



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



## REGULATORY

1. The **United Arab Emirates** announced an **improvement of its greenhouse gas emissions reduction target from 23.5% to 31% by 2030** in an update of the country's second Nationally Determined Contribution (NDC), established in 2020. A move in line with the Paris Agreement and designed to support the UAE Net Zero by 2050 Strategic Initiative. The country positively answers the call of the 26th UN Climate Change Conference (COP26) for countries to strengthen the ambition of their NDCs by end-2022.



- The new reduction target translates into an absolute emission avoidance of 93.2 million metric tonnes of carbon dioxide and to achieve it, 5 five priority sectors were identified: electricity, transport, industry, waste management, and Carbon Capture, Utilisation, and Storage (CCUS). Electricity will be the sector which will contribute more to the updated emission reduction goal, followed by industry, transport, CCUS and waste management, respectively.
- The update also announced efforts to boost the UAE adaptive capacity and climate resilience, including the conservation and restoration of coastal ecosystems, such as the Abu Dhabi Blue Carbon Demonstration Project and tree-planting drives. The country will plant 100 million mangrove seedlings by 2030.



2. The **European Parliament** voted for **tougher rules to ensure deforestation-free products**. In a 453 to 57 vote, The EU lawmakers proposed to implement rules to ensure that products sold in the bloc are not sourced from deforested or degraded land, and that goods are produced in accordance with human rights provisions. The text adopted by the members of the European Parliament strengthens a proposal presented last year by the European Commission aimed at tackling global deforestation, identified as one of the most significant threats driving climate change and biodiversity loss.

- The new proposal would introduce obligations for companies to verify that goods sold in the EU have not been produced on deforested or degraded land anywhere in the world. The European Commission's initial proposal covered products containing or made using commodities including cattle, cocoa, coffee, palm-oil, soya and wood. The EU Parliament's revised proposal adds pig meat, sheep and goats, poultry, maize and rubber, as well as charcoal and printed paper products, and brings forward the requirement that the products not be produced on land deforested after 2019 from 2020.
- The members of the European Parliament also voted to amend the proposals to extend the rules to cover financial institutions to ensure that banking, insurance and investment activities do not support projects linked to deforestation. The proposals will now proceed to negotiations towards the final law with EU member states.



3. The **Netherlands Authority for Consumers and Markets (ACM)** reached an agreement with H&M and Decathlon under which the **companies committed to remove sustainability-related labels from its products and websites**. To settle ACM's investigation, both chains pledged to informing consumers more clearly in order to minimize the risk of misleading practices involving sustainability claims. In addition, Decathlon will make a donation of 400,000 euros and H&M one of 500,000 euros to different sustainable causes to compensate for their use of unclear and insufficiently substantiated sustainability claims.

- ACM has seen many potentially misleading sustainability claims in the clothing sector. That is why, in the spring of 2021, ACM asked clothing retailers to take a critical look at their claims. ACM subsequently continued its investigation into Decathlon and H&M, among other retail chains. The investigation revealed that Decathlon and H&M offered their products using general terms such as eco-design and conscious without immediately clearly specifying the sustainability benefits with the claim.
- Businesses that wish to promote their products using sustainability claims must make sure that such claims are correct, clear, and verifiable. Otherwise, consumers will be misled. ACM examines in different sectors whether businesses use sustainability claims in accordance with the rules.



## RESEARCH

1. The **United Nations Industrial Development Organisation (Unido)** published the quality infrastructure for sustainable development **report** where the **UAE ranked first among the MENA region countries and 11th globally**. The index for quality infrastructure to support Sustainable Development Goals (SDGs) positioned the UAE ahead of countries such as Portugal, Singapore, Finland, Denmark or Belgium. The global ranking is topped by the Netherlands and followed by Switzerland, Austria and Norway, respectively.





- The ranking tracks 137 countries on measures against a list of 36 indicators. The index is based on five main dimensions such as metrology, accreditation, conformity assessment, policy and standards. It maps out indicators for each and links them to three of the five pillars of the SDGs: prosperity, people and planet.
- The number of development indicators in which the UAE achieved a top global ranking rose to 156 compared with 121 before the Covid-19 pandemic, according to the UAE's government data. Meanwhile, the tally rose to 288 for top-five rankings for the Emirates from 189 for the same period.



**2. The World Meteorological Organization (WMO) released a [report](#) highlighting that greenhouse gas concentrations continue to rise to record highs.** Fossil fuel emission rates are now above pre-pandemic levels after a temporary drop due to lockdowns. The ambition of emissions reduction pledges for 2030 needs to be seven times higher to be in line with the 1.5 °C goal of the Paris Agreement.

