



GENERAL UPDATES ON ENVIRONMENT SOCIAL AND GOVERNANCE



India announces domestic voluntary Carbon Market Scheme

- India's Ministry of Power announced a carbon offset market "the Carbon Credit Trading Scheme 2023" now called as the Principal Scheme along with amendments made by the Central Government and the Bureau of Energy Efficiency w.e.f. December 19, 2023.
- Obligated entities (entities which mandatorily have to obtain carbon credit certificates under the Scheme) will receive emission reduction targets in the compliance mechanism, while non-obligated entities (entities which can obtain the carbon credit certificates on voluntary basis) can register projects using sectoral methodologies for Carbon Credit Certificates.
- Non-obligated entities can participate in the offset mechanism by registering projects for greenhouse gas emission reduction, removal, or avoidance.
- The Bureau will identify sectoral scopes for non-obligated entities to generate carbon credits and specify methodologies for the offset mechanism under the scheme.



SBI raises \$250 million through green bonds maturing in 2028

- The bonds, which have been issued as part of SBI's \$10 billion medium-term note programme, will mature on December 29, 2028.
- The Green Notes rated BBB- by S&P, were issued with a floating rate basis of 1.20% above Secured Overnight Financing Rate SOFR and are now listed on the Indian International Exchange.
- The proceeds from this issuance will be allocated to eligible green projects as per the Bank's ESG Financing Framework.



ECB/ESRB Reports: Finance Sector Key to Tackling Climate-Related Stability Risks

- The European Central Bank (ECB) and the European Systemic Risk Board (ESRB) published a joint report on the impact of climate change in the European Union (EU) financial system.
- Banks are significantly exposed to high-emitting firms and households, with future climate risks underpriced and underinsured.
- Macroprudential policy can keep systemic risk in check with existing instruments and complement microprudential efforts.
- Strong economic dependence on natural ecosystems could exacerbate climate-related financial stability risks.



European Union (EU) Council agrees on Proposal to regulate ESG Ratings Providers

- European Council agrees to regulate ESG ratings providers, placing them under European Securities and Markets Authority (ESMA) oversight.
- New rules emphasize transparency in methodologies and address conflicts of interest in ESG ratings.
- The proposal calls for separating business activities and implementing measures to avoid conflicts of interest, with no need for separate legal entities.
- A three-year regime with no supervisory fees is proposed for smaller ESG ratings providers before full compliance requirements