NEWSLETTER

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ADB to Invest $25 Million in Certified Climate Bond for Climate Financing in India

SUZANNE GABOURY
DIRECTOR GENERAL, ADB

The first certified climate bond issued by a medium-sized nonbank financial company in India, Vivriti Capital Limited (VCL), will receive $25 million from the Asian Development Bank (ADB). The proceeds will be used to finance businesses in industries like waste management, solar and wind energy, and electric vehicles.

In order to provide access to climate finance for financially marginalized businesses, such as micro, small, and medium-sized companies (MSMEs), mid-market corporates, and retail clients in India, the bond is being accredited by the Climate Bonds Initiative.

“Climate bonds can bridge the large market gap for climate finance in India while supporting the development of the capital market,” said ADB Director General for Private Sector Operations Suzanne Gaboury. “This partnership with Vivriti Capital Limited allows ADB to support scalable and commercially viable renewable energy projects and promote decarbonization of road transport, which accounts for up to 30% of urban air pollution in India.”

The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. It also administers the international Climate Bond Standards and Certification Scheme.

https://www.adb.org/news/adb-invest-25-million-certified-climate-bond-climate-financing-india

Index

IFC Partners with Axis Bank to Provide a $500 million Climate Loan in India

Axis Bank, one of the biggest private sector banks in India, is collaborating with the International Finance Corporation (IFC), the largest global development organization and a member of the World Bank Group, to offer a $500 million loan to support the growth of a blue finance market and the expansion of financing for green projects in India.

This is the first blue transaction by a financial institution in India as well as the first blue investment made by IFC there.

Additionally, this deal is the largest IFC green finance transaction in the nation. Axis Bank will be able to increase the scope of its climate finance offerings thanks to the funds.

IFC'S MD MAKHTAR DIOP WITH AXIS BANK'S MD & CEO, AMITABH CHAUDHARY

Blue loans are financing instruments that raise and earmark funds for investments such as water and wastewater management, reduction of marine plastic pollution, restoration of marine ecosystems, sustainable shipping, eco-friendly tourism, and offshore renewable energy.

“With the increasing effects of climate change into the global ecosystem and the growing awareness of environment sustainability, it’s imperative for banks to adopt sustainable lending practices. We are excited to partner with IFC with whom we share a common vision of strengthening standards and lending practices to boost sustainable finance in India.” said Amitabh Chaudhry, Managing Director and Chief Executive Officer of Axis Bank

"We are thrilled to announce our inaugural blue loan in India, marking our largest climate finance initiative in the country to date. India serves as an exceptional testing ground for innovative approaches to climate adaptation. This loan will not only catalyze private sector investment in this emerging asset class but also direct long-term funding toward fostering a sustainable blue economy.” said Makhtar Diop, Managing Director of IFC.

IFC aims to stimulate the Indian market for green buildings through this partnership. In order to encourage the design and construction of green buildings certified by IFC's EDGE (Excellence in Design for Greater Efficiencies) green buildings standard, IFC will also offer a performance-based incentive of up to $2.9 million through the UK-IFC Market Accelerator for Green Construction (MAGC) program.

https://www.ifc.org/en/pressroom/2024/ifc-partners-with-axis-bank-to-provide-a-500-million-climate-loan-in-india

Azure Power Refinancing

Azure Power is to replace maturing debts and cut costs by refinancing $150 to $180 million (Rs 1,250 crore to Rs 1,500 crore) in loans by the end of this fiscal year.

“Until March 2025, we are primarily focusing on refinancing, not raising any fresh debt. We are considering two cases where refinancing might be appropriate,” said Sugata Sircar, group chief financial officer and executive director, finance at Azure Power.

SUGATA SIRCAR,
CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR, AZURE POWER

REC refinanced a $310 million (about Rs 2,573 crore) tranche of Azure's green bonds earlier this month. “We have also done some down-selling of $77 million. In total, we have refinanced about $500 million (nearly Rs 4,150 crore) between July and October this year,” Sircar added.

Sircar emphasized that interest expenses had decreased as a result of loan refinancing. Azure's project debt of Rs 1,300 crore was refinanced by HSBC in July, saving roughly 200 basis points in costs.

