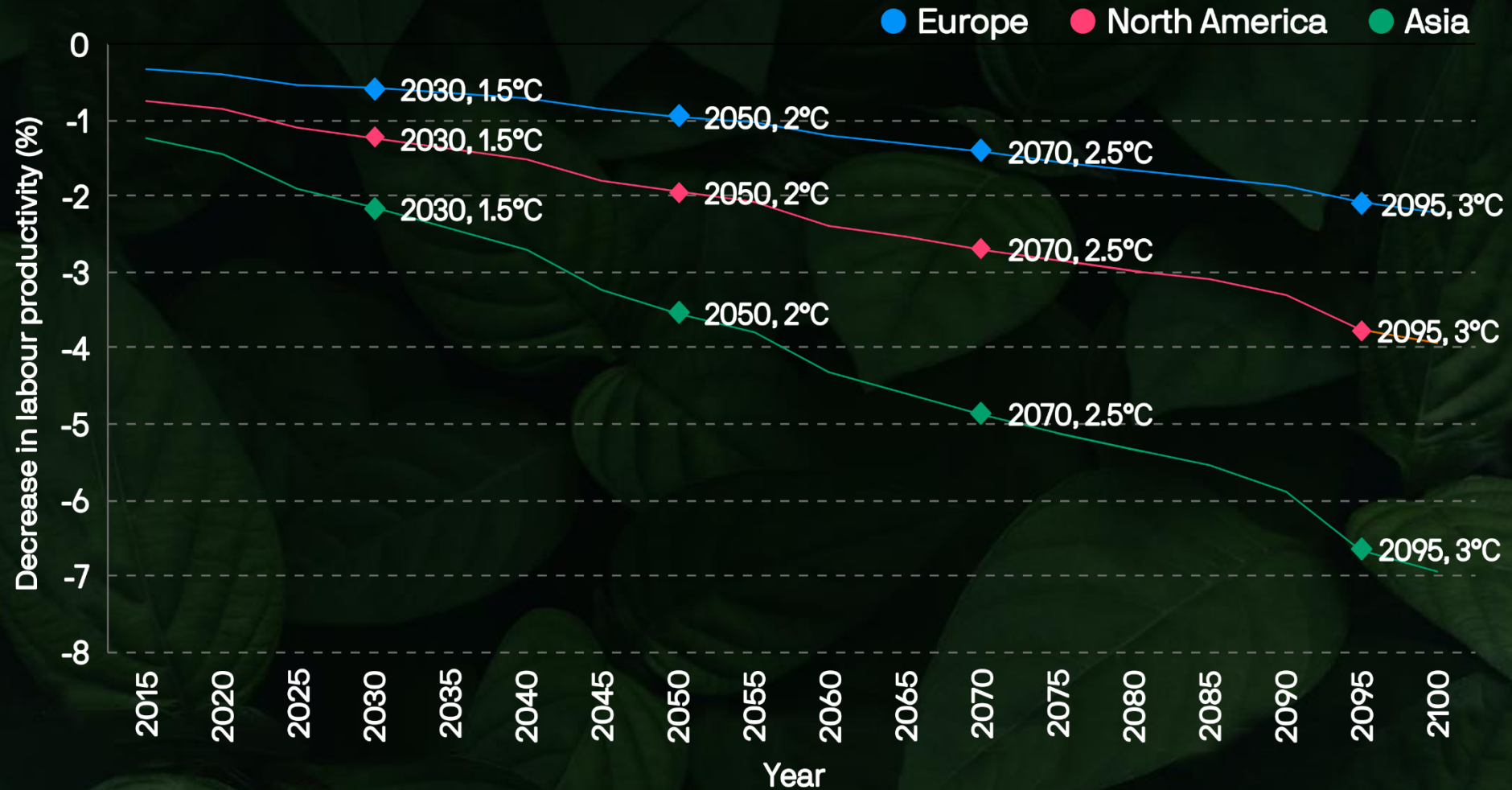


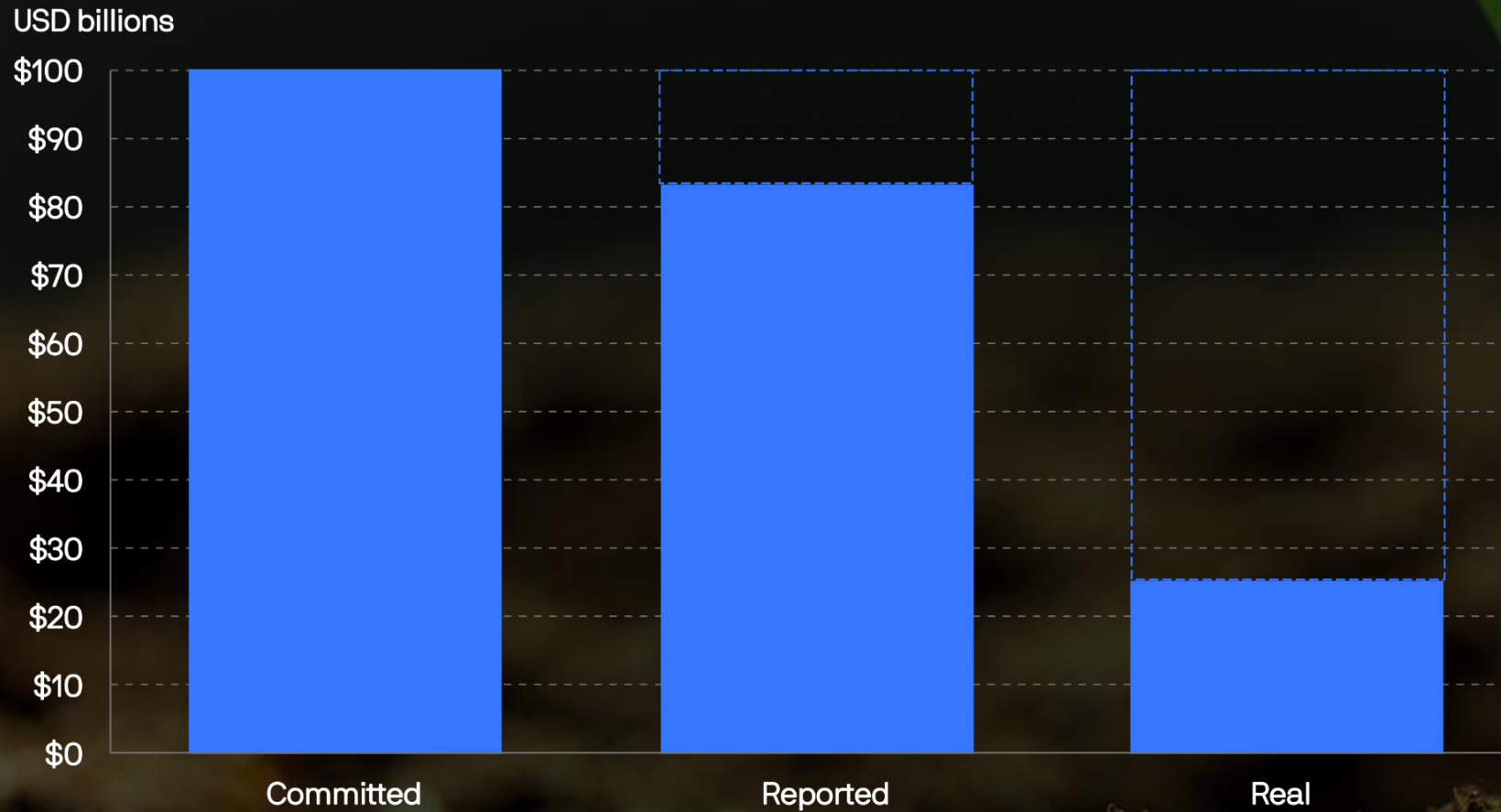
Heat stress will decrease productivity



Source: JP Morgan (Climate Analytics) Apr 2023: <https://am.jpmorgan.com/us/en/asset-management/institutional/investment-strategies/sustainable-investing/sustainable-investing-outlook/>
NGFS=Network of Central Banks and Supervisors for Greening the Financial System.

