data among executives. Over 92% of surveyed portfolio managers, climate risk executives, and data management executives plan to increase their ESG data spending, with 18% aiming for a 50% or more increase. Their top priorities for ESG data spending include ESG benchmarks and indices, company-reported data, ESG scores, and sustainable debt.

Data quality and breadth of coverage are the most important criteria for selecting ESG data providers. While 64% of respondents view their ESG capabilities as ahead of the competition, nearly 30% feel somewhat or significantly behind.

Executives unanimously agree on the value of ESG data, citing its importance for staying competitive, achieving an advantage, and ensuring regulatory compliance.

However, firms struggle with ESG data management, with over 70% using an ad hoc or decentralized approach. Handling evolving ESG data content, managing multiple vendor data feeds, and aligning ESG content with existing data are major challenges. The preferred technical delivery option for ESG data is the cloud (85%).

The survey highlights the need for integrating ESG data from various sources efficiently. Bloomberg offers solutions to streamline data acquisition, management, and distribution for better ESG investment decision-making. Firms prioritize technical scalability and data transparency while waiting for ESG data to become an integral part of mainstream financial workflows. Bloomberg provides access to ESG data, research, and analytics for over 15,000 global companies and 474,000 securities.

<https://esgnews.com/bloomberg-survey-reveals-increasing-demand-for-esg-data-but-data-management-challenges-persist/>

## Morgan Stanley Approaches \$1 Trillion Target for Sustainable Investments, Allocates \$700 Billion to Green Initiatives

*ESG News, 7th August 2023*

Morgan Stanley is making significant strides in fulfilling its commitment to finance sustainable and low-carbon investments, with progress approaching two-thirds of its ambitious \$1 trillion target by the end of the decade. Their recent ESG report reveals they have already allocated a substantial \$700 billion in financing, with over \$550 billion dedicated to green initiatives. These funds have been channeled into diverse areas, including clean energy, carbon removal, and social housing, involving multiple divisions within the bank.

Notably, major banks like Morgan Stanley, Goldman Sachs, and Citigroup are recognizing the importance of channeling substantial financial resources into clean energy and sustainable projects as part of their efforts to combat climate change and reduce emissions. While the amounts pledged are significant and commendable, critics argue that they may not suffice to fully transition the global economy away from fossil fuels and address all sustainability objectives comprehensively.

Nevertheless, the financial sector's heightened focus on sustainable finance signals a growing awareness and commitment to playing a pivotal role in fostering a greener and more sustainable future. Morgan Stanley's progress underscores the industry's dedication to aligning financial investments with environmental and social goals, though there is room for further action to tackle the urgent challenges of climate change and sustainability.

<https://esgnews.com/morgan-stanley-reaches-70-of-1-trillion-esg-funding-goal/>



## IFC, Cultivo, Aspiration and Chia Network Launch Carbon Opportunities Fund to Revolutionize Carbon Credit Trading

*ESG News, 17th August 2023*

The International Finance Corporation (IFC), in partnership with Cultivo, Aspiration, and Chia Network, has introduced the Carbon Opportunities Fund, a global investment platform. This platform aims to raise private capital for sourcing, tokenizing, and selling high-quality, verified carbon credits. It seeks to promote investments in voluntary carbon markets and facilitate access to funding for nature-based projects adhering to international standards. Utilizing innovative technologies, it will identify, monitor, evaluate, and tokenize these carbon credits. The collaboration aims to standardize carbon credits from emerging markets, aiding climate change mitigation. Cultivo's data-driven technology will identify suitable nature-based projects, with Aspiration advising on project selection. Tokenized carbon credits will be tracked on Chia's public blockchain via the World Bank's Climate Warehouse, ensuring transparency and integrity.

This initiative aims to combat climate change and generate sustainable income for local communities in emerging markets, protecting vital ecosystems. Aspiration, an anchor investor, brings its experience in global carbon credit investments to help scale voluntary carbon markets. The project reflects a significant innovation in sustainable carbon finance, with Chia Network providing a secure blockchain infrastructure.

<https://esgnews.com/world-bank-groups-ifc-cultivo-aspiration-and-chia-launch-carbon-opportunities-fund-to-issue-tokenized-carbon-credits/>



## Bangladesh and World Bank Launch \$300 Million EARN Project to Empower Rural Youth

*ESG News, 28th August 2023*

Bangladesh and the World Bank have signed a \$300 million financing agreement to empower approximately 900,000 economically disengaged rural youth, with a focus on females, by providing them with the necessary skills and alternative education for employment and entrepreneurship.

The Economic Acceleration and Resilience for NEET (EARN) Project aims to remove barriers preventing disadvantaged youth from accessing education and employment opportunities. It will establish vocational training centers, offer online and offline courses in market-driven trades, and provide mentorship and financing support for entrepreneurship. The project will also assist secondary school dropouts, especially girls, in completing vocational secondary education and accessing diploma-level technical programs. Additionally, it will raise awareness, offer incentives, and provide psychosocial support to youth. The funding comes from the World Bank's International Development Association (IDA) and has a 30-year term.

This initiative underscores the pivotal role sustainable finance plays in transforming societies, particularly by addressing the pressing issue of youth unemployment and fostering gender equality.

