



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



REGULATORY

1. Abu Dhabi Department of Energy (DoE) introduced a [low-carbon hydrogen policy and a regulatory framework](#) to accelerate the UAE's national hydrogen strategy. The move aims to clearly define policies, regulations, standards, and certifications for the emerging hydrogen industry to be globally competitive. For the design of this regulatory framework, the DoE is working with stakeholders such as ADNOC, Mubadala, Masdar, ADQ, TAQA, Emirates Water and Electricity Company, Abu Dhabi Ports, among several governmental entities.



- Over 30 countries have released hydrogen roadmaps, and the industry has announced more than 200 hydrogen projects and ambitious investment plans. Total investments can exceed USD300 billion in hydrogen spending through 2030, the equivalent of 1.4% of global energy funding.
- Worldwide production of hydrogen has already reached 70 million tonnes per year but 96% of this is grey hydrogen, produced from steam reformation of methane and costs about \$1 per kg. Blue hydrogen, which relies on carbon capture and storage technologies to remove emissions from grey hydrogen, costs around \$2 per kg. Whereas green hydrogen, produced by electrolyzers derived off renewable electricity, costs at least \$4 per kg. Lastly, there is pink hydrogen, produced as an offshoot from nuclear power.



2. Sharjah announced a [single-use plastic bags ban from first of January, 2024](#). It will be prohibited to trade, produce, offer or import single-use plastic bags and materials in the region. In preparation for the move, the Emirate will introduce a new tariff of 25 fils from October 1 this year.

- The resolution aims to protect the environment from the dangers of plastic pollution and will encourage a culture of sustainability among residents by reducing the use of single-use bags till they are totally banned. It will also organise the shift from the consumption of single-use plastic bags and materials, while providing environmentally friendly alternatives.
- In Abu Dhabi, a ban on single-use plastics went into effect on June 1, while in Dubai, since July 1, retailers have been charging 25 fils per bag. Retailers in Dubai have seen a 40% drop in the use of such bags within a month, according to the Khaleej Times.



3. The European Securities and Markets Authority (ESMA) backed an environmental, social and governance quality label for market benchmarks. An initiative that would help prevent investors being misled by ESG claims and would underpin an EU quality label by specifying minimum methodology standards. ESMA took this position in a response to a public consultation from the European Commission on updating rules for benchmarks.

- The absence of clear labelling raises questions on the inclusion of firms with a negative environmental or social impact in these benchmarks, according to ESMA. Benchmarks are used by asset managers to pick investments for clients, helping to channel millions of euros into sustainable funds and projects, but the criteria behind them vary widely, leading to claims of greenwashing.
- Compilers of ESG benchmarks based outside the European Union should comply with the bloc's rules and supervision if they want investors inside the EU to use them, to minimise the risk of greenwashing and regulatory arbitrage. The Commission is expected to set out proposed changes to the rules in due course.



RESEARCH

1. MSCI issued a study on how climate transition risk may impact sovereign bond yields. Climate transition risks can have a sizable effect on government bond portfolio performance. The analysis found that risk for US five-year treasury bond yields could rise by almost 100 basis points in the short term under a scenario of net zero by 2050, with risks increasing as the scenarios became more disorderly.



- MSCI concluded that country-specific dynamics and the maturity composition of portfolios are the main factors determining how shocks associated with the transition away from carbon might affect sovereign yield curves. The report also noted that long-term impacts on GDP could also intensify in emerging markets or in delayed or disorderly scenarios.
- Country-specific dynamics also matter, as the impact of transition risk can vary among countries of apparently similar climate profiles in terms of emissions, economic development or geography. MSCI modelling potentially sheds light on less-visible dynamics affecting a country's transition or inflation sensitivities.



2. RMI published a report forecasting that the U.S. Government will spend more than \$500 billion on climate technology and clean energy over the next decade under three recently enacted laws. The estimated \$514 billion total includes \$362 billion from the IRA, \$98 billion from the infrastructure act and \$54 billion from CHIPS law. The analysis excludes additional agriculture and land-related climate spending.