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Climate financing: committed vs. real



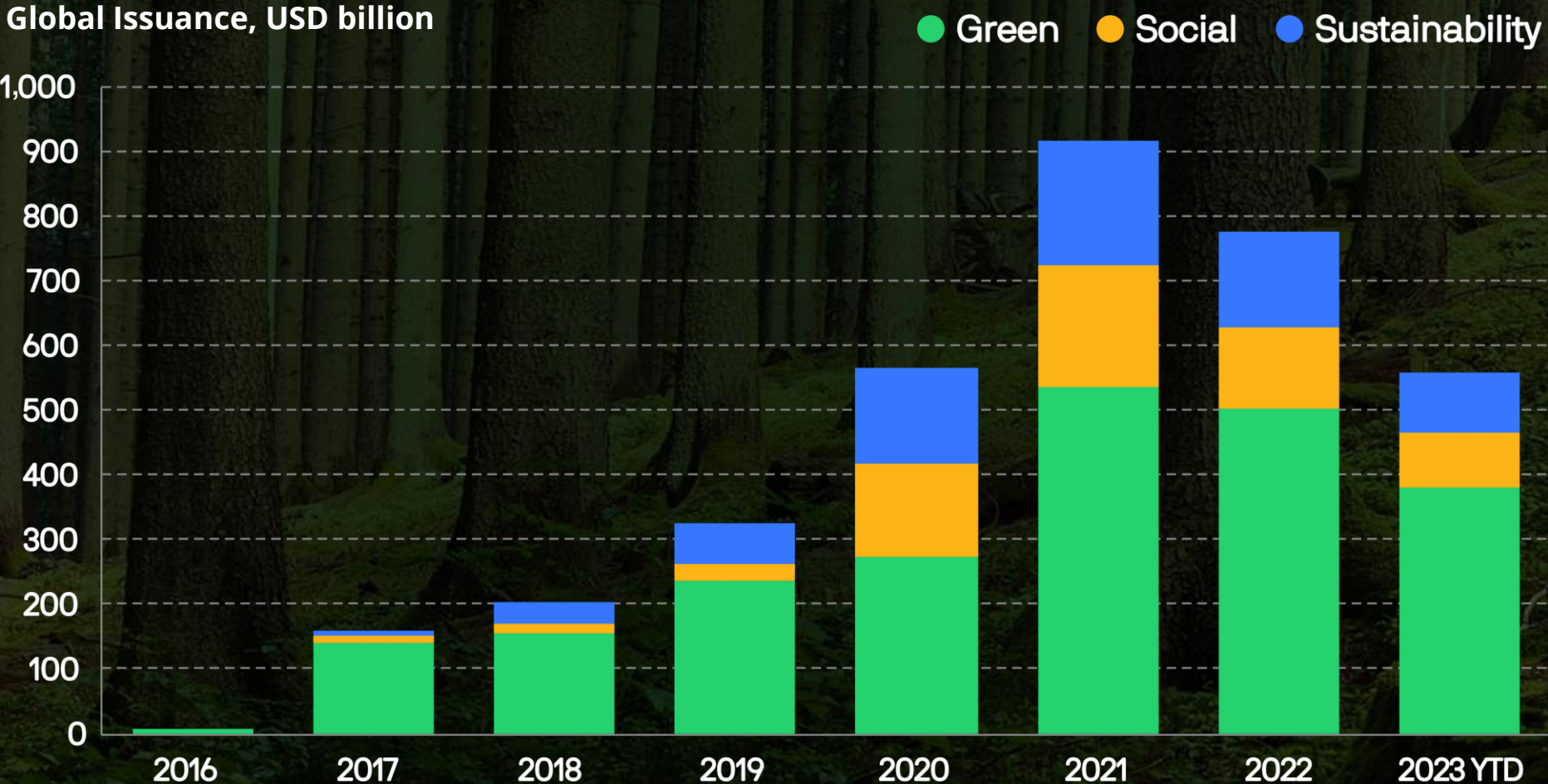
“ A recent Oxfam report found that only USD 83.3 billion in climate financing was even reported in the year 2019-2020 – and of this, only USD 21 billion – USD 24.5 billion could actually be considered real support, since the relevance of the funds for tackling climate change was often overestimated. ”

Equity funding in climate tech



Source: CBInsights, Sep 2023: <https://app.cbinsights.com/research/climate-tech-industrials-market-map/>

Sustainable bonds growth over the years



Source: JP Morgan (HSBC Green Bond Insights), Apr 2023: <https://am.jpmorgan.com/us/en/asset-management/institutional/investment-strategies/sustainable-investing/sustainable-investing-outlook/>

