

**SECTORAL**

**UPDATES**

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## Barclays Report: Global ESG bonds thrive in 2023, outshining equity funds

*Pensions&Investment, 8th January, 2024*

Barclays' research has revealed the resilience of Global ESG bonds in 2023, outperforming ESG equity funds. Despite weaker inflows into ESG equity funds compared to bonds, ESG bond flows increased to \$31 billion from 2022's \$21 billion, representing 6.1% of total fund universe assets under management by 2023. In contrast, ESG equity funds saw limited success with \$17 billion inflows, the lowest since 2017. Notably, U.S. ESG funds experienced \$7 billion outflows.

However, Japan showed increased inflows, while Europe and emerging markets had positive flows. ESG bond issuance is expected to reach \$825 billion in 2024, focusing on green bonds addressing emissions, despite a corporate ESG bond issuance drop of 8% in 2023, primarily due to fewer U.S. issuers.

<https://www.pionline.com/esg/esg-bonds-hold-steady-2023-barclays>

## S&P Dow Jones introduces new SDG focused indices

*S&P Global, 9th January, 2024*

S&P Dow Jones Indices has introduced two SDG-focused indices—S&P 500 SDG Index and S&P Global LargeMidCap SDG Index—to gauge companies' alignment with the UN's Sustainable Development Goals (SDGs). These indices don't prioritize financial materiality but assess companies' societal and environmental impact. Leveraging data from Impact Cubed, the indices track companies' revenue-generating activities and operational practices related to SDGs.

Jas Duhra, S&P DJI's Global Head of Sustainability Indices, highlights the indices' use of S&P 500 and S&P Global Large MidCap Index as underlying benchmarks. The approach offers a comprehensive gauge of companies' sustainability efforts beyond traditional financial metrics.

<https://press.spglobal.com/2024-01-09-S-P-Dow-Jones-Indices-Introduces-Two-New-Benchmarks-to-Measure-Companies-Alignment-with-the-United-Nations-Sustainable-Development-Goals-SDG>

## European Parliament Delays Corporate Sustainability Reporting Directive Implementation

*Forbes, 24th January, 2024*

The European Parliament's Legal Affairs Committee approved a proposal on January 24 to postpone the full implementation of the Corporate Sustainability Reporting Directive (CSRD) by two years. This delay affects the adoption of sector-specific sustainability disclosure standards and reporting obligations for non-EU companies, now scheduled for 2026.

While the ESRS encompass environmental, social, and governance reporting requirements, the delay also impacts the adoption of International Financial Reporting Standards Foundation's Sustainability Disclosure Standards. Sector-specific standards, intended to subdivide the ESRS by industry, faced delays prompting the EU to instruct postponement. European Commission President Ursula von der Leyen advocated for a reduction in reporting obligations for SMEs in September 2023, hinting at impending delays and scope reductions.

Further adjustments to the CSRD, particularly regarding SMEs, are anticipated amid ongoing political and legal debates surrounding ESG reporting.

<https://www.forbes.com/sites/jonmcgowan/2024/01/24/eu-moves-to-delay-esg-sustainable-reporting-requirements-until-2026/?sh=3e83c55823ff>



## SBI to raise \$250 million via Green Bonds to fund sustainable projects

*Moneycontrol, 4th January, 2024*

State Bank of India (SBI) has raised USD 250 million through Green Notes issuance for sustainable projects, as a part of its USD 10 billion medium-term note programme. The notes will mature on December 29, 2028, with a floating rate of 1.20% above Secured Overnight Financing Rate, listed on the India International Exchange.

Proceeds from these issuances, will fund eligible green projects under SBI's ESG Financing Framework, aligning with its commitment to sustainability.

SBI Chairman Dinesh Khara has emphasized the bank's dedication to environmental impact, highlighting green banking as a priority. The issuance aligns with SBI's ESG framework, marking a step towards developing a green portfolio.

<https://www.moneycontrol.com/news/business/sbi-raises-250-mn-via-green-bonds-to-fund-sustainable-projects-12001091.html>



## SUSTAINABLE FINANCE

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# BII and ADB Partner to Bridge Trade Finance Gap for Green Initiatives in Asia-Pacific

*Asian Development Bank, 18th January, 2024*

British International Investment (BII) and the Asian Development Bank (ADB) have joined forces to finance up to \$100 million of green trade transactions in Asia. Managed through ADB's Trade and Supply Chain Finance Program, this partnership focuses on renewable energy, energy efficiency, and climate-smart agriculture to bolster the region's clean energy transition. With South and South-East Asia facing climate vulnerabilities, enabling renewable energy development and its supply chain is paramount.