We have refinanced 45% of our loan portfolio, which has lowered the average cost of the portfolio. Additionally, there are other benefits. Importantly, we are seeing increased appetite from existing lenders like HSBC, which has expanded its participation. Furthermore, we are also attracting new lenders, such as REC,” Sircar explained.

According to Sircar, letters of award (LOAs) have been issued for Azure Power's about 967 megawatt pipeline, but SECI has not yet signed PPAs. The business has also submitted applications for two additional 300 megawatt grid connections. “We will apply for more grid connectivity. If granted, we will acquire critical land and proceed with project planning. The connectivity could be for solar, wind, or hybrid projects,” he noted.

This refinancing strengthens Azure Power’s financial position as it continues to expand its renewable energy portfolio.

https://www.financialexpress.com/business/industry-azure-power-looks-150-million-180-million-loan-refinancing-3647014/

Data Centers in India: The Equinix Perspective

MANOJ PAUL
MANAGING DIRECTOR,EQUINIX

TTechnology breakthroughs, the emergence of hybrid working patterns, and the rising need for dependable digital infrastructure are all contributing to the dramatic changes in India's data center market.

Leading this change is Equinix Inc., a major player in digital infrastructure worldwide. Equinix India's managing director, Manoj Paul, provided information about the company's development path, strategic plans, and the rapidly expanding data center market in India.

Equinix is committed to supporting businesses as they embark on their digital transformation. Equinix promotes a flexible strategy that enables businesses to take advantage of a variety of resources, such as alliances and connections, in contrast to many businesses that just concentrate on cloud migration. This adaptability is essential, particularly in view of previous incidents in India where data center providers abruptly stopped operations, leaving customers in the dark.

Equinix serves over 10,000 clients over 260 data centers in 71 metro areas worldwide, with over $8 billion in sales for 2023 and 21 years of growth in a row. This vast network improves the dependability and assurance that businesses look for in a data center partner.

Equinix is aware that even small disruptions can have serious consequences in the modern digital environment. As a result, their dedication to dependability and sustained assistance is crucial. Paul underlined that businesses' needs change as technology advances, calling for solutions that provide flexibility and agility. In order to achieve this, Equinix has launched a number of services in India, such as Equinix Fabric, which makes it easier to connect to cloud service providers.

Equinix Metal, a bare metal as a service solution that serves businesses looking for scalable infrastructure without the hassles of conventional configurations, is one of Equinix's most notable products. With the help of this solution, companies can easily scale their bandwidth as needed, facilitating effective data management and guaranteeing business continuity.

https://www.expresscomputer.in/exclusives/indias-attractiveness-as-a-data-centre-destination-lies-in-its-large-market-size-and-potential-for-economic-growth-manoj-paul-md-equinix-india/110065/

Data Centers in India: The Equinix Perspective

Businesses may set up connectivity and deploy servers without the hassle of juggling various carriers thanks to Equinix's networked data centers, which enable smooth service expansion across regions. Time-to-market is accelerated and operational efficiency is improved by this simplified strategy.

Paul pointed out that India's expanding data center market is reflected in the quick rollout of services there. Equinix hopes to satisfy the various needs of businesses, especially those investigating AI and digital transformation, by large investments and alliances, such as those with NVIDIA.

Equinix has a number of new data centers in various stages of development as part of its active expansion in India. Notably, the business is completing projects in Chennai and Mumbai with the goal of having them finished by the end of the year. Equinix is dedicated to meeting the increasing needs of Indian companies and has plans for more developments.

The demand for data processing and storage as well as growing digitization are driving the data center industry in India, which offers a wealth of opportunities. Paul emphasized that demand is now higher than supply, which puts Equinix in a favorable position as it strives to provide customers with outstanding value.

Although India's data center capacity is currently smaller than that of nations like Australia, there is significant room for expansion. Significant renewable energy resources, inexpensive electricity, and a growing infrastructure for communication, including underwater cables, are all advantages of the nation. All of these elements work together to make India a desirable location for data center operations.

Paul underlined how crucial renewable energy and environmental practices will be in determining how data centers develop in the future. India's capacity to produce renewable energy can provide a competitive advantage as businesses place a greater emphasis on sustainability.