Green bonds lead ESG debt issuance

Green bonds Social bonds Sustainability bonds
Substainability-linked bonds

2021

52%

21%

18%

9%

2022

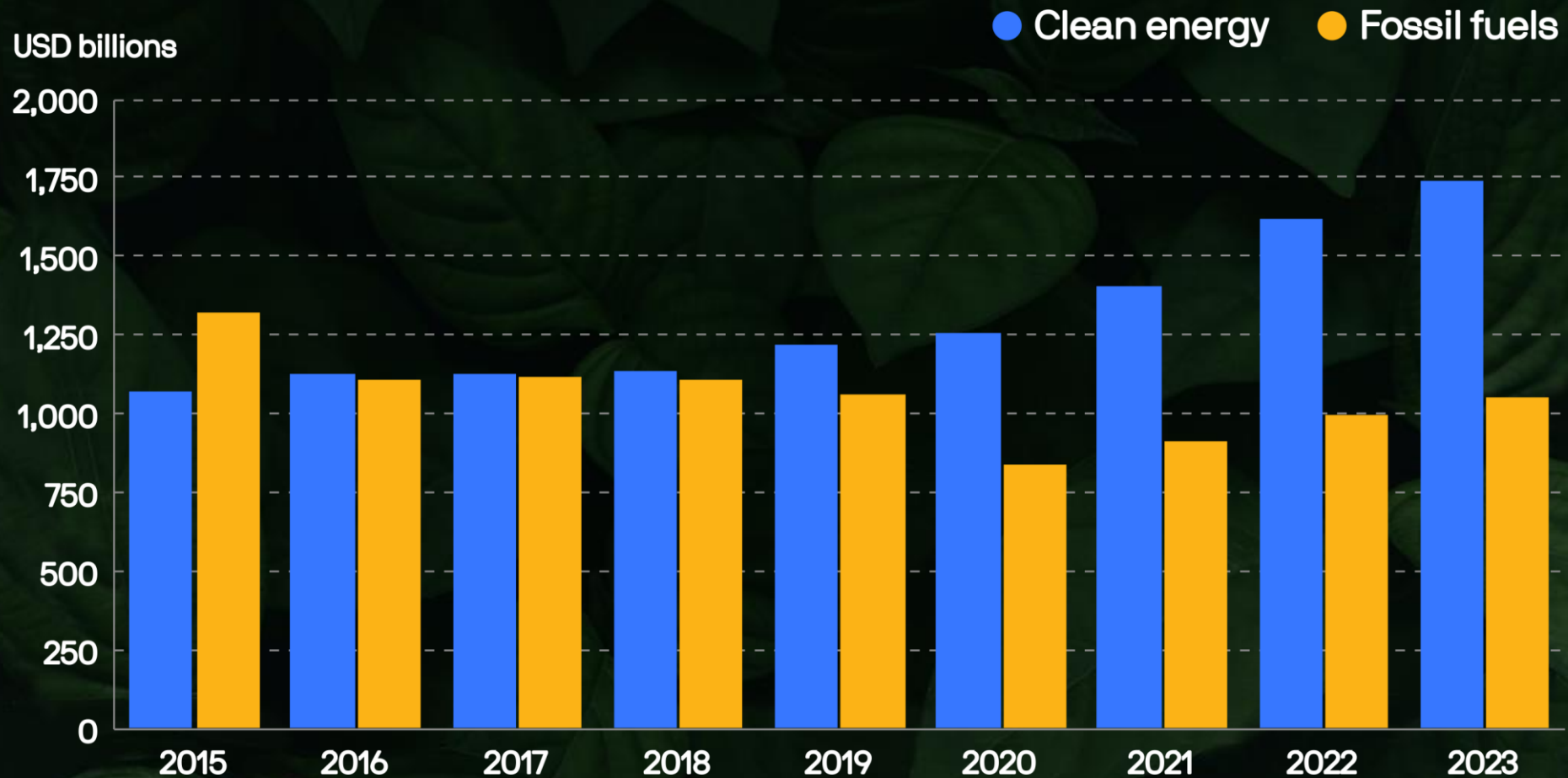
55%

19%

17%

8%

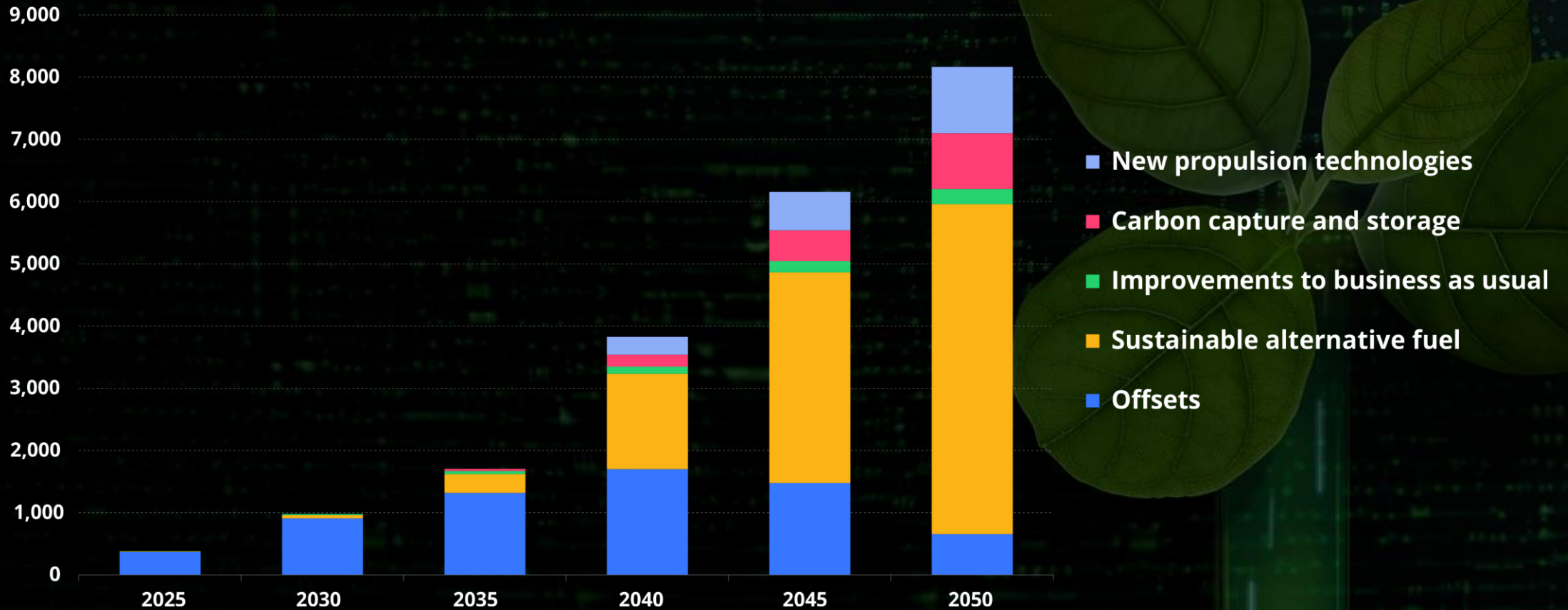
Investment in clean energy vs. fossil fuels



Source: JP Morgan (IEA), Apr 2023: <https://am.jpmorgan.com/us/en/asset-management/institutional/investment-strategies/sustainable-investing/sustainable-investing-outlook/>

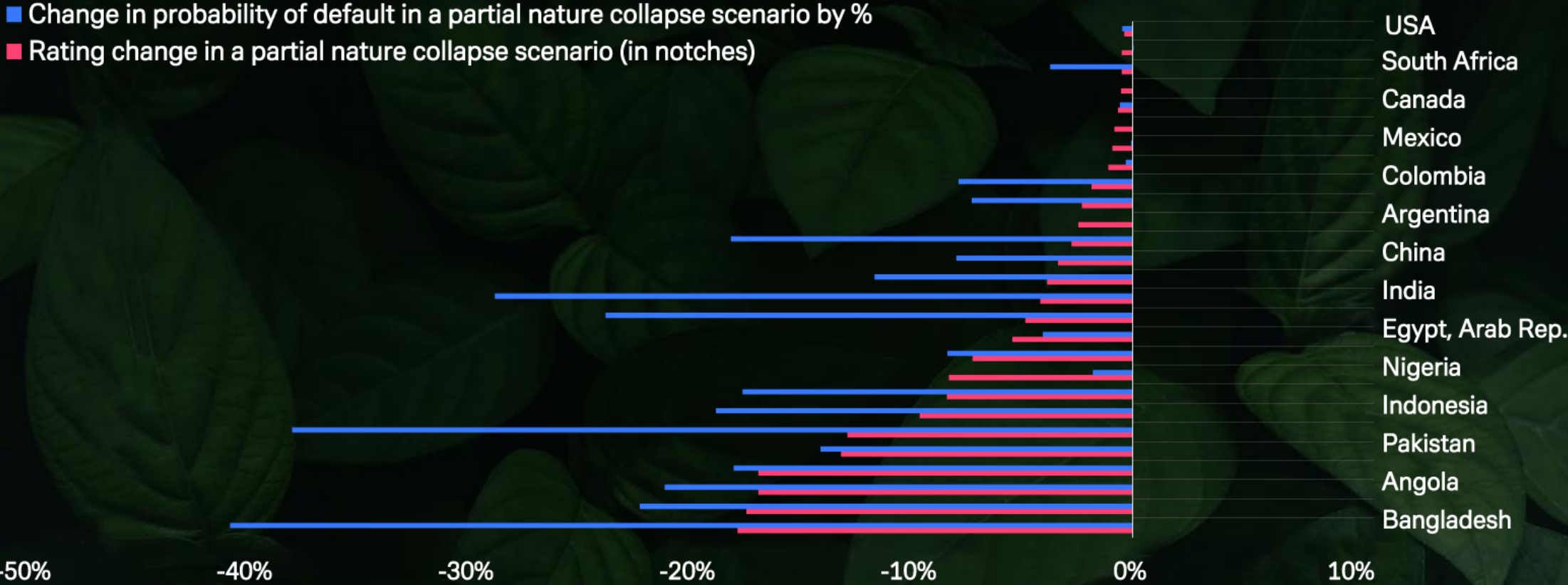
Potential path to net-zero by 2050

Year-to-date CO2 abatement
(millions of metrics tonnes over five-year periods ending on the year shown)



Source: S&P Global Ratings and "Net Zero Resolution Fact Sheet," (IATA), June 2022: https://www.spglobal.com/_assets/documents/ratings/research/101575618.pdf

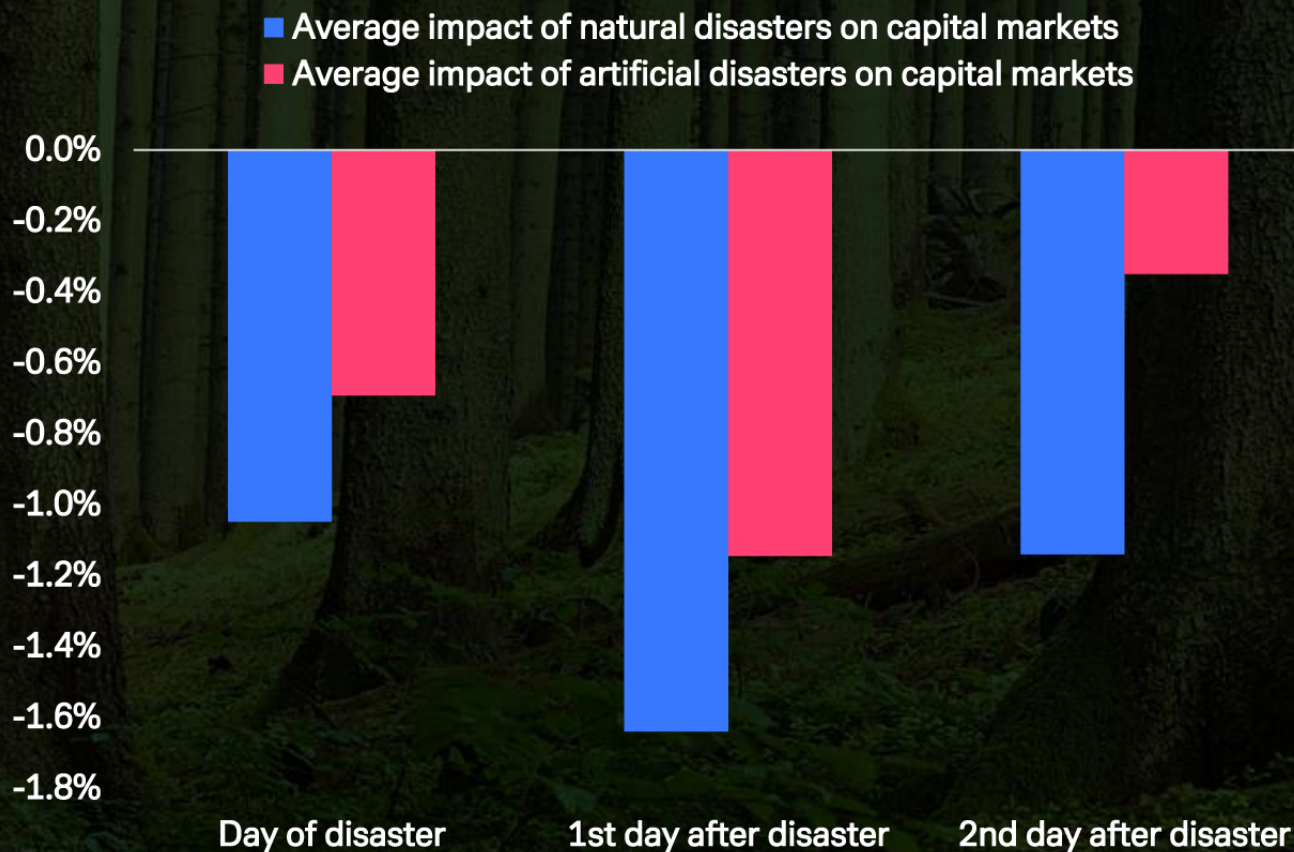
Nature collapse: impact on sovereign ratings



