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Business

Boursa Kuwait publishes its Sustainability Report for 2021

Report underlines company's commitment to CS strategy, ESG best practices

Report showcases the company's partnerships and initiatives for the past year in line with the United Nations Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) and the "New Kuwait 2035" vision

KUWAIT: Boursa Kuwait published its Sustainability Report on its website, detailing the company's strategy, partnerships and initiatives in the field of Environmental, Social and Governance (ESG) reporting and implementation for the year 2021. The Report also represents the company's commitment to disclosing the latest results and effects of its Corporate Sustainability (CS) strategy and enhance its operational sustainability, as part of its efforts to implement ESG best practices and standards as well as improving disclosures and transparency.

Boursa Kuwait Chief Executive Officer Mohammad Saud Al-Osaimi

As the operator of the stock exchange and a model issuer, Boursa Kuwait's publication of this report shows its commitment to engaging with various stakeholders in regards to developments in the field of ESG and CS.

The publication of the Sustainability Report comes on the heels of publishing the ESG Reporting Guide last year, to encourage listed companies to include sustainability metrics in their activities, decision-making, and reporting to better keep pace with the interests of local and international investors.

Additionally, the guide included indicators to help market participants understand their current situation and how to improve and set future goals, in line with the United Nations Sustainable Development Goals (SDG), the Global Reporting Initiative (GRI) and the pillars of the "New Kuwait 2035" vision and the National Development Plan for the State of Kuwait.

Commenting on the announcement, Boursa Kuwait's Chief Executive Officer, Mohammad Saud Al-Osaimi, said, "The efforts to support and enhance sustainability lie at the core of the pivotal role that capital markets play in shaping the future of the economy. The adoption of ESG principles and sustainable operations helps Boursa Kuwait develop and address key cogs in its strategy, both as a listed company and the operator of the exchange. To that end, the Sustainability Report helps us consolidate our prominent position in driving sustainable operations in capital market activities as we have always sought to include sustainable practices for our business, looking for more efficient and effective ways to engage and serve our various stakeholders."

Al-Osaimi added, "The metrics of ESG, disclosure and transparency are basic criteria for today's investors in assessing their investments, as the application of sustainability best practices is important to enhance the competitiveness of Kuwait's capital market internationally, which will undoubtedly attract more foreign investments to it, as well as support business growth and compliance with regulatory requirements."

The Report also includes ESG metrics and measurements for the activities, management and operations of Boursa Kuwait, with analysis of their economic, social and environmental impacts, whether at the operational level or at the level of business continuity, in an effort to achieve added value for shareholders, customers, partners and various other stakeholders. It also highlights the company's achievements in the areas of ESG reporting and implementation, and the company's contribution to a more successful tomorrow and a sustainable future. You can view the full Sustainability Report 2021 or the ESG Reporting Guide by visiting the Boursa Kuwait website.

Prior to the publication of this report, Boursa Kuwait usually reported on ESG metrics and activities as part of its annual reports, participating in many initiatives to promote sustainable practices as part of its CS strategy. The 2021 Sustainability Report is an extension of this commitment, which the company formally made in 2017 when it joined the UN-led Sustainable Stock Exchanges Initiative (SSE). The report is also in accordance with the recommendations framework issued by the World Federation of Exchanges (WFE), which the exchange has been a member of since 2018.

As part of its Corporate Sustainability strategy, Boursa Kuwait has launched many initiatives in partnership with local and international organizations. The initiatives focused on support for nongovernmental organizations and charity programs, financial literacy and capital market awareness, the empowerment of women, environmental protection as well as safety and preventive measures against COVID-19.

Since its inception, the company has strived to develop a strong financial market with high liquidity and credibility through the implementation of a range of structural and technical developments and initiatives that will enhance the position of the exchange, regionally and globally. Boursa Kuwait continues to implement many steps in accordance with international practices and standards to transform Kuwait into a regional and global investment destination, by focusing on creating an attractive issuer base and broadening its investor base, increasing the depth and breadth of its products, as well as upgrading its infrastructure and business environment to international standards.

