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Boursa Kuwait launches new ESG guide

Guide to help drive corporate sustainability in financial markets

KUWAIT: Solidifying its position as a leading advocate for Environmental, Social and Governance (ESG) reporting and implementation, Boursa Kuwait launched its new ESG guide to raise awareness and drive the embrace of Corporate Sustainability in the Kuwaiti capital market. The guide aims to introduce the ESG universe to companies listed on the stock exchange and highlight the benefits of ESG disclosure and best practices.

The guide proposes an initial set of sustainability indicators that correspond with the United Nations' Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) framework and the State of Kuwait's sustainable development ambitions as set out in the Kuwait National Development Plan and the "New Kuwait" vision for 2035. It is also aligned with the recommendations of the World Federation of Exchanges (WFE) and the Sustainable Stock Exchanges (SSE) initiative, which Boursa Kuwait has been a proud member of since 2017.

The ESG guide includes recommended sustainability metrics and a set of indicators that will assist market participants in understanding where they currently stand as well as how to improve and set future goals. The guide also explains the different types of ESG reporting, allowing companies to choose and decide on the format that is most suited for them. These metrics and indicators are designed to help listed companies to accelerate their transition towards more environmentally conscious and sustainable business operations. The guide also aims to aid market participants gain a sound understanding of the many benefits of ESG reporting including a greater ability to make informed decisions and meet the growing needs of their various stakeholders for transparent and regular information.

The launch of the ESG reporting guide stems from Boursa Kuwait's commitment to advance Corporate Sustainability within the company and the wider capital market. Boursa Kuwait has been reporting on ESG through its annual reports and undertaking several initiatives promoting sustainable practices as part of its Corporate Sustainability strategy.

Commenting on the announcement, Boursa Kuwait's Chief Executive Officer, Mohammad Saud Al-Osaimi, said: "We have been witnessing significant progress in the adoption of corporate sustainability and an increasing inclination towards sustainable and climate-integrated investments, which is a promising trend. Inspired by this momentum, Boursa Kuwait, armed with its ESG readiness and its well-thought-out Corporate Sustainability strategy, has remained at the forefront of the efforts to promote environmentally conscious business practices in Kuwait's capital market."


Mohammad Saud Al-Osaimi


Noura Al-Abdulkareem

Boursa Kuwait's Head Of Markets Noura Al-Abdulkareem also commented on the launch of the ESG Reporting Guide, saying, "The launch of the ESG guide comes as part of Boursa Kuwait's commitment to help listed companies identify and adopt best practices in ESG reporting. As an exchange as well as a listed company, we aim to lead by example in ESG disclosure and implementation."

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 non-governmental 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. Over the past year, the company has conducted a series of webinars on wide-ranging topics including the assessment metrics and benchmarks of MSCI ESG Ratings and investor relations practices.

> New guide helps listed companies determine their progress in disclosure and highlights the benefits of environmentally conscious business operations

Global tax plan should aim higher: Stiglitz

PARIS: Nobel economics prize laureate Joseph Stiglitz praised international backing for a global tax on corporations but said the minimum rate agreed by governments to battle "the dark side of globalization" remains too low.

More than 130 nations have supported a plan to introduce a tax floor of at least 15 percent aimed at preventing countries from competing to offer the lowest rates in order to attract multinationals seeking to minimize their tax bills. "It's a fantastic initiative," Stiglitz told AFP on the sidelines of the Ambrosetti Forum, an economics conference next to the scenic Lake Como in Cernobbio, Italy.

"The system of multinationals' taxation, which is over 100 years old, is not suited for a 21st century globalized economy," he said. The global tax reform was agreed in negotiations led by the OECD and at a meeting of finance ministers of the Group of 20 wealthy and developing countries.

Final agreement is expected in the run-up to the G20 leaders' summit in Rome in October, with hopes the reforms can be in place by 2023. But the American economist said 15 percent is "too low". "I think it should be 25 percent, but politics is the art of compromise. I hope they do at least 20 percent," he said.

'Dark side of globalization'

The United States, France and Germany are among the powers that have backed the imposition of a minimum rate to end a "race to the bottom". But some nations are opposed to the plan, most notably Ireland, which has lured the likes of Apple and Google to its shores with a 12.5 percent rate.

"The system we have now is open to abuse and that is one of the reasons why the effective tax rate is so much lower than the official rate," Stiglitz said. "The race to the bottom in which Luxembourg and Ireland played a role undermined global solidarity, it undermined the global economic system, it is part of the dark side of globalization." He said the agreement has also put an end to a "terrible tax war" that started under the Donald Trump presidency which slapped retaliatory tariffs on wine and other EU products in response to digital taxes imposed by France, Spain and others on US tech companies. It "would have been a disaster if that kind of tax war proceeded," Stiglitz said.

Stiglitz vs Austerity

The 78-year-old academic, who was a senior economic adviser to President Bill Clinton in the 1990s, touched on another one of his favorite bugbears: Austerity. Stiglitz warned that the European Union should not return to its belt-tightening ways after the bloc rolled out a massive, 750-billion-euro ($890 million) fund to bring its 27 members out of their coronavirus-induced economic crisis.


Joseph Stiglitz

"Europe came together and did the 750 billion European Recovery Fund which was the kind of thing that they should have done during the euro crisis in 2010," he told AFP. "They provided the money without the austerity conditionalities they did in 2010," Stiglitz said.