Source: Deutsche Bank AG.(Nature Loss and Sovereign Ratings), March 2023: <https://www.deutschewealth.com/content/dam/deutschewealth/cio-perspectives/cio-special-assets/esg-market-monitor-june-2023/cio-esg-market-monitor-q2-2023.pdf>

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Impact of natural and artificial disasters on capital markets

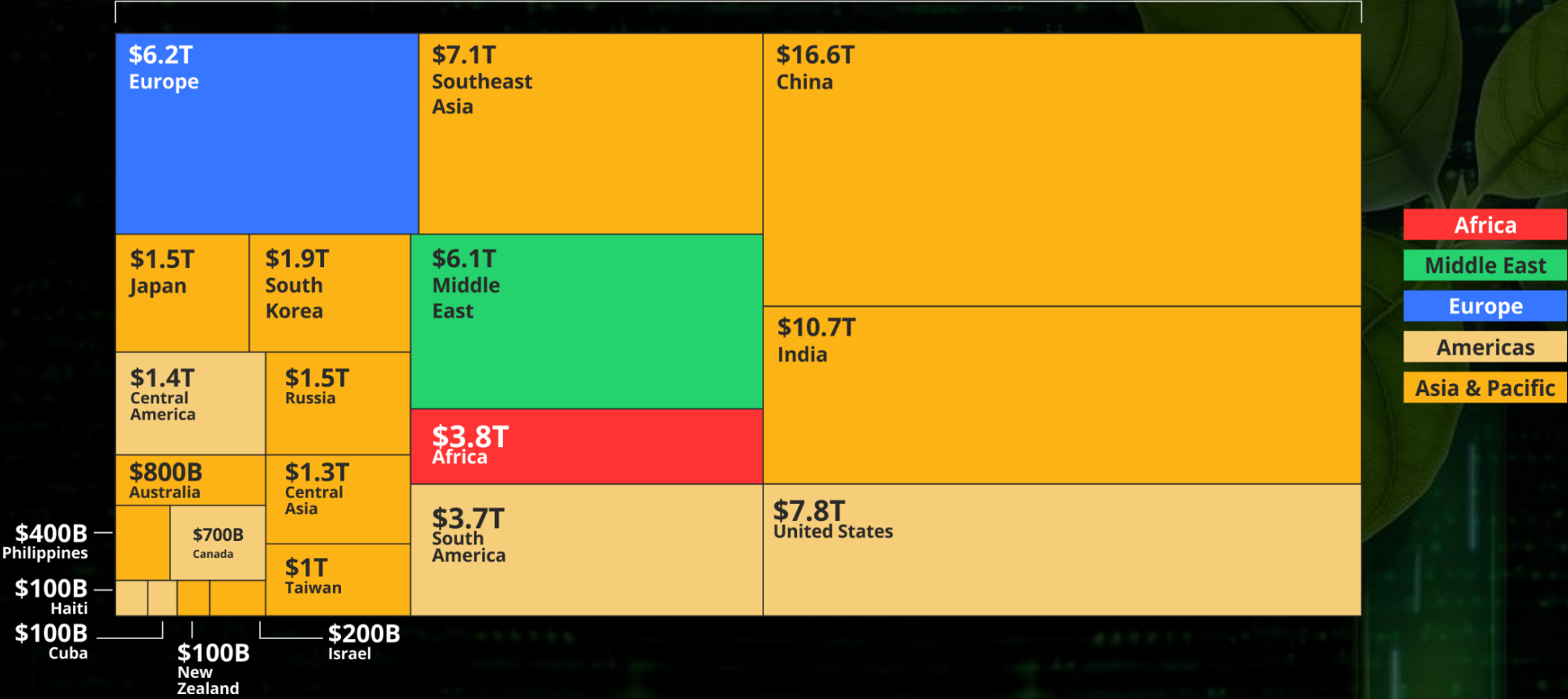


*In this study, the impact of various disasters was measured based on a Pessimism Index developed by the authors. The used index reflects the level of investor pessimism in the capital market following a particular event.

Source: Deutsche Bank AG (Tavor T, Teitler-Regev S. The impact of disasters and terrorism on the stock market. Jamba. 2019 Jan 21;11(1):534. doi: 10.4102/jamba.v11i1.534. PMID: 30863506; PMCID: PMC6407467, WEF), Mar 2023: <https://www.deutschewealth.com/content/dam/deutschewealth/cio-perspectives/cio-special-assets/esg-market-monitor-june-2023/cio-esg-market-monitor-q2-2023.pdf>

Cost of transition to 100% renewable energy

Total: \$72.8T



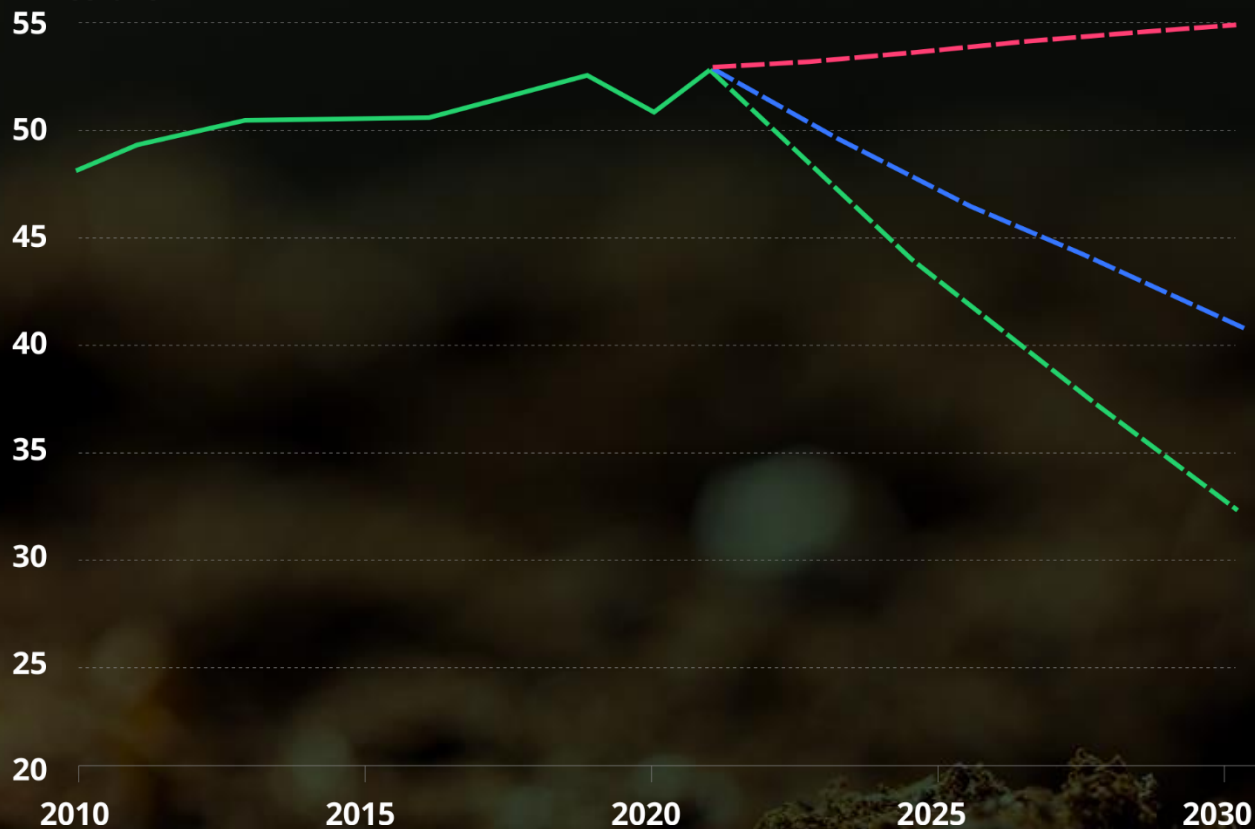
- Africa
- Middle East
- Europe
- Americas
- Asia & Pacific

Note: This 2019 estimate was made based on 2013 data and is the most recent data available
 Source: Visual Capitalist (Stanford University), Jun 2023: <https://www.visualcapitalist.com/sp/3-ways-the-accommodation-sector-is-making-the-journey-to-net-zero/>

