

# 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.



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## **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 Platteau**

Quantitative 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 Piliego**

Director



**Ivan Castro Campos**

Director

## **Credit Lines: new ESG disclosure standards still far from establishing global framework**

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 Brandenburg**

Managing Director

## **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 Suwalski**

Director



**Julian Zimmermann**

Analyst



**Eiko Sievert**

Director

## **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 Zank**

Managing 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 Brandenburg**

Managing Director

## **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 Toutain**

Executive Director



**Arne Platteau**

Quantitative 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 Platteau**

Quantitative 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

## **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 Grammatico**

Associate Director



**Eugenio Piliago**

Director

## **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 Vasse**

Associate 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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