Scope ESG Insight September 2023

ESG Analysis on sovereigns, corporates and industry sectors

Stress-test for exposure to drought; chemicals sector faces significant ESG challenges; long-awaited ESG disclosure initiatives by the EU; more ESG-linked debt issuance; EU carbon pricing

Scope Group's regular round-up of its latest research related to the environment, society and governance, providing authoritative views on European sustainable finance and investing.



Italy has 30% exposure to EUR 32.7trn of modelled revenue losses from EU drought risk

August 2023 — "It is vital that investors stress-test economies for exposure to drought to screen for risks in their portfolios. (...) Drought could cost Italy EUR 10 trn over the 2020-2050 period."



Arne PlatteauQuantitative ESG Analyst



Hazem Krichene
Senior Director

ESG considerations for rating chemicals companies: stakes are particularly high for pivotal sector

July 2023 — "The sector faces significant ESG challenges throughout the industry value chain amid increasingly intense scrutiny from regulators, policymakers, investors, and customers."



Eugenio PiliegoDirector



Ivan Castro Campos
Director

<u>Credit Lines: new ESG disclosure standards still far from establishing global framework</u>

July 2023 — "The long-awaited ESG disclosure initiatives by the EU and ISSB [published in June] are a wake-up call for investors: creating a robust sustainability reporting framework is a still distant prospect and may never arrive at the global level."



Dierk BrandenburgManaging Director

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Germany's development banks set for sustained rise in business volume, more ESG-linked debt issuance

July 2023 — "The sustained increase in the banks' activities (...) will entail increased issuance of ESG-labelled securities as the sector plays a more important role in tackling the country's energy transition."



Jakob SuwalskiDirector



Julian ZimmermannAnalyst



Eiko SievertDirector

Schuldschein: market buoyant as Porsche leads surge in jumbo deals; ESG-linked issuance continues

July 2023 — "The Schuldschein market retains its appeal for ESG-linked deals: more than 40% of deals are coupled with ESG features."



Sebastian ZankManaging Director

ESG ratings: EU regulation has potential to restore credibility to green investing

June 2023 — "EU plans to regulate ESG ratings and improve disclosure should help restore credibility (...), if regulators and investors remain aware of the depth and complexity of the greenwashing problem."



Dierk BrandenburgManaging Director

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Integrating climate risks into structured finance transactions backed by corporate debt

June 2023 — "We developed a top-down approach for corporate borrowers as part of our effort to integrate climate risks in structured finance."



Olivier ToutainExecutive Director



Arne PlatteauQuantitative ESG Analyst

EU carbon pricing: ETS-2 struggles to balance affordability with emissions-reduction incentives

February 2023 — "The EU's expanded carbon-pricing system risks falling short of the necessary incentives for individuals and small business to materially reduce carbon dioxide emissions from the use of buildings and transport."



Arne PlatteauQuantitative ESG Analyst

Scope issues its first Social Bond SPO, to Microfinance Organisation JSC MFO Crystal

February 2023 — "Our highest score of three humans acknowledges Crystal's ambition to address two of the main social challenges in Georgia: access to finance and women empowerment."



Wendy Fernandez ESG Analyst

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Europe's ESG-linked corporate bond issuance to rebound; volumes steady at around 30% of total

February 2023 — "ESG-linked securities accounted for 30% of all European non-financial corporate bond issuance in 2022 compared with only around 25% in 2021, an enlarged share of the market that is likely to hold steady this year."



Anne GrammaticoAssociate Director



Eugenio PiliegoDirector

The looming EU climate investment gap presents debt sustainability trade-off

December 2022 — "EU countries need to ramp up green investments to achieve their climate objectives, which poses fiscal risks amid a weakened economic outlook and rising interest rates."



Thibault VasseAssociate Director

Corporate GHG emissions reporting: variability of CAC-40 disclosure tests investors

December 2022 — "The inconsistency of disclosure and the GHG-reduction goals of companies in France's benchmark CAC-40 stock market index points to the broad Europe-wide ESG challenge ahead for fund managers and corporate executives."



Tetiana Markiv Associate Analyst

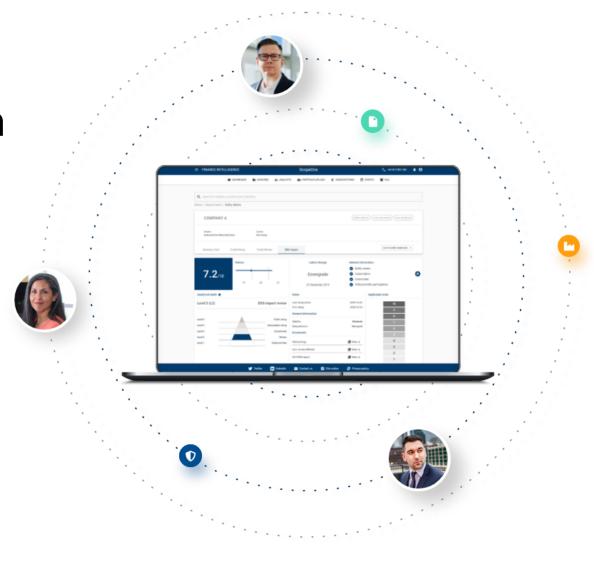
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