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Four southeast Asian stock exchanges agree to build joint ESG ecosystem

Fintech News Singapore, 19th February 2024

Bursa Malaysia, Indonesia Stock Exchange, the Stock Exchange of Thailand, and Singapore Exchange have come together form the ASEAN Interconnected Sustainability Ecosystem (ASEAN-ISE). By facilitating the integration of common ESG metrics into their data systems, this initiative aims to promote sustainable development within the ASEAN region.

Bursa Malaysia has taken on the role of the ASEAN-ISE Secretariat to oversee the initiative's implementation, as it seeks to create an integrated ESG ecosystem to support sustainable development, enable cost efficiencies and quicker market access for participating exchanges, and help ESG-compliant companies enhance their business value through improved disclosures. The participating exchanges have committed to adopt the ASEAN Exchanges Common ESG Metrics in their ESG reporting practices and are set to finalise details of the implementation at the 37th ASEAN Exchanges CEOs meeting scheduled for July 2024 in Malaysia.

<https://fintechnews.sg/86802/malaysia/four-southeast-asian-stock-exchanges-agree-to-build-joint-esg-ecosystem/>

England brings in biodiversity rules to force builders to compensate for loss of nature

The Guardian, 12th February 2024

England is set to launch a biodiversity credit scheme that attempts to force all new road and housebuilding projects to benefit nature, rather than damage it. The requirement becomes law under the Town and Country Planning Act on 12th February for larger sites, and on 2nd April 2024 for smaller sites. The government has a target of building 300,000 new homes a year by the mid-2020s. Land affected by those developments must be compensated for under the new rules.

The scheme implies that all new building projects must achieve a 10% net gain in biodiversity or habitat. To ensure this, developers must avoid loss of habitat on land they are developing or create habitat on the same site or another. The scheme also allows the purchase of credits in the event that habitat conservation is infeasible.

1. <https://www.theguardian.com/environment/2024/feb/12/england-brings-in-biodiversity-net-gain-rules-to-force-builders-to-compensate-for-loss-of-nature>

2. <https://constructionmanagement.co.uk/biodiversity-net-gain-guidance-for-developers-issued/>

EU pushes back deadline for ESG reporting to 2026

Oilprice, 8th February 2024

The European Parliament and the Council of Europe agreed to postpone the entry into effect of sustainability reporting requirements by two years for certain industries and non-EU companies. Originally, the new standards were supposed to come into effect this June, but this has now been delayed to June 2026 to make it easier for companies to comply.

The EU's Corporate Sustainability Reporting Directive requires listed businesses to disclose on risks, opportunities and impacts from social and environmental issues to help investors, civil society, consumers and stakeholders to evaluate the green and social quotient of their activities. Over and above the relaxation for CSRD's entry into effect, the European Union also reached an agreement on regulating ESG ratings providers to ensure that ratings reflect actual performance.

<https://oilprice.com/Latest-Energy-News/World-News/EU-Pushes-Back-Deadline-for-ESG-Reporting-to-2026.html>

GRI launches sustainability reporting standard for mining sector

ESG Today, 5th February 2024

The new standard GRI 14: Mining Sector 2024, is the fourth in a series of planned sector reporting standards by the GRI. The new mining standard addresses 25 topics that are likely material for the sector, including critical themes such as emissions, waste, human rights to land, resource rights, climate change, anti-corruption and community engagement. It includes 3 additional topics that may not have been addressed by the GRI earlier-tailings management, artisanal and small-scale mining, and operating in conflict zones.

The new standard responds to broad stakeholder demand for transparency into the mining sector's impacts and contributions towards sustainability. The standard was developed by an independent group of stakeholders across businesses, investors, labour groups, civil society. It also incorporates expectations from responsible mining guidance and relevant standards, with inputs from the Extractive Industries Transparency Initiative (EITI), Initiative for Responsible Mining Assurance (IRMA), International Council on Mining and Metals (ICMM), Copper Mark, the OECD, and Global Industry Standard on Tailings Management (GISTM).

<https://www.esgtoday.com/gri-launches-sustainability-reporting-standard-for-mining-sector/>

Deutsche Bank Advances Sustainability with New Finance Framework

ESG Today, 27th February 2024

Deutsche bank announced the release of its new Sustainable Finance Framework, which outlines methodologies and procedures used by the bank to deem financial products and transactions as sustainable. This framework follows its initial release in July 2020 which responded to the bank's commitment to target to grow its sustainable financing and portfolio of ESG investments under management to over €200 billion by the end of 2025. With multiple revisions to the goal, the bank now targets €500 billion of sustainable financing and investment volumes between 2020 and 2025.