This collaboration aims to address the global trade finance gap, supporting local importers of solar panels, wind turbines, electric vehicles, and agricultural goods, starting with Vietnam.

<https://www.pionline.com/esg/esg-bonds-hold-steady-2023-barclays>

## Seatrium Secures SGD 500 Million Loan, Bolsters Sustainable Financing Portfolio

*TradeWinds News, 2nd January, 2024*

Seatrium, a Singapore-based yard group, has significantly bolstered its financial position by securing a SGD 500 million committed revolving credit loan facility (RCF) arranged by DBS Bank, HSBC, and Standard Chartered Bank. This latest loan brings Seatrium's secured green trade finance and sustainability-linked loans to over SGD 2 billion (\$1.5 billion), reflecting a strong commitment to sustainable financing.

Seatrium's sustainability efforts align with its ambitious targets outlined in the Sustainability Vision 2030. The company aims to achieve 40% of its net order book from renewable and cleaner solutions while simultaneously reducing greenhouse gas emissions by 40% by 2030.

The maritime industry's transition towards sustainability presents both challenges and opportunities, and Seatrium is at the forefront of driving positive change in the sector. By securing substantial green financing, Seatrium reinforces its position as a pioneer in sustainable business practices within the maritime industry.

<https://www.tradewindsnews.com/finance/seatrium-takes-green-finance-raised-to-over-1-5bn-with-latest-facility/2-1-1577642>



## EU's clean energy surge: A pathway to emission reduction and economic resilience

*Earth.org, 25th January, 2024*

A recent report highlights a significant 8% drop in carbon dioxide (CO<sub>2</sub>) emissions across the European Union (EU) due to the rapid expansion of clean energy, particularly solar and wind, coupled with decreased electricity demand. This decline, unseen since the early 1960s, is the second-largest year-to-year decrease, with over half attributed to renewable energy growth and a reduction in coal usage, partially driven by geopolitical tensions. Fossil fuels contributed only 33% of electricity in the first half of 2023, the lowest-ever share, in line with the EU's renewable targets for 2030.

Levi of CREA emphasized the need for more action to phase out fossil fuels and mitigate reliance on petrostates like Russia. However, achieving the EU's mid-century net-zero target would require substantial investments, yet the costs of inaction far outweigh these expenses, as highlighted by potential savings outlined by the Paris Agreement. Europe's urgency stems from being the world's fastest-warming continent, facing twice the rate of warming compared to other continents since the 1980s, according to the World Meteorological Organization (WMO).

<https://earth.org/eu-co2-emissions-in-2023-hit-60-year-low-amid-clean-energy-expansion/>



## Affirma Capital, Norfund, and KLP Invest \$145M in Zambia's Copperbelt Energy Corporation for Renewable Energy Expansion

*Creamers media, 8th January, 2024*

Affirma Capital, Norfund, and Norwegian pension fund KLP have collectively invested \$145 million in Zambia's Copperbelt Energy Corporation (CEC) to bolster its role in Africa's decarbonization efforts. The investment aims to enhance CEC's leadership in renewable energy, expand its transmission infrastructure, and extend power access in Zambia and the Democratic Republic of Congo (DRC). CEC, a key player in power distribution to mines in Zambia and the DRC, operates transmission for Zambia's power utility and engages in electricity trading across Southern Africa.

Affirma Capital, a longstanding investor in CEC, sees this investment as a testament to private equity's potential for long-term partnerships in African businesses. Since 2014, Affirma Capital's involvement has led to significant growth and infrastructure development at CEC, including solar projects and debt reduction, positioning it as a leading energy company in Africa.

<https://www.engineeringnews.co.za/article/affirma-norfund-and-klp-provide-145m-for-cec-to-build-additional-capacity-2024-01-08>

## Climate's impact on agriculture worsens gender inequities

*Asian scientist, 10th January, 2024*

A study in *Frontiers in Sustainable Food Systems* introduced a method to identify climate-agriculture-gender inequality hotspots, focusing on low- and middle-income countries. South Asia and Africa are particularly at risk, with Pakistan, Bangladesh, Mali, and Zambia showing notable vulnerabilities.

The study underscores the need for better policymaking informed by hotspot mapping, especially in resource-constrained settings. Southeast Asia, a climate-vulnerable region, requires enhanced data collection efforts to refine hotspot mapping, acknowledging the critical yet often overlooked role of women in agriculture and addressing structural inequalities.

<https://www.asianscientist.com/2024/01/environment/climates-impact-on-agriculture-worsens-gender-inequities/>



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