- The tally is based on this month's Inflation Reduction and CHIPS acts and last year's Infrastructure Investment and Jobs Act. Together they fund climate-related research and pilot studies and support manufacturing. Together they form a coherent green industrial policy, in the sense that there are strategic industries that they focus on and a set of tools designed to accelerate production up and down the supply chain.
- Annual federal spending on climate and clean energy over the next five years will be roughly 15 times that of the 1990s and early 2000s and about triple that of recent years. Solar and wind power will have the biggest growth from 2021 levels, U.S government's Energy Information Administration estimated in March 2022 Solar and wind power will have the biggest growth from 2021 levels, U.S. Energy Information Administration (EIA) estimated in March 2022.



3. Refinitiv data showed that companies facing activist investors favoured Goldman Sachs in first half of 2022. After Goldman, JP Morgan ranked second among advisers, with 25 campaigns including Southwest Gas and Hasbro.

- In the first half of 2022, the Goldman Sachs advised on 32 campaigns, including the ones targeting companies such as Twitter, Kohl's or FedEx. In the first half of 2021, the bank advised on 41 campaigns. Spotlight Advisors, Morgan Stanley and Bank of America trailed behind Goldman and JP Morgan as financial advisers in the first half of 2022, the data showed.
- The top eight advisers, including Lazard, Evercore Partners and UBS Investment Bank, worked on 110 campaigns in the first half, less than the 138 campaigns they worked on during the first half of 2021.



COMMERCIAL

1. Aldar Properties released its 2021 sustainability report showcasing a [continued evolution of its sustainability strategy](#), in alignment with international best practices and supported by enhanced governance and data collection. The report highlighted the progress the company had made across its four sustainability pillars of environment, economy, community and people. By focusing on data quality, Aldar was able to close gaps in data collection and strengthen its capabilities and processes, paving the way for more detailed and stronger reporting of sustainability metrics. Aldar also recirculated AED 8.8 billion to the local economy to support local industries.



- To bolster its commitment to the environment, Aldar has strengthened its alignment with sustainability best practices and the UAE's net zero targets, while working on its own Net Zero Action Plan due to be announced later in 2022. In 2021, Aldar also took significant measures to reduce energy consumption across its portfolio by 20%. The company also built its first solar hybrid power plant at one of its construction sites and signed a clean energy agreement with Emirates Water and Electricity.
- On the social side and reflecting Aldar's commitment to Emiratisation, the company brought the percentage of UAE nationals in its workforce to 35% from 29% in 2020. At the same time, the proportion of women employed at Aldar rose to 42% in 2021, up from 31% in 2020.

2. Roads and Transport Authority (RTA) in Dubai reported [savings of AED 86 million by reducing electricity, water and fuel consumption](#). RTA achieved 18% energy efficiency consumption rate, announced a 13% cut of carbon emissions and a 10% drop of energy costs.

- RTA reported a reduction of the gasoline consumption by 36%. A drop attributed to the increased use of hybrid and electric taxis by Dubai Taxi Corporation. There was also a 15% decrease in diesel consumption, despite an increase in the public bus fleet.
- The company has implemented 36 energy and green economy initiatives last year, resulting in record savings of AED 85 million, 68 million kilowatt-hours of electricity, 55 million gallons of water, 21 million litres of gasoline, 1.8 million litres of diesel, and a reduction of approximately 86 tons of carbon dioxide equivalent. It also diverted about 450,000 tons of waste from landfill through effective waste management practices.



3. Alstom announced that the world's first 100% hydrogen-powered passenger train route started operating passenger services. The worldwide premier on green mobility took place in Lower Saxony, Germany. The 14 regional trains only emit steam and condensed water while operating with a low level of noise. The new hydrogen trains are intended to replace existing diesel-powered vehicles.



- The train features clean energy conversion, flexible energy storage in batteries, as well as intelligent management of motive power and available energy. The vehicle operates at speeds of 80 to 120 km/h, with a maximum speed of 140 km/h and an autonomy range of 1,000 km emission-free on a single refuelling.
- Hydrogen is viewed as one of the key building blocks of the transition to a cleaner energy future, particularly for sectors with difficult to abate emissions, in which renewable energy solutions such as wind or solar are less practical. According to Alstom, one kilogram of hydrogen replaces about 4.5 litres of diesel fuel, noticeably reducing the burden on the environment.