Eligibility criteria for sustainable finance and investments under the framework for activities classified as environmentally sustainable are based on the six guiding objectives of the EU taxonomy which include climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

<https://www.esgtoday.com/deutsche-bank-releases-new-framework-to-classify-sustainable-finance-and-inv>



World's first sovereign transition bonds make their debut in Japan

The Banker, 23rd February 2024

Japan auctioned sovereign climate transition bonds, with its two tranches auctioned on February 14th and 27th respectively. Another 1.4 trillion yen worth of transition bonds are set to be issued in the next fiscal. This marks the first in the Japanese PM's plan to sell 20 trillion yen of climate bonds over the next decade to help the nation with its goal of cutting greenhouse gases to zero by 2050.

The bond's use of proceeds has been verified by the Japan Credit Rating Agency to be 95% aligned with the standards of the Climate Bonds Initiative. Over 55% of the bond proceeds are allocated as support to research and development initiatives aligned with Japanese efforts to limit temperature rise to 1.5 C. This includes projects around low-cost wind power generation and use of alternative fuels in airplanes.

1.<https://www.thebanker.com/World-s-first-sovereign-climate-transition-bond-a-significant-milestone-1708680075>

2.<https://www.reuters.com/sustainability/climate-energy/tokyo-worlds-first-sovereign-transition-bonds-make-their-debut-2024-02-14/>

Philippine central bank launches sustainable finance taxonomy

Asian banking and finance, 22nd February 2024

The Central Bank of the Philippines (BSP) approved the use of a new sustainable finance taxonomy for banks. Banks could use the Philippine Sustainable Taxonomy Guidelines (STFG) to identify whether an economic activity was environmentally and socially sustainable and guide their funding appropriately.

The taxonomy would provide banks with a simplified approach to assess the economic activities of the micro, small and medium-sized. BSP's announcement also emphasized that an observation period is set until the end of 2024 for banks to familiarize with the principles of the taxonomy. The present version of the taxonomy focuses on two environmental objectives of climate change mitigation and adaptation. Future iterations of the taxonomy are likely to include biodiversity and circular economy within its scope.

1. <https://asianbankingandfinance.net/retail-banking/news/bsp-okays-adoption-sustainable-finance-taxonomy-guidelines>

2. <https://www.centralbanking.com/central-banks/financial-market-infrastructure/7960882/philippine-central-bank-launches-sustainable-finance-taxonomy>



Indian central bank releases draft disclosure framework for banks to address climate risks

Reuters, 28th February 2024

The RBI released a draft standard disclosure framework on climate-related financial risks for regulated entities. The disclosure framework is applicable to all scheduled commercial banks, financial institutions, and larger non-banking financial companies from fiscal 2026.

The regulated entities are required to explain the governance processes, controls and procedures used in the identification, assessment, management and monitoring of climate-related financial risks and opportunities. While disclosures regarding governance, strategy and risk management would be applicable starting the 2026 fiscal, metrics and targets would have to be specified from fiscal 2028 onwards.

<https://www.reuters.com/world/india/india-cenbank-releases-draft-disclosure-framework-banks-address-climate-risks-2024-02-28/>

Goa to be first state to get World Bank climate fund

Times of India, 20th February 2024

A delegation from the World Bank participated in talks with the Goan state government to set up the first sub-national climate resilient green fund to address Goa's impetus towards adoption of renewable energy.

The blended finance scheme will see the World Bank pooling resources with NABARD, SIDBI and Power Finance Corporation, among others with the aim of bringing down the cost of lending for green initiatives taken up by state and MSMEs in Goa. Once operational and overseen by a project management unit, the state would submit proposals to source funds for carbon and climate-resilient investments.

<https://timesofindia.indiatimes.com/city/goa/goa-to-be-1st-state-to-get-world-bank-climate-fund/articleshow/107842075.cms>

Council and parliament agree to establish an EU carbon removals certification framework

Press release, council of the EU, 20th February 2024

Aimed at facilitating and speeding up the deployment of high-quality carbon removal and soil emission reduction activities in the EU, the Council and European Parliament negotiators reached a provisional political agreement on a regulation to establish the first EU-level certification framework for carbon removals. Once entered into force, the regulation will be the primary step towards introducing a comprehensive carbon removal and soil emission reduction framework in EU legislation and contribute to the EU's ambitious goal of reaching climate neutrality by 2050.

The regulation would cover four principle carbon removal and emission reduction activities of permanent carbon removal, temporary carbon storage in long-lasting products, temporary carbon storage from carbon farming and soil emission reduction. Activities that do not result in carbon removals or soil emission reductions, such as avoided deforestation or renewable energy projects, are not included in the scope of the regulation.

<https://www.consilium.europa.eu/en/press/press-releases/2024/02/20/climate-action-council-and-parliament-agree-to-establish-an-eu-carbon-removals-certification-framework/>



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