Current pledges & spending are insufficient to achieve net zero

2030 Emissions Gap

Emissions



Climate Pledges*
55 GtCO₂e

15
GtCO₂e

Below 2°C Goal
41 GtCO₂e

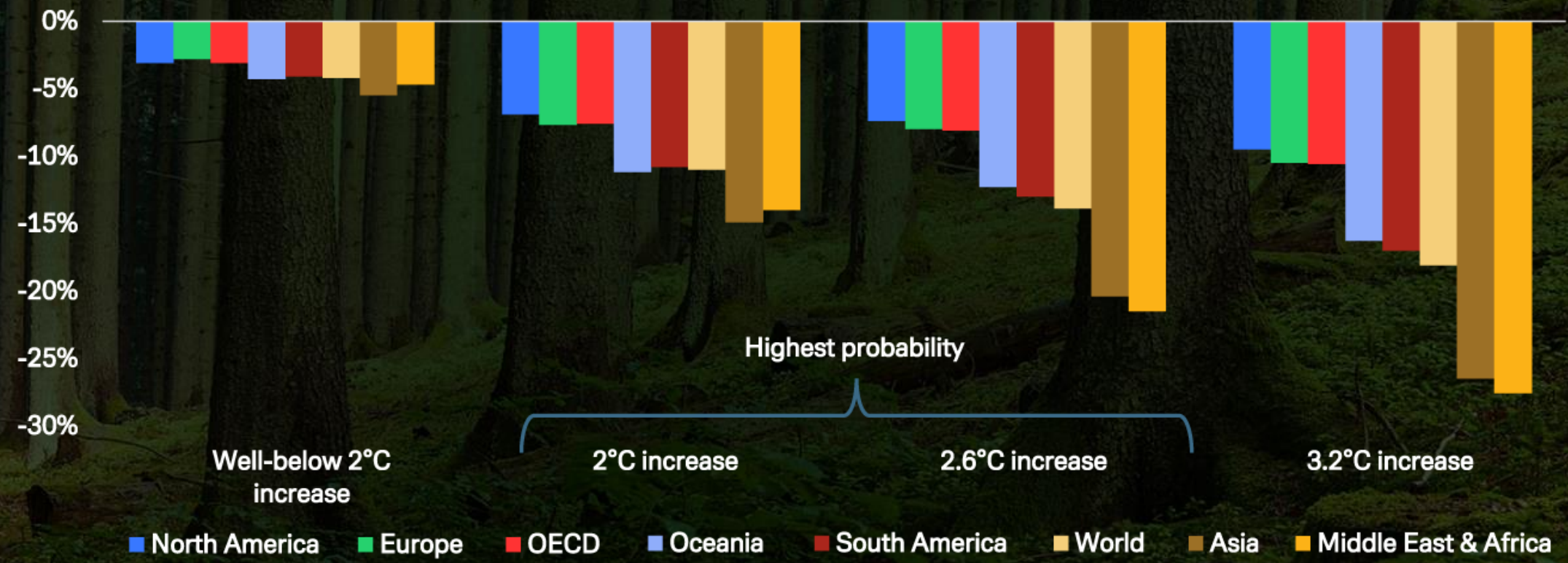
23
GtCO₂e

Below 1.5°C Goal
33 GtCO₂e

To keep global warming below 1.5°C a 40% reduction in emissions is needed, or 23 GtCO₂e.

Source: Visual Capitalist (UNEP), Jun 2023: <https://www.visualcapitalist.com/sp/accelerating-a-net-zero-future-with-carbon-credits/>

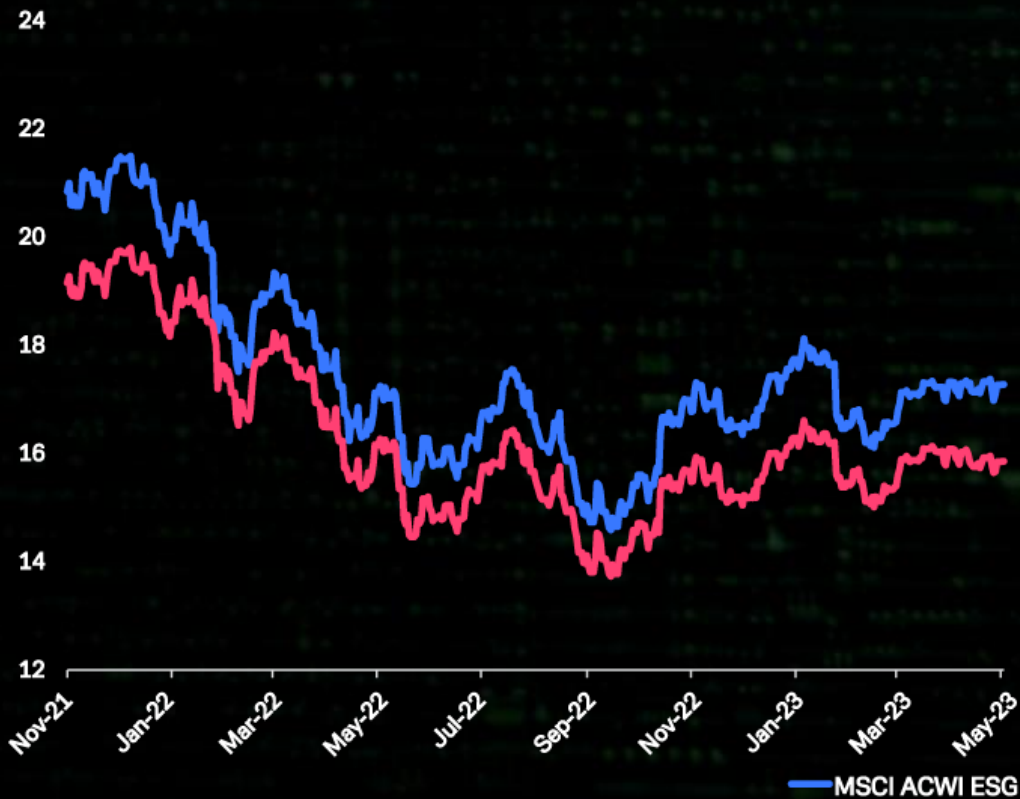
Loss in GDP based on temperature rise by 2050



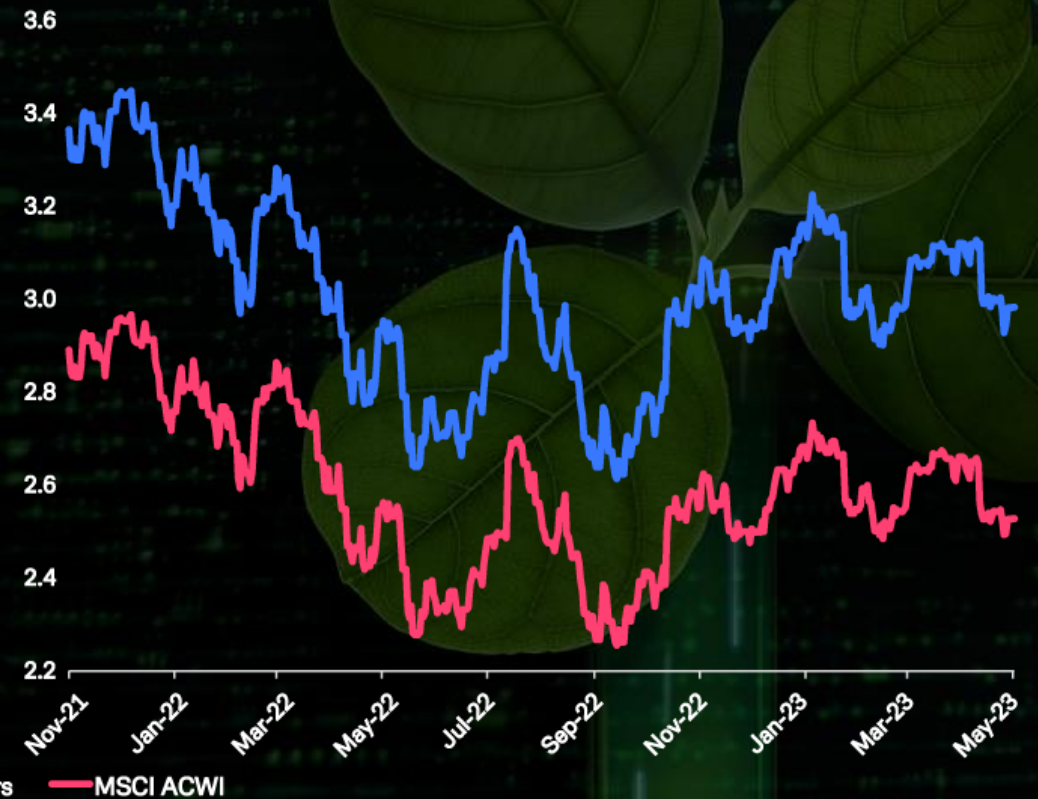
Source: Deutsche Bank AG. (Swiss Re), Apr 2021: <https://www.deutschewalth.com/content/dam/deutschewalth/cio-perspectives/cio-special-assets/esg-market-monitor-june-2023/cio-esg-market-monitor-q2-2023.pdf>