Germany said it was temporarily taking control of Russian gas giant Gazprom's German subsidiary to secure energy supply and critical infrastructure amid growing distrust between the trade partners in the wake of the Ukraine war. —AFP

Germany takes temporary control of Gazprom arm

BERLIN: Germany said Monday it was temporarily taking control of Russian gas giant Gazprom's German subsidiary to secure energy supply and critical infrastructure amid growing distrust between the trade partners in the wake of the Ukraine war. Energy Minister Robert Habeck said the Bundesnetzagentur energy regulator would become the trustee of Gazprom Germania until September 30. "The government is doing what is necessary to ensure security of supplies in Germany, and that includes not exposing energy infrastructures in Germany to arbitrary decisions by the Kremlin," Habeck said.

The move comes after state-owned Gazprom unexpectedly said it was withdrawing from Gazprom Germania last Friday, without disclosing a new ownership structure. The German unit holds several key energy assets, including natural gas supplier Wingas, which has a market share of around 20 percent in Germany, gas storage firm Astora, a London-based trading arm and other foreign subsidiaries. The German government made the decision to step in because of the current "unclear" legal structure behind Gazprom Germania and the mother firm's failure to comply with the obligation to inform German authorities of ownership changes, the minister said. Under German law, the government has the right to examine transactions involving non-EU firms deemed systemically relevant. Habeck said Gazprom Germania operates "critical infrastructure" in Europe's biggest economy. Under the interim arrangement, voting rights in Gazprom Germania will be transferred to the Bundesnetzagentur.

The energy regulator will also be allowed to dismiss management members and appoint new ones, as well as "take all necessary measures to guarantee supplies", Habeck said. Germany has backed sweeping Western sanctions against Moscow over its invasion of Ukraine. But because of its heavy reliance on Russian energy imports, Berlin has so far resisted pressure to boycott Russian oil and gas. —AFP

How to keep a world addicted to fossil fuels liveable

NEW YORK: The UN Intergovernmental Panel on Climate Change on Monday presented options for slashing greenhouse gas emissions and extracting CO2 from the air in order to avert catastrophic climate change. Burning fossil fuels and deforestation have heated Earth's surface 1.1 degrees Celsius above mid-19th century levels, and nations have pledged under the 2015 Paris Agreement to cap global warming at "well below" 2C, or 1.5C if possible.

Here are some of the landmark 2,800-page report's key findings:

Peak emissions by 2025

Failing to sharply curb greenhouse gas emissions beyond national pledges before 2030 would put a 1.5C world "beyond reach". Current carbon-cutting policies would lower emissions only slightly by 2050, leading to global warming of 3.2C by century's end.

Even a 2C cap would become hugely challenging: annual emissions would need to decline by 1.5 billion tons of CO2 or equivalent gases (GtCO2-eq) every year from 2030 to 2050 — roughly the same annual decrease as in 2020 when COVID lockdowns paralyzed the global economy.

To keep global temperatures below 1.5C, 2C or even 2.5C, emissions must peak before 2025. But in 2021 emissions recovered to record pre-pandemic levels of more than 40 billion tons of CO2 (40 GtCO2). At 2019 levels of emissions, Earth's "carbon budget" for a two-thirds chance of staying under the 1.5C threshold will be used up within eight years.

Replace energy from fossil fuels

If current oil, gas and coal energy infrastructure were to operate without sequestering emissions for their designed lifetime, capping global warming at 1.5C would be impossible. Limiting the rise in global temperature to 2C would mean that 30 percent of oil, 50 percent of gas, and 80 percent of coal reserves cannot be burned unless technology is used to catch and store the CO2 released.

"The economic impact of stranded assets could amount to trillions of dollars," the report warns.

Eliminating fossil fuel subsidies could reduce emissions by up to 10 percent by 2030, while freeing up cash for building low-carbon public transport and other public services.

...with clean energy

By 2050, the world must transition to a "net zero" global economy in which almost all energy-not just electricity-comes from non-carbon-polluting sources to keep the Paris temperature targets in play. Global wind capacity grew by 70 percent while solar photovoltaic (PV) rose by 170 percent from 2015 to 2019.

But solar and wind together only accounted for eight percent of total electricity generation in 2019. Taken together, low-and zero-carbon electricity generation technologies-including nuclear and hydro power-produced 37 percent of global electricity. The rest came from fossil fuels, especially coal.

