



This week, we identified the following events of significance within sustainability and their respective business implications.



REGULATORY

1. The **European Council** and the **European Parliament** agreed on a directive to **promote increased gender balance on the companies' boards**. The move is targeting at least 40% of non-executive director positions, and 33% of all board positions, with the underrepresented gender by 2026. The agreement was finally reached 10 years after the European Commission's first proposal of such a directive.



- Companies that fall short of the target will be bound to apply transparent and gender-neutral criteria to fix the problem. Those companies must also prioritize the underrepresented sex if two candidates of different sexes are equally qualified. Member states will also have to set up a penalty system for companies failing to comply with the rules.
- Today, only nine out of 27 member states have national legislation regarding gender equality on boards, according to the European Commission. The share of women on the boards of the largest publicly listed companies in the EU had increased to 31.3%, from 11.9% in 2010, according to the European Institute for Gender Equality. Nevertheless, 7 out of 10 people sitting on company boards are men.



2. The **European Parliament** lawmakers voted to support an effective European Union **ban on the sale of new petrol and diesel cars from 2035**. Attempts by some lawmakers to weaken the 100% target to a 90% carbon emissions cut by 2035 were rejected. The aim is to speed Europe's shift to electric vehicles and embolden carmakers to invest heavily in electrification, aided by another EU law that will require countries to install millions of vehicle chargers.

- Carmakers including Ford and Volvo have publicly supported the EU plan to stop combustion engine car sales by 2035, while others, including Volkswagen, aim to stop selling combustion engine cars in Europe by that date.
- Electric cars and plug-in hybrid vehicles made up 18% of new passenger cars sold in the EU last year, although overall car sales dropped in the year amid semiconductor shortages, according to the European Automobile Manufacturers' Association. Transport produces a quarter of Europe's planet-heating emissions, and greenhouse gases from the sector have increased in recent years.



3. The International Renewable Energy Agency (IRENA) and the Regional Center for Renewable Energy and Energy Efficiency (RCREEE) agreed to strengthen their collaboration on scaling up renewable energy deployment in the Middle East and North Africa region.

- Under the agreement, IRENA and RCREEE will partner on regional dialogues and initiatives that address the challenges, needs, and opportunities of a renewables-based energy transition in MENA countries. The agencies will also share knowledge and cooperate on building capacity in MENA countries particularly through enabling policy and regulatory frameworks that can accelerate renewable energy adoption.
- Since 2015, IRENA and RCREEE have been strategic partners working closely on multiple joint initiatives such as the Pan-Arab Clean Energy Initiative (PACE) which identified a series of actions to increase renewable energy investments in the region. Through the new agreement, the agencies will introduce new areas of cooperation and adapt existing collaborative activities to recent challenges facing the development of the region's renewable energy.



RESEARCH

1. The Organisation for Economic Co-operation and Development (OECD) issued a report calling for increased taxation of single use plastics and increased incentives for recycling capacity. In the absence of significantly more stringent, ambitious and coordinated action, the global community is far from achieving its long-term objective of ending plastic pollution.



- At current rates, global plastics use could triple from 460 metric tonnes in 2019 to 1,231 metric tonnes by 2060. In comparison, the report noted that recycled plastics are projected to make up just 12% of total plastics use by 2060, compared to a share of 6% in 2019.
- Without further policy intervention, plastic waste is also projected to triple from 353 metric tonnes in 2019 to 1,014 metric tonnes in 2060. Up to 493 metric tonnes in plastics will have accumulated in aquatic environments, such as rivers, lakes and seas, by 2060 – a sharp increase from the 140 metric tonnes recorded in 2019.



2. Accenture published a report which found that technology integration is a missing ingredient for companies to meet their ESG ambitions. Accenture surveyed 560 executives from companies with revenues over \$1 billion, including Chief Information Officers (CIOs), Chief Technology Officers (CTOs), Chief Sustainability Officers (CSOs), and directors or VPs directly reporting to them.

- While the executives surveyed were unanimous in their views on the importance of technology to the achievement of their businesses' sustainability goals, the study indicated that only 7% of companies have fully integrated their business, technology and sustainability strategies.
- The report examined technology categories that contribute to the achievement of sustainability goals. On the climate front, artificial intelligence (AI) was found to be particularly useful, with 70% of companies that have successfully reduced emissions in production and operations, and 75% who have increased transparency in the measurement and disclosure of carbon footprint reporting using AI to achieve their targets.