ESG could come with higher valuations

Price/earnings ratio of selected indices



Price/book ratio of selected indices



Source: Deutsche Bank AG. (Bloomberg L.P), May 2023: <https://www.deutschewealth.com/content/dam/deutschewealth/cio-perspectives/cio-special-assets/esg-market-monitor-june-2023/cio-esg-market-monitor-q2-2023.pdf>

Transitioning to a low carbon economy



Managing Emissions

Site Emissions

Reduce direct emissions and shift towards greener forms of energy

Consumer Emissions & Opportunities

Benefit from a shift in consumer demands towards low carbon alternatives



Managing Resources

Electricity Management

Reduce indirect GHG emissions from the usage of electricity

Water Management

Improve the sustainability of water flow management

Waste Management

Reduce waste materials, both hazardous and non-hazardous



Managing Climate-Related Risks

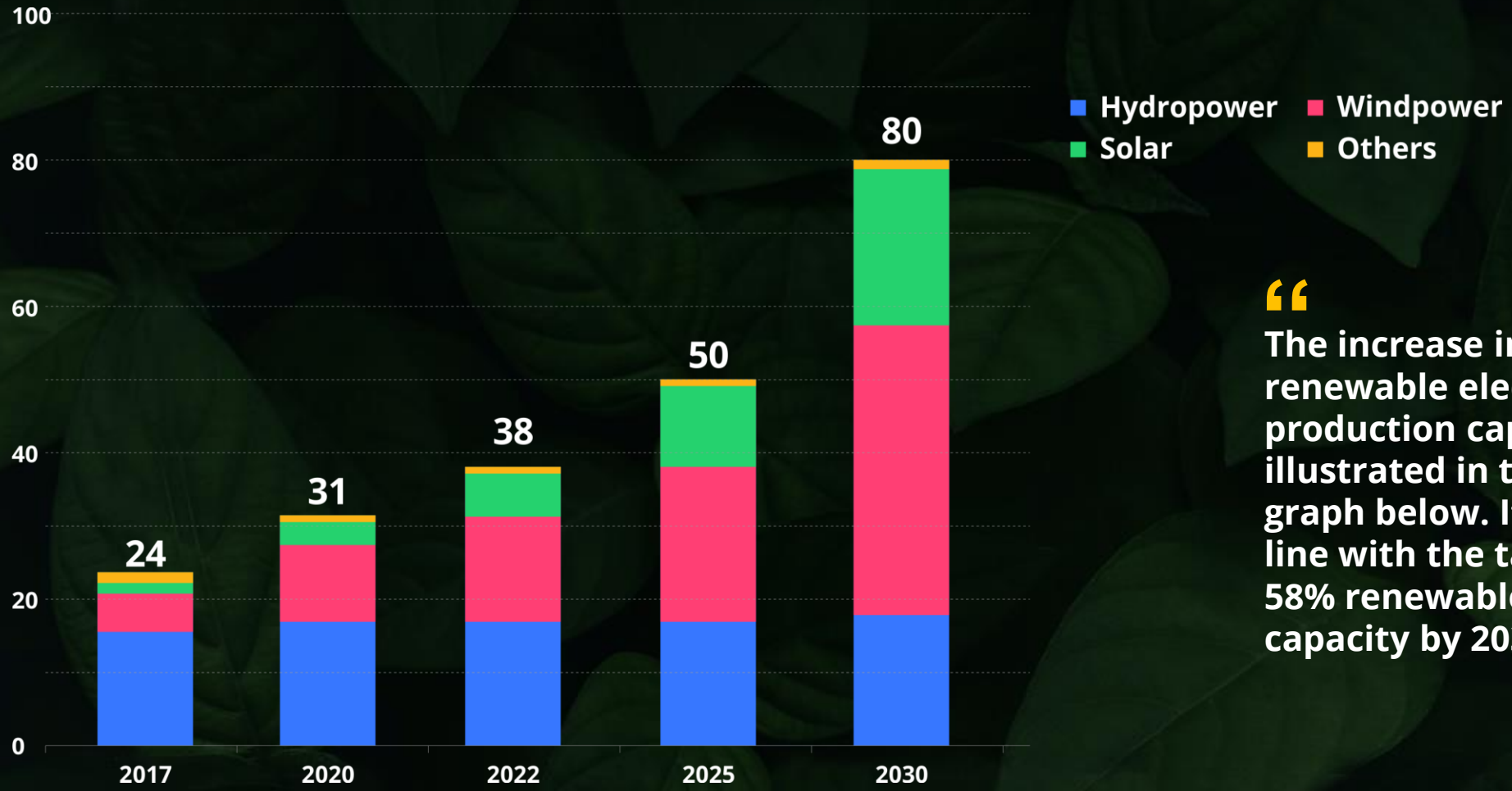
Physical Risk

Mitigate impact of physical risks from extreme weather conditions

Reputational Risk

Improve climate stewardship

Renewable energy production capacity



“
The increase in renewable electricity production capacity is illustrated in the graph below. It is in line with the target of 58% renewable capacity by 2030. ”

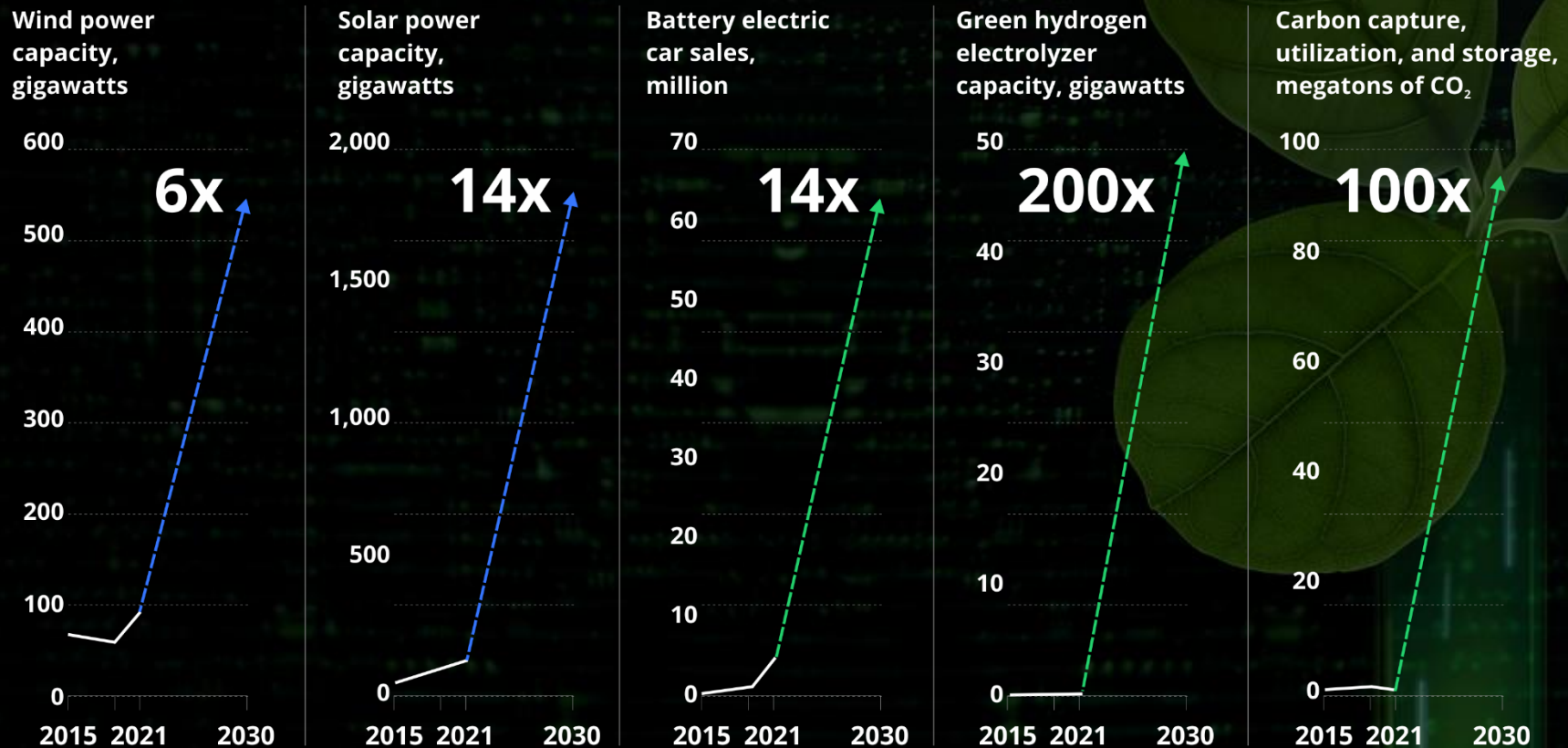
In February 2023, the Group was granted the well-below 2°C certification for its decarbonization trajectory by 2030. In order to achieve this, it has committed to three additional goals:

- the carbon intensity for energy production (Scope 1) and energy consumption (Scope 2) must be lower than 110 g CO2 eq. per kWh,
- the carbon intensity of energy sales produced (Scopes 1 and 3) and purchased (Scope 3) must be lower than 153 g CO2 eq. per kWh,
- the other GHG emissions, including scope 3 from procurement, capital goods and the upstream of purchased fuels and electricity (scopes 3.1, 3.2, 3.3) in Mt CO2 eq. should be less than 85 Mt CO2 eq.

