



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



## REGULATORY

1. The **United Kingdom High Court** ordered the **British government to provide details of the plans to reach net-zero targets**. The ruling stated that the UK government's climate strategy did not provide sufficient detail in its intention to reach net zero emissions and demanded a detail plan to be published by the end of March 2023.



- In cases brought by environmental and legal campaign groups Friends of the Earth, ClientEarth and Good Law Project, the organizations argued that the government's strategy left out key details on how the climate targets would be achieved, particularly relating to the quantifiable actions each of the policies outlined would contribute to meeting the carbon budgets.
- The U.K. High Court ruling is in line with several of the organization's claims, noting that the strategy presented left out vital components, including the quantitative effects of individual policies, along with qualitative details regarding policies the strategy relied upon to make up a 5% shortfall revealed in the most recent carbon budget towards reaching its goals.



2. The **Financial Stability Board (FSB)** published the first annual progress report on the **roadmap for addressing financial risks from climate change**. The document takes stock of progress by standard-setting bodies (SSBs) and other international organisations on the actions coordinated through the roadmap. The FSB published the roadmap last July to address climate-related financial risks, endorsed by G20 Finance Ministers and Central Bank Governors.

- Encouraging progress has been made across four blocks of the roadmap such as firm-level disclosures, data, vulnerabilities analysis, regulatory and supervisory practices, and tools, according to the report. Nevertheless, understanding of the financial risks arising from climate change and the policy approaches needed to address them, remains at an early stage.
- The document highlighted that the work to strengthen the comparability, consistency and decision-usefulness of climate-related financial disclosures has moved forward rapidly. Also, efforts on systematically assessing and better understanding climate-related financial vulnerabilities have continued to progress along three strands such as ongoing monitoring, development of conceptual frameworks, and further development of scenario analysis.



**3. The Network for Greening the Financial System (NGFS) created a new [directory of climate-related information needs and sources](#) aimed at filling financial sector data gaps. The NGFS directory references 329 unique metric and methodology combinations, 1262 raw data items and 748 links to data sources based on the needs of the use cases drawn from stakeholders within the financial sector.**

- The structured and curated data repository is a practical product of the NGFS workstream set up in 2020 to fill data gaps. It is intended to help companies, financial institutions, regulators, and supervisors find the information they need to identify and manage climate-related risks and opportunities, while helping to overcome the established challenges of poor data availability and reliability.
- The new NGFS directory has a three-layered structure, under which use cases, metrics and raw data items are recorded and described in relation to each other. This organisation is based on NGFS classification of end users into seven main stakeholder categories and eight main use cases, defining the application of climate-related data. Use cases include financial stability monitoring, stress tests, scenario analysis and disclosures. Metrics include transition sensitivity, carbon and environmental footprints, and physical vulnerability.



## RESEARCH

**1. The GCC Board of Directors Institute (GCC BDI) released a [report](#) to better understand ESG maturity in the Gulf region and identify the opportunities and challenges organisations face while implementing their strategies.** ESG is mostly seen positively, largely due to the importance that GCC companies place on ESG's impact on their reputation, risk, and value. ESG strategy in the region has emerged largely as a reactive response to risk management, investor and stakeholder pressure.



- Most private companies are not reporting on their ESG goals, but more than half of listed companies are. ESG reporting of both public and private companies primarily takes the form of an annual ESG report separate from financial reporting, or an integrated annual sustainability report. GCC-based companies are still at the start-up phase of their journey on ESG and government policies around ESG are rapidly evolving and struggle to understand, surface, query, analyse and act upon their data.
- Companies are acting on ESG, but a lack of transparency and standardized metrics remain major points of friction. Private companies that report have comparatively lower transparency because they have a greater likelihood of internal measurement.



**2. Reuters** noted that the [global ESG bond issuance fell during the first half of 2022](#). The global issuance of bonds focused on environmental or social projects fell in the first half of the year as supranational issuers scaled back activity and broad market sentiment was hit by war in Ukraine and rising interest rates. Issuance of social, green or sustainability bonds fell 23% to \$428 billion in H1 2022 from H1 2021, against a 13% drop to \$4.7 trillion for the broader market, according to Refinitiv data.