3. The European Space Agency (ESA) released a [report](#) which highlights a massive methane leak in the Gulf of Mexico's oil field. This is the first time that individual methane plumes from oil & gas offshore platforms are mapped from space to assess its environmental negative implications.

- The report found that last December, the platform released high volumes of methane during a 17-day ultra-emission event which amounted to approximately 40 000 tonnes of methane released into the atmosphere. These emissions are equivalent to around 3% of Mexico's annual oil and gas emissions and this single event would have a similar magnitude to the entire regional annual emissions from Mexico's offshore region.
- Methane is the second most abundant anthropogenic greenhouse gas after carbon dioxide yet is more than 25 times as potent as carbon dioxide at trapping heat in the atmosphere, within a 100-year time period. The mitigation of methane emissions from fossil fuel extraction, processing and transport is one of the most effective ways to slow global warming.



COMMERCIAL

1. Masdar City and Dana signed an agreement to [advance food security in the UAE](#) by supporting start-ups in developing ways to combat food security issues and hasten the growth of the agritech sector. The initiative is in line with the country's National Food Security Strategy 2051 as it will boost local production, enable sustainable food production through modern technologies, and diversification of food sources.



- Both companies will build their first Abu Dhabi-based beta site in Masdar City, a hub for the enhancement of the agritech sector where innovation and technology led by women represent a combination aimed for long-term sustainability and success. The facility will promote local innovation and provide a next-generation platform for start-ups to showcase the potential of their homegrown agri-food solutions ahead of market entry.
- The project will also ensure companies from the UAE and wider MENA region have the infrastructure and guidance required to overcome food security challenges and resource scarcity in desert locations. The gender balance is driven by Dana which was founded by three women about two years ago and has served as a venture builder and investment platform that supports female-led start-ups in the agritech, energy, water and circular economy sectors.

2. Dubai Electricity and Water Authority (DEWA) will build 3 water reservoirs worth AED550 million to [increase the storage capacity of desalinated water and enhance water security in Dubai](#). The water reservoirs will include one in the Nakhali area with a storage capacity of 120 MIG and investments totalling

AED287.8 million, one in the Lusaily area with a storage capacity of 60 MIG and investments totalling AED175.4 million, and one in Hatta with a storage capacity of 30 MIG and investments totalling AED86 million.

- In 1992, DEWA's production capacity of desalinated water was 65 MIGD. Today it has increased to 490 MIGD. DEWA's R&D efforts and the latest global technologies reduced losses in its water transmission and distribution networks from more than 42% in 1988 to 5.3% in 2021, one of the lowest worldwide.
- Water security is a national priority for the UAE and is one of the seven strategic sectors of the National Innovation Strategy. The UAE Water Security Strategy 2036 aims to ensure sustainable access to water during both normal and emergency conditions and address future water security challenges. The Dubai Integrated Water Resource Management Strategy 2030 focuses on enhancing water resources and using cutting-edge technologies and innovative solution.



3. BNP Paribas and the Danish fintech **Matter** launched a data solution aimed at [enabling investors to analyse companies' revenue alignment with the 17 UN Sustainable Development Goals \(SDGs\)](#). The [SDG Fundamentals](#) dataset aims to reduce the funding gap which remains between current investments in companies aligned to the SDGs and what is necessary to meet the 2030 targets set by them. It provides investors with a framework to understand the extent of the alignment of a company's revenue streams with individual SDGs and targets, as well as across multiple SDGs and targets.



- The data covers more than 50,000 issuers, providing insights into their alignment and misalignment with the SDGs through an analysis of their products and services. It can assist investors in enriching their approach to sustainability analysis in four ways: integration, regulatory compliance, stewardship & exclusion purposes, and portfolio construction & reporting.
- Understanding the extent to which companies' core business revenues are aligned to the Sustainable Development Goals, and by extension have the potential to contribute to real-world sustainable outcomes, was flagged by both companies as the next frontier of sustainability analysis. Nevertheless, this type of analysis continues to be hampered by a lack of granular and standardized corporate sustainability disclosures and data.