Source: Engie, Apr 2023: <https://www.engie.com/en/csr/integrated-report>

Exponential scaling of climate technologies is needed to reach net-zero

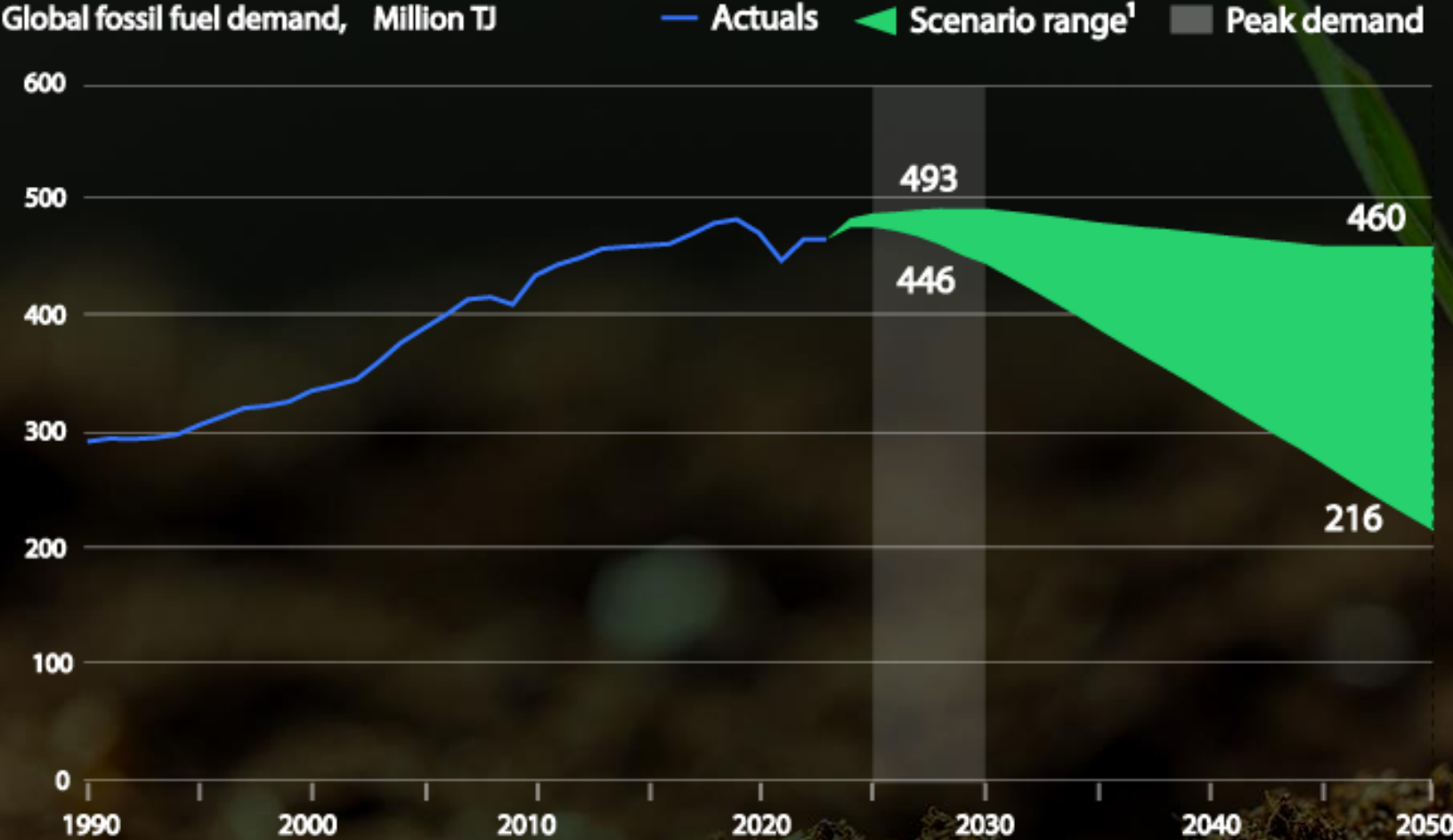
Annual deployment of climate technologies needed, multiples of current supply



Source: McKinsey & Company (EV-Volumes, IEA, International Renewable Energy Agency, McKinsey analysis), Sep 2023: <https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/sustainable-and-inclusive-growth-a-weekly-briefing>

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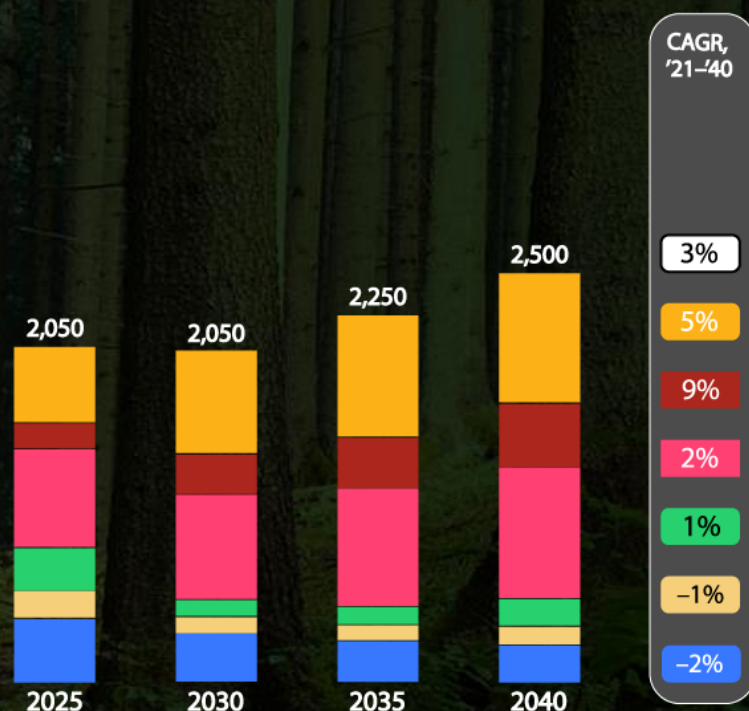
Outlook on fossil fuel demand is varied



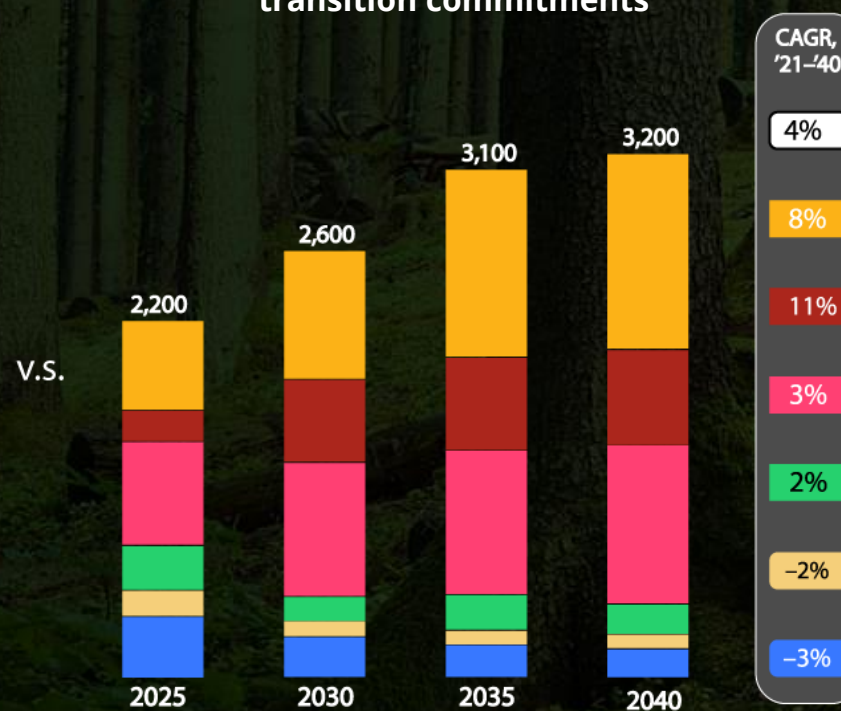
Range between the Achieved commitments and Fading momentum scenarios.
Source: McKinsey Energy Solutions' Global Energy Perspective, Oct 2023: <https://www.mckinsey.com/industries/oil-and-gas/our-insights/global-energy-perspective-2023>