- The biggest driver of the first-half fall was the social bonds issuance which posted a decline of 60% to \$55 billion. The decrease was driven in large part by lower issuance from supranational and government agencies. Issuance of green bonds, however, only dropped 6.3% to \$226.8 billion in the first half of 2022. The market for sustainability bonds saw issuance decreasing 26% to \$74.4 billion.
- Geographically, European issuers accounted for 52% of the total issuance of sustainable finance bonds, followed by Asia-Pacific's 24% and the United States' 19%. At company-level, Bank of America, HSBC and JPMorgan took the top-three spots for underwriting in the first half of 2022, Refinitiv data showed.



**3. The International Energy Agency (IEA)** published a [report](#) assessing how **nuclear energy could help address the world's two major crises: energy and climate**. Nuclear power has the potential to help the energy sector pivoting away from unabated fossil fuels faster, while ensuring energy security, the integration of higher shares of solar and wind power, and the emission reduction of greenhouse gas levels.

- A total of 32 countries have 439 nuclear energy reactors in operation. Nuclear power is the second largest source of low emissions power after hydropower. In 2020, nuclear energy represented about 10% of global electricity generation and still exceeded the total combined contribution of wind and solar photovoltaic generation worldwide, despite a massive growth in those renewable sources.
- The report provides several policy recommendations to the countries which choose to make use of nuclear power. IEA advises to extend plant lifetimes, to create financing frameworks to support new reactors, to promote efficient and effective safety regulation, to implement solutions for nuclear waste disposal, to accelerate the development and deployment of small modular reactors and to re-evaluate plans according to performance.



## COMMERCIAL

**1. Etihad Airways** was considered the [Environmental Airline of the Year 2022](#) in the annual Airline Ratings awards. The carrier aims to achieve a 20% reduction in emissions intensity in its passenger fleet by 2025, to cut 2019 net emissions by 50% by 2035, and to reach net-zero emissions by 2050.



- The airline recently published the Etihad Airways Sustainability Report, deemed by Airline Ratings as a benchmark for the airline industry, demonstrating the potential advancements to be made in sustainable aviation by a wide range of initiatives such as sustainable aviation fuels research, offsets, or reforestation.
- Etihad united industry leaders to create operational efficiencies and built the most comprehensive, cross organisational aviation sustainability initiative ever undertaken. An umbrella programme, now in its third year, which includes partnerships with Boeing, GE, Airbus and Rolls Royce, as well as a wide range of collaborations with pioneering new-technology organisations, academic researchers, smaller businesses, and start-ups.



**2. Emirates** flight catering unit launched the [world's biggest vertical farm in Dubai](#), a \$40 million (Dh147 million) joint venture with US-based Crop One. The hydroponic farm near Al Maktoum International Airport will produce more than a million kilos of greens annually with 95% less water than conventional farming.

- Using 95% less water than traditional farming and saving 250 million litres of water, the project named Bustanica will grow fresh products without pesticides, herbicides, or chemicals. The new farm is in line with the UAE's National Food Strategy 2051 agenda for reliable year-round crop production and stable supply chain that is independent of weather and attacks by pests or fungus.
- Vertical farming is a technique with a significantly smaller carbon footprint than traditional agriculture. This method grows plants using mineral nutrient solutions, in water and without soil. They are grown in a fully controlled environment from temperature, humidity, lighting, water, and nutrients to maximise growth and yield.



**3. Masdar** launched an online platform to [equip one million young people by 2030 with the knowledge and skills necessary to fight climate change](#). The Abu Dhabi renewable energy company's SkillUP platform harnesses the appeal of a gamified mobile app to engage young people in the fight against climate change by offering them opportunities to develop skills critical to achieving the United Nations' Sustainable Development Goals (SDGs).



- The online platform provides 42 hours of learning and engagement opportunities, from video presentations to information materials, activity sheets, and quizzes, all of which focus on more than 20 skills that are relevant to achieve the SDGs. Some focus areas include knowledge of science, technology, engineering, math, critical reasoning, digital fluency, innovative thinking, and new media literacy.
- The platform offers users guided lessons about each of the 17 SDGs. They can define SDG-related challenges in their daily lives and pitch workable solutions for their communities, schools, and workplaces. The initiative also hosts two year-long education and skill training programmes such as the Future Sustainability Leaders and the Sustainability Ambassadors schemes. In total, 25,144 students were engaged through the youth programs with a yearly average of 3,000 students.