- The past seven years were the warmest on record. There is a 48% chance that, during at least one year in the next 5 years, the annual mean temperature will temporarily be 1.5°C higher than 1850-1900 average. As global warming increases, tipping points in the climate system cannot be ruled out. Cities that host billions of people and are responsible for up to 70% of human-caused emissions will face increasing socio-economic impacts. And the most vulnerable populations will suffer most.
- Global fossil emissions in 2021 returned to the pre-pandemic levels of 2019 after falling by 5.4% in 2020 due to widespread lockdowns. Preliminary data shows that global CO2 emissions in 2022 (January to May) are 1.2% above the levels recorded during the same period in 2019, driven by increases in the United States, India and most European countries.



**3. The International Labour Organization (ILO) shared a [report](#) flagging that modern slavery is on the rise as crises fuel poverty.** The number of people forced into modern forms of slavery has risen by a fifth in recent years to around 50 million on any given day amid a surge in poverty and other crises. More than a half of those had been forced to work against their will and others forced into marriage. Both came under its definition of modern slavery as they involved people who cannot refuse or cannot leave because of threats, violence, deception, abuse of power or other forms of coercion.

- The situation had been exacerbated by crises such as COVID-19, armed conflicts and climate change which had left more people in extreme poverty and more forced to migrate. Compared with the last count for the year 2016, the number of people in modern slavery has risen by around 9.3 million.
- In a separate part of the report, the ILO said that Qatar, which has faced allegations of labour rights violations relating to migrants working in the run up to the soccer World Cup in November, had made significant progress since the opening of an ILO office there in April 2018. The ILO report also pointed to concern about accusations of forced labour in parts of China.



## COMMERCIAL

**1. Dubai Municipality announced the [completion of 85% of Dubai Waste Management Centre \(DWMC\)](#), the world's largest waste-to-energy project. Expected to start operations by early 2023, the centre will annually convert 1.9m tonnes of waste into clean energy that can power 135,000 homes.**





- The project is the first-of-its-kind project will convert 45% of the emirate's municipal waste into renewable energy and contribute to the Dubai Municipality's goal of diverting all waste from landfills by 2030. The DWMC is expected to feed the local electricity grid with 215MWh of clean energy once fully operational.
- The centre will receive around 1,000 truckloads of waste daily, with a capacity to accommodate 88 trucks per hour. With all of its five treatment lines, the DWMC will have the capacity to process 5,666 tonnes of solid municipal waste per day. Burnt waste will produce around 1,000 tonnes of bottom ash, which will be recycled and used in infrastructure projects.

**2. ADNOC Refining**, a joint venture company between **the Abu Dhabi National Oil Company (ADNOC), Eni**, and **OMV**, is set to **complete the first phase of its innovative waste heat recovery project** in Ruwais, Abu Dhabi. ADNOC produces some of the world's least-carbon intensive crude and the company is further reducing its greenhouse gas emissions intensity by 25% by 2030, aligned to the UAE net zero by 2050 strategic initiative.

- Started in 2018, the AED2.2 billion waste heat recovery project will recycle waste heat generated from the plant to produce up to an additional 230 megawatts of electricity per day – enough to power hundreds of thousands of homes. It will also produce 62,400 cubic metres of distilled water per day for use in the plant. Overall, the project will increase power production and thermal efficiency at the plant by around 30% with no additional carbon dioxide emissions.
- In the last 12 months, ADNOC has announced partnerships to decarbonise its operations at scale, with up to 100% of the company's grid power being supplied by clean nuclear and solar energy sources and the first-of-its-kind, sub-sea transmission network in the MENA region, which will which connect ADNOC's offshore operations to clean onshore power networks.



**3. McKinsey and Microsoft** joined forces to **accelerate decarbonization transformations**. Both companies created a new integrated solution aimed at helping organizations plan and execute decarbonization strategies. The collaboration comes to address companies' needs for an efficient and scalable technology solution that can calculate their organizations overall carbon footprint and help build and carry out a decarbonization plan.



- The combined solution will be powered by Microsoft Cloud for Sustainability and brings together sustainability data intelligence from Microsoft sustainability manager with decarbonization planning and an execution engine using McKinsey sustainability's catalyst zero.
- The new combined solution will help companies to automate the collection of sustainability-related data and establish an emissions baseline, generate a holistic understanding of emissions at company, product and value chain levels, and create detailed decarbonization plans. The solution also enables regular monitoring through plan execution to determine if the forecasted impact is occurring according to plan.