Investment in the transition: current vs. what is required

Investments per Current Trajectory



Investment levels required to achieve transition commitments

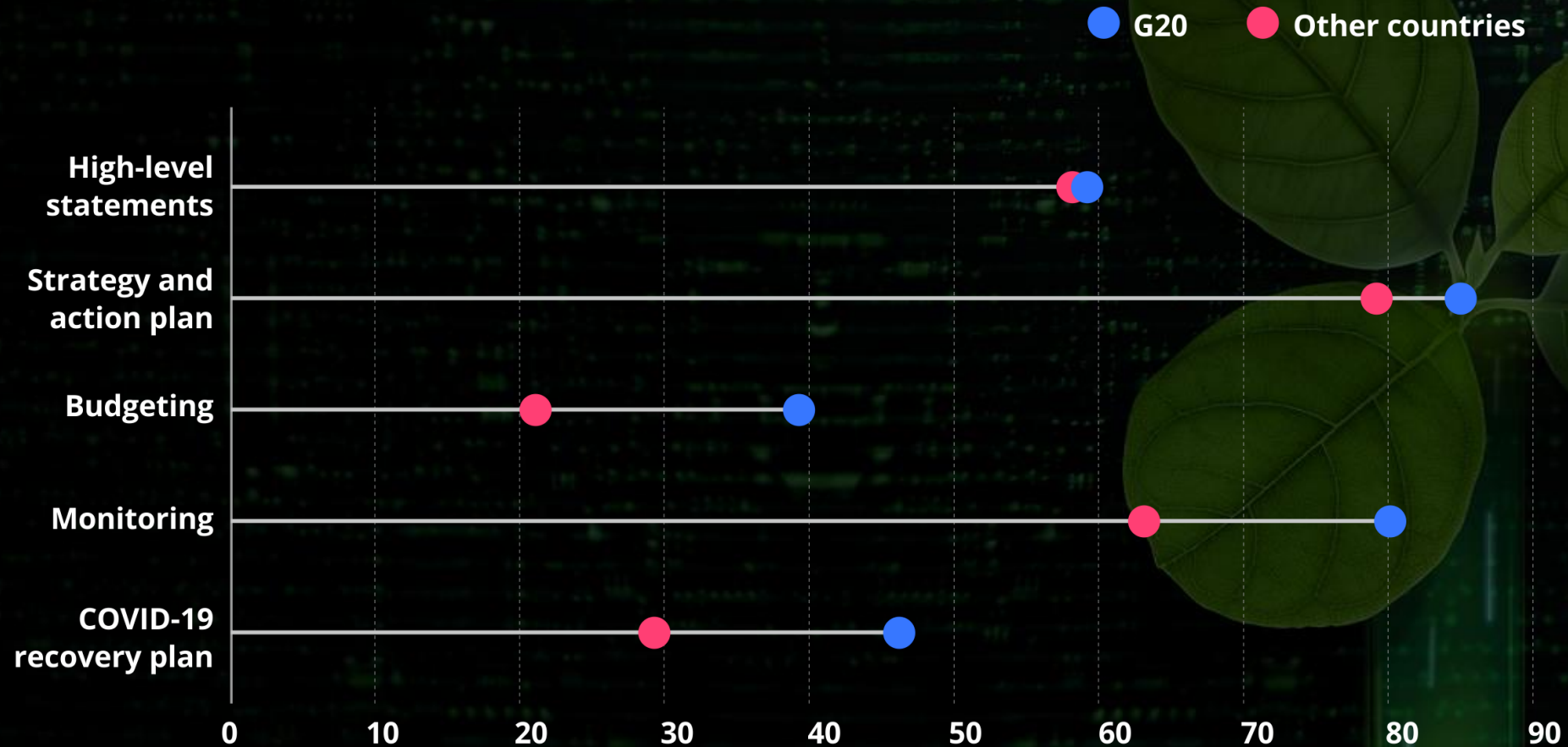


Includes upstream and selected parts of midstream and downstream (ie, power T&D, EVCI, CCS capture, compression, transport, and storage).
 Historical values are based on IEA data, with the exception of decarbonization technologies values which are based on IRENA data until 2020. 2021 is based on McKinsey data.
 Includes hardware and labor, ie T-circuit, D-circuit and T&D transformers new build-out (excluding upgrades of existing stock).
 Includes sustainable fuels production, hydrogen production, CCS, EVCI, and district heating.
 Includes power generation from solar PV, onshore wind, offshore wind, hydro, storage (including batteries), and other.
 Includes power generation from coal, gas, nuclear, and oil (including plants with CCS technologies).

Note: Overall power is overrepresented given that T&D is included, while for conventional fuels, O&G midstream and coal upstream are not included.

Source: IEA World Energy Investments 2023; IRENA World Energy Transition Outlook 2023; McKinsey Energy Solutions' Global Energy Perspective 2023; McKinsey Energy Solutions Energy & Pricing Value Pools 2023; McKinsey Global Institute, Oct 2023 (<https://www.mckinsey.com/industries/oil-and-gas/our-insights/global-energy-perspective-2023>)

Integration of SDG's into key policy processes



Source: Sachs et al. (2022a) Sustainable Development Report 2022: From Crisis to Sustainable Development (<https://sdgs.un.org/sites/default/files/2023-06/Advance%20unedited%20GSDR%2014June2023.pdf>)

ESG metrics in company incentive plans

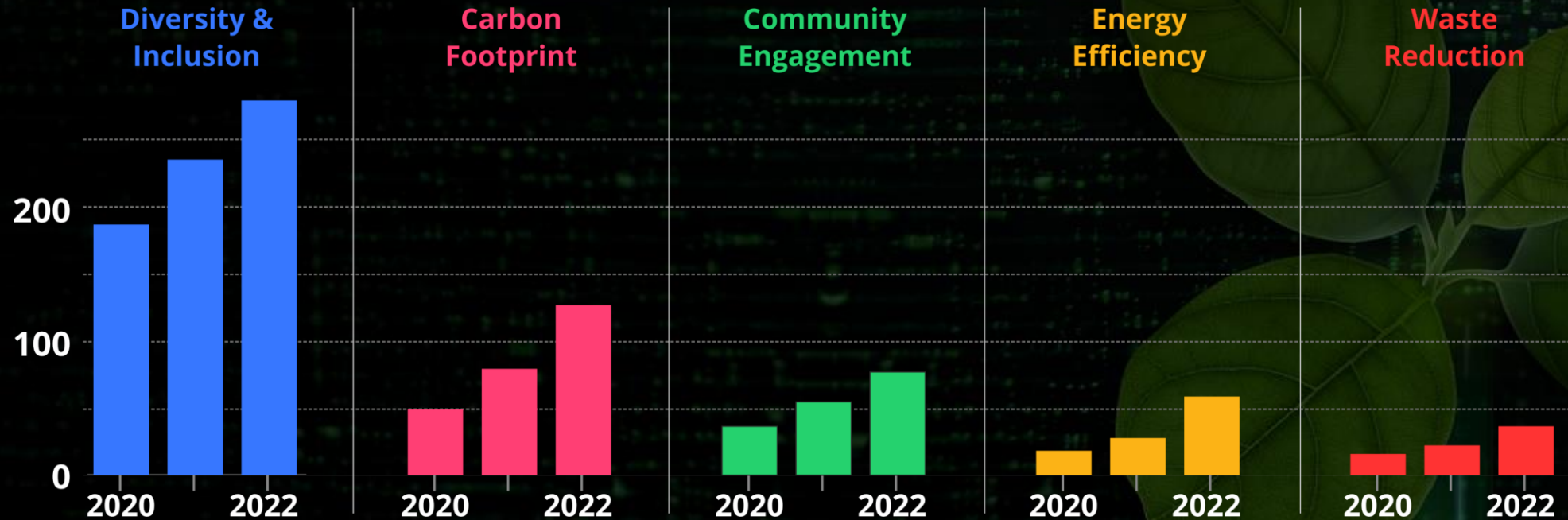


“ Per cent of Russell 3000 and S&P 500 companies with at least one ESG metric in their incentive plan, according to SEC filings 2021 to 2023 ”

Source: Financial Times, Aug 2023 (<https://www.ft.com/content/25aed60d-1deb-4a41-8f39-00c92702b663>)

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Top ESG metric in the US: D&I



Number of S&P 500 companies with metrics across different environmental, social and corporate governance categories



Source: Financial Times, Aug 2023 (<https://www.ft.com/content/25aed60d-1deb-4a41-8f39-00c92702b663>)



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