Equinix understands how important collaborations are to improving its products. In order to build a complete ecosystem that offers value to clients, the company works with industry titans like HPE, Dell, and other telecom providers.

By working together, Equinix is able to stay at the forefront of customers' minds and offer comprehensive solutions that go beyond data center services.

Equinix intends to concentrate on cutting-edge developments like artificial intelligence and liquid cooling technologies in the future. Equinix hopes to successfully negotiate the challenges of digital transformation and continue to be a reliable partner for Indian businesses by promoting an innovative and flexible culture.

https://www.expresscomputer.in/exclusives/indias-attractiveness-as-a-data-centre-destination-lies-in-its-large-market-size-and-potential-for-economic-growth-manoj-paul-md-equinix-india/110065/

Brookfield sells wind and solar assets for US$1.4billion to UAE’s clean energy company

SULTAN AL JABER
CHAIRMAN, MASDAR

Brookfield Renewable and its institutional partners will sell Saeta Yield to Abu Dhabi Future Energy Company PJSC (Masdar). 745 megawatts (MW) of renewable assets, mostly wind energy (538 MW in Spain, 144 MW in Portugal), and 63 MW of solar photovoltaic (PV) assets in Spain are included in this proposed transaction, which is estimated to be worth $1.4 billion.

A 1.6-gigawatt (GW) development pipeline is another aspect of the agreement. Interestingly, the 350 MW of concentrated solar power assets that Brookfield will keep will not be part of this deal.

After acquiring Saeta in 2018, Brookfield has worked with its management team to streamline capital structures, sell off non-core assets, and strategically position the company for expansion through repowering, hybridization, and new development prospects. This sale is in line with Brookfield Renewable's plan to repurpose funds for future growth, according to Masdar's news statement.

Masdar's position in the Iberian market, which is one of the biggest renewable energy markets in Europe, has been greatly strengthened by this acquisition, which is one of the biggest renewable energy transactions in Spain.

Masdar wants to help reach its ambitious target of 100 GW of worldwide renewable power by 2030 by accelerating the energy transformation throughout Spain, Portugal, and the rest of Europe.

In addition, Masdar has recently announced a partnership agreement with Endesa to collaborate on 2.5 GW of renewable assets in Spain, which is subject to regulatory approval. Sultan Al Jaber, the UAE Minister of Industry and Advanced Technology, chair of Masdar, and COP28 President, stated, “Masdar is committed to accelerating the delivery of clean energy capacity across the Iberian Peninsula and Europe.”

https://www.benefitsandpensionsmonitor.com/investments/emerging-markets/brookfield-sells-wind-and-solar-assets-for-us14bn-to-uaes-clean-energy-company/388722

Brookfield sells wind and solar assets for US$1.4billion to UAE’s clean energy company

He added, “This landmark deal with Brookfield Renewable, representing one of Spain's largest renewable energy transactions, builds on Masdar's strong growth trajectory and demonstrates our commitment to the EU's broader net-zero target by 2050.”

Masdar CEO Mohamed Jameel Al Ramahi stressed that the purchase of Saeta, which comprises its 1.6 GW development pipeline and 745 MW of wind assets, enhances Masdar's European portfolio, particularly in view of the company's recent 2.5 GW solar energy agreement with Endesa. He noted that Masdar's goal of achieving 100 GW of renewable power by 2030 is supported by this acquisition, which also strengthens the company's position in the Iberian market.

Álvaro Pérez de Lema, CEO of Saeta, expressed enthusiasm about the upcoming phase of the company’s growth under Masdar's ownership, following six successful years with Brookfield. He looks forward to collaborating with Masdar to advance Saeta’s development as a leading independent renewable energy producer in Iberia.

The acquisition is anticipated to close by the end of 2024, pending the usual regulatory approvals.

Practical Difficulties of GRI

Introduction

The GRI Standards are the most widely used sustainability reporting standards in the world. More than 10,000 organizations in over 100 countries use the Global Reporting Initiative (GRI) Standards.

The GRI is an independent organization that sets the standard for sustainability reporting. The GRI Standards are voluntary and have been adopted by a wide range of organizations, including: multinational organizations, governments, small and medium-sized enterprises (SMEs), NGOs, and Industry groups.