Reduce demand for energy

So-called demand-side strategies-plant-based diets, electric vehicles, car-free mobility, telecommuting, climate-proof buildings, enhanced energy efficiencies, fewer long-haul flights-could cut CO2 emissions by 40-70 percent by 2050. "Rapid and deep changes in demand make it easier for every sector to reduce greenhouse gas emissions in the short and medium term," the report said. Globally, households with income in the top 10 percent contribute up to 45 percent of total greenhouse gas emissions.

Curb methane

The potent greenhouse gas methane — 21 times more powerful than CO2 over a 100-year time span-accounts for nearly 20 percent of global warming. A third of that in 2019 was from fossil fuel production leaks. It is also generated by livestock (cows and sheep) and landfills. There are natural sources of methane as well. To cap warming at 1.5C or even 2C methane emissions-which have been rising steadily-will need to drop 50 percent by 2050 compared to 2019 levels.

Suck CO2 from the air

Even in optimistic emissions scenarios, several billion tonnes of CO2 will need to be extracted each year from the atmosphere by 2050, and an accumulated total of hundreds of billions of tonnes by 2100. "Carbon dioxide removal (CDR) is necessary to achieve net zero CO2 and greenhouse gas emissions both globally and nationally," the report says.

Strategies ranging from tree-planting to machines that chemically extract CO2 from thin air will compensate for sectors of the economy that most likely won't be able to decarbonise by 2050 such as aviation, shipping and cement.

If global warming overshoots the Paris treaty targets, CDR will be also be needed to lower Earth's surface temperature.

Global wind capacity grew by 70 percent while solar photovoltaic (PV) rose by 170 percent from 2015 to 2019. But solar and wind together only accounted for eight percent of total electricity generation in 2019.

Action is costly but...

Capping global warming at 1.5C without overshooting the mark by a wide margin will require investing about $2.3 trillion a year in the electricity sector from 2023 to 2052. If 2C is the target, that figure drops to $1.7 trillion. In 2021, about $750 billion was spent on clean energy technologies and efficiency worldwide, according to the International Energy Agency (IEA).

Overall, investment in CO2 reduction is deeply inadequate. Wealthy nations are spending two to five times less than required. The shortfall is four to eight times below the $1.6 trillion to $3.2 trillion per year needed in developing and emerging countries.

Emissions reduction "pathways" likely to limit warming to 2C would see a drop in global GDP of 1.3 percent to 2.7 percent in 2050, compared to a continuation of current policies. Limiting warming to 1.5C would drive down GDP 2.6 percent to 4.2 percent.

...doing nothing costs more

These GDP estimates, however, do not account for economic upside of avoided climate impacts, ranging from extreme weather disasters to ecosystem collapse to reduced food supply.

"The benefits of pathways likely to limit warming to 2C outweigh mitigation costs over the 21st century," the report concludes. The economic benefits of reduced air pollution-which causes some seven million premature deaths each year-would be on the "same order of magnitude" as the costs of cutting emissions, potentially even larger. —AFP

EU: Ukraine war to cause slowdown, not recession

BRUSSELS: The European economy is set to suffer a sharp slowdown due to the war in Ukraine, but should avoid stumbling into recession, top EU officials said. "Our current assessment is that the implications of the war in Ukraine will (bring)... a substantial slowdown of economic growth in the EU but not a recession," EU executive vice president Valdis Dombrovskis told reporters as he arrived for talks with eurozone ministers.

In February, just before Russia's invasion of Ukraine, the EU executive had forecast that the 19-nation eurozone would grow by a strong four percent as a dynamic recovery from the coronavirus pandemic took hold. The war in Ukraine-which has seen the cost of living skyrocket-will no doubt downgrade that forecast when new projections are released on May 16, officials said.

"Of course there are risks, but there is also plenty of energy in our economies to keep a reduced, very much reduced level of growth," said EU commissioner Paolo Gentiloni, who handles economic affairs.

The former Italian prime minister said that isolating Russia economically would have a cost for the EU, but that "we're ready to do this".

"This is not (an act of) war, but... we have to pay some price," he said.

The war in Ukraine has already caused inflation in the eurozone to soar to a record 7.5 percent year-on-year in March and consumer confidence to plummet. Talk of a gas supply cut from Russia, which provided the EU with about 40 percent of its gas needs in 2021, has also jarred analysts and rocked the markets. Dombrovskis said the bloc could weather any aftershocks if it came to that.

A cut in the gas flowing from Russia is "not without problems, but it's possible to cope with a situation like this," he added. —AFP