<https://esgnews.com/world-bank-sign-300m-in-financing-to-empower-900000-rural-youth-in-bangladesh/>



## Germany boosts Climate and Semiconductor Funding by €20 Billion, accelerating Green Transition and Tech Competitiveness

*ESG News, 7th August 2023*

Germany is set to increase its funding for climate-protection measures and semiconductor production by approximately €20 billion, raising the total to over €200 billion. Chancellor Olaf Scholz and his cabinet are expected to approve this additional funding, which will cover the period through 2027. The majority of the money will be allocated to climate initiatives within the Climate and Transformation Fund. These include sustainable building renovations, subsidies for replacing fossil-fuel heating systems, and expanding the hydrogen infrastructure. This move reflects the broader European trend of accelerating emissions reductions to meet ambitious climate targets. Additionally, funds will be used to attract semiconductor manufacturers to Germany and enhance the rail network. The fund operates independently, helping support Germany's green transition while adhering to fiscal limits. It's financed through its own reserves and income, partly sourced from European emissions trading and Germany's carbon price, which is set to increase next year.

This article underscores the urgency of lowering carbon emissions and the critical importance of meeting climate targets through sustainable finance, emphasizing governments' commitment to allocate substantial resources for green initiatives while fostering economic growth.

<https://esgnews.com/germany-to-boost-climate-and-transformation-fund-to-more-than-e200-billion/>

## IFC's \$11.5 Billion Investment Fuels Africa's Sustainability Drive and Economic Resilience

*ESG News, 28th August 2023*

In the fiscal year 2023, the International Finance Corporation (IFC) made a historic investment of \$11.5 billion across 40 African countries, marking its largest annual commitment to the continent. This substantial funding aimed to address crucial priorities such as advancing Africa's energy transition, promoting sustainable manufacturing, enhancing intra-Africa trade, supporting small enterprises, and bolstering local food production, even in conflict-prone regions.

The allocation included significant contributions to trade financing, green energy initiatives, small business growth, and digital connectivity expansion. Notably, 40 percent of the funding was dedicated to climate projects, reflecting a growing commitment to climate action. IFC also played a vital role in advisory services, infrastructure development, and gender equality, further underlining its dedication to fostering sustainable development and economic resilience in Africa.

IFC's record investment in Africa in 2023 demonstrates the pivotal role sustainable finance plays in driving inclusive development, fostering green transitions, and empowering vulnerable communities across the continent.

<https://esgnews.com/ifc-invests-record-11-5-billion-for-africas-green-transition-and-job-creation/>

## Climate Inaction could impact Global Credit Scores and Corporate Debt

*The Economic Times, 7th August 2023*

A study led by the University of East Anglia (UEA) and the University of Cambridge reveals that 59 nations could face higher debt-servicing costs in the next decade due to a failure to curb carbon emissions. China, India, the US, and Canada are among those expecting credit score declines by two notches in a "climate-adjusted" ratings system. The research warns that delaying green investments will lead to higher borrowing costs for nations, ultimately impacting corporate debt expenses. Rising debt costs are just one aspect of the economic damage caused by climate change, with recent heat waves alone estimated to have reduced global output by 0.6%.

Ratings agencies, which have been cautious about quantifying climate risks, might need to reconsider their approach. The study combines AI models with climate economic models and natural disaster risk assessments to create new ratings for different climate scenarios. In a worst-case scenario, global debt-servicing costs could rise to hundreds of billions of dollars if high emissions continue through the century. Even nations with high credit scores could face severe downgrades simply because they have more to lose.

This study highlights the critical lesson that swift action to combat climate change is essential to protect economies from rising debt costs. It emphasizes the importance of prioritizing sustainability to safeguard financial stability.

<https://economictimes.indiatimes.com/small-biz/sustainability/climate-change-puts-sovereigns-at-downgrade-risk-study-finds/articleshow/102488201.cms>



## China's Carbon Price Hits Record High of 70 Yuan (\$9.68) per Ton, Accelerating Push Toward Sustainable Energy

*The Economic Times, 12th August 2023*

China's carbon price hit a new high as it reached 70 yuan (\$9.68) per ton on 11th August 2023 on the national exchange, driven by government efforts to encourage power generators to obtain sufficient permits. The price surged 6% during the week, with trading volumes also increasing by 19% compared to the previous week, reaching nearly 225,000 tons. China's carbon market has seen a steady rise in prices since hitting a low of 50.52 yuan per ton in April. Beijing has been gradually tightening the supply of permits and aims to have 95% of the annual target met by November 15, increasing market activity as companies seek to cover their emissions. State-owned power firm China Huadian Corp. has already secured enough permits, setting an example for other market participants.

As China's carbon price continues to rise, it highlights the increasing cost disparity between carbon-intensive non-renewable energy sources and cleaner alternatives, further incentivizing the transition to sustainable energy solutions in the era of climate change.

<https://economictimes.indiatimes.com/small-biz/sustainability/chinas-carbon-price-hits-record-as-polluters-rush-for-permits/articleshow/102668085.cms>



## European Commission Adopts Sustainability Reporting Standards to Promote Sustainable Finance and Global Alignment

*Eureporter, 2nd August 2023*

The European Commission has adopted the European Sustainability Reporting Standards (ESRS) for companies subject to the Corporate Sustainability Reporting Directive (CSRD), advancing the EU's transition to a sustainable economy. ESRS covers environmental, social, and governance aspects, including climate change, biodiversity, and human rights. These standards provide investors with insights into the sustainability impacts of their invested companies.

Financial Services, Financial Stability, and Capital Markets Union Commissioner Mairead McGuinness noted that these standards strike a balance between reducing reporting burdens on companies while enabling them to demonstrate their alignment with the Green Deal Agenda, enhancing their access to sustainable finance.

The implementation of reporting requirements will be phased in gradually for different companies. Moreover, ESRS considers input from the International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI) to ensure a high degree of compatibility between EU and global standards, preventing unnecessary duplicate reporting by companies. This move promotes international alignment and facilitates smoother reporting processes for companies operating on a global scale.

<https://www.eureporter.co/politics/european-commission/2023/08/02/sustainable-finance-commission-adopts-the-european-sustainability-reporting-standards/>



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