Origins

The Global Reporting Initiative (GRI) was founded in 1997 in Boston, Massachusetts, in response to the Exxon Valdez oil spill.

The GRI was created by the Coalition for Environmentally Responsible Economies (CERES) and Tellus Institute, in partnership with the United Nations Environment Programme (UNEP). The goal was to improve the quality and comparability of sustainability reporting globally.

Between 2000 and 2006, the GRI became an independent institution and established its secretariat in Amsterdam.

First guidelines

The GRI released its first sustainability reporting guidelines, G1, in 2000.

https://www.benefitsandpensionsmonitor.com/investments/emerging-markets/brookfield-sells-wind-and-solar-assets-for-us14bn-to-uaes-clean-energy-company/388722

Practical Difficulties of GRI

Standards

In 2016, GRI transitioned from providing guidelines to setting the first global standards for sustainability reporting – the GRI Standards. The Standards continue to be updated, including new Topic Standards on Tax (2019) and Waste (2020), and a major update to the three Universal Standards (2021). That year also saw the addition of Sector Standards, starting with Oil & Gas. To follow were Agriculture, Aquaculture & Fishing and Coal (2022), then Mining and a revised Biodiversity Topic Standard (2024).

GRI's standards are regularly reviewed to ensure they reflect global best practices.The revised Universal Standards were published in October 2021 and came into effect for reporting on January 1, 2023.

Constraints

Some of the hurdles in implementing GRI standards are given below.

Complexity: A key issue is the complexity and excessive amount of information demanded by the framework. For numerous companies, particularly smaller ones, the extensive collection and disclosure of data can be daunting, making it challenging to fulfill all reporting obligations efficiently.

Inconsistencies: Moreover, while GRI strives to standardize sustainability reporting, its application in various sectors can result in inconsistencies due to the different sustainability challenges each industry faces, which may not always be adequately addressed by a uniform set of guidelines.

Expenses: The expenses involved in implementing GRI also act as significant hurdles. Businesses are required to invest in systems for data collection and verification, which can be especially challenging for smaller businesses.

Expertise: The lack of expertise in sustainability reporting complicates matters further, as many organizations depend on external consultants, which incurs extra costs and may lead to inconsistencies in applying the framework.

Quantitative: Finding the right balance between quantitative and qualitative data is another hurdle for companies utilizing the GRI framework. While GRI advocates for the inclusion of both types of data, achieving the correct equilibrium can be difficult, resulting in some reports being overly data-driven and others lacking in detail.

Practical Difficulties of GRI

Moving Parts: Furthermore, the regular updates to GRI guidelines can cause confusion and additional workload, as organizations need to update their internal systems to remain in compliance with the latest standards.

Feedback: Engaging stakeholders to pinpoint significant issues is also a crucial yet challenging part of GRI reporting, as companies often lack established procedures for soliciting feedback from a variety of stakeholders or face difficulties in reconciling conflicting priorities.

Misalignment: Lastly, the lack of alignment between GRI standards and local regulations adds another layer of complexity, as companies must navigate through both voluntary and mandatory reporting requirements, which can lead to duplication of efforts and increased expenses.

These practical challenges underscore the difficulties in enhancing and implementing the GRI framework across various industries and geographical areas.

Conclusion & The Way Forward

The practical difficulties highlighted in this article point to the need for companies to build expertise in all facets of ESG. Dealing with ESG matters must be a routine phenomenon. Employees, management, CEOs and directors must be required to have ESG skills. In this way, reliance on external consultants will decline , leading to a decline in the cost of preparing and dealing with ESG issues. Outsourcing to external consultants can then be limited to areas where it is cheaper to do so or in highly specialised areas at the early stages.

ESG compliance should not be viewed as a burden. It is a duty owed to shareholders, stakeholders and government policies which require high-quality ESG practices. It needs to be a part of the DNA of organisations. Organisations should view and practise ESG as a value-creating approach so that it aligns with an organisation’s commercial objectives.

The ESG Association of India is ready to provide practical internal training to organisations to enable them to cope with ESG requirements in a professional and economical manner and ultimately to create social and commercial value-add across multiple dimensions.

https://www.researchgate.net/publication/325701267_Positive_and_negative_aspects_of_GRI_reporting_as_perceived_by_Brazilian_organizations