During the eurozone debt crisis, European leaders imposed austerity measures on Greece, Ireland, Portugal and Cyprus in return for bailouts. The EU has dished out the first tranche of the rescue fund over the summer. "But my impression is that there is not a high level of trust to get the second tranche," Stiglitz said. He said it was a "good thing" that conditions were not set to get the first batch. "They gave some money because of the urgency," he said.

"But if they fall back in the old way of being excessively tight on the conditionality and not give the second tranche because they will say 'you didn't do this or that', some of the old problems could re-arise." With German Chancellor Angela Merkel-an austerity champion-bowing out, "maybe the new German government will also be more flexible", the economist said. But, he added, "That's still an open question." —AFP

Social cost of 2019's plastic more than GDP of India

MARSEILLE: The pollution, emissions and clean-up costs of plastic produced in 2019 alone could be $3.7 trillion, according to a report released yesterday by wildlife charity WWF, warning of the environmental and economic burden of this "seemingly cheap" material.

There is increasing international alarm over the sheer volumes of fossil-fuel based plastics entering the environment, as microplastics have infiltrated even the most remote and otherwise pristine regions of the planet. In its report, WWF said societies were "unknowingly subsiding" plastic, with their estimates for the lifetime costs of 2019 production equivalent to more than the gross domestic product of India.

"Plastic appears to be a relatively cheap material when looking at the market price primary plastic producers pay for virgin plastic," said the report Plastics: The cost to society, environment and the economy, produced for WWF by the consultancy Dalberg. "However, this price fails to account for the full cost imposed across the plastic life cycle."

It estimated that unless there was concerted international action, a projected doubling of plastic production could see costs rocket by 2040 to $7.1 trillion. The analysis looked at factors including the greenhouse gas emissions in the production process, health impacts, waste management and estimates of the reduction in the economic "services" of ecosystems on land and in water.

Since the 1950s, roughly 8.3 billion tons of plastic have been produced with around 60 percent of that tossed into landfills or into the natural environment. Tiny fragments have been discovered inside fish in the deepest recesses of the ocean and peppering Arctic sea ice. The debris is estimated to cause the deaths of more than a million seabirds and over 100,000 marine mammals each year.

"Tragically, the plastic pollution crisis is showing no signs of slowing down, but the commitment to tackle it has reached an unprecedented level," said Marco Lambertini, Director General of WWF International, in a statement.

'More plastic than fish'

The report comes as the International Union for the Conservation of Nature (IUCN) meets in the French port city of Marseille, with one motion under consideration calling for an end to plastic pollution by 2030. Earlier in September the European Union threw its weight behind calls for a legally-binding international agreement to reduce plastic pollution, during UN-hosted talks in Geneva. The UN Environment Program has said the planet is "drowning in plastic pollution", with about 300 million tons of plastic waste produced every year. The proposed resolution is due to be discussed during the United Nations Environment Assembly in Nairobi next year. —AFP


KABUL: A man pushes his bicycle loaded with plastic cans along a roadside in Kabul on Sunday. —AFP

High inflation looms over ECB meeting

FRANKFURT: Rising eurozone inflation will provide the backdrop for the meeting of European Central Bank governors Thursday, with markets hoping for hints of when policymakers might start easing their massive pandemic-era stimulus. As the economic recovery gathered steam in the 19-nation club, consumer prices rose at a pace not seen in the past decade, reaching three percent in August-well above the ECB's new two-percent target.

ECB president Christine Lagarde previously promised to "look through" the surge and policymakers expect the rate to rise even further in coming months before falling back. "We are more worried about the inflation rate being too low in the medium term rather than too high," Isabel Schnabel, a member of the ECB's executive board, said last month.

The ECB considers the jump in consumer prices to be driven by one-off, pandemic-related effects as energy prices recover and policies aimed at mitigating the economic impact are rolled back.

As such, observers do not expect the ECB's governing council to adjust historically low interest rates or announce any significant change to their colossal bond-purchasing program, despite some grumbling among its 25 members. Jens Weidmann, the president of the German Bundesbank, urged the ECB in August not to ignore the risk of a higher inflation outlook, and said the ECB must stand ready to gradually scale back its bond-buying.

Focus on Lagarde

"Even if some ECB hawks re-emerged over the last days, we don't expect their pushback to be strong enough to deliver any changes to the ECB's monetary policy stance," ING bank economists Carsten Brzeski and Antoine Bouvet said. The ECB launched its 1.85-trillion-euro ($2.2 trillion) pandemic emergency bond-buying program (PEPP) last year to help the euro region weather the coronavirus crisis. The huge asset purchases, scheduled to run until March 2022, are aimed at keeping borrowing costs low to keep credit flowing and boost economic growth.

The ECB will on Thursday also unveil the latest quarterly growth and inflation forecasts, but analysts expect few surprises. The inflation outlook is predicted to stay roughly unchanged, at 1.5 percent in 2022 and 1.4 percent in 2023 — well below the 2.0 percent target.

Lagarde's news conference on Thursday will be scoured for any signs of future changes in strategy as the eurozone bounces back from the coronavirus shock.

Future policy needs to be "almost surgical", she recently told Time magazine, adding it was "no longer a question of massive support, it's going to be a question of focused, targeted support in those sectors that have been badly hurt". All eyes are on the ECB's next move after the Federal Reserve began openly discussing scaling back stimulus in the United States, where the economic recovery is seen as further along.


MARSEILLE, France: French President Emmanuel Macron (left) listens to ECB chief Christine Lagarde during the IUCN World Conservation Congress in Marseille. —AFP

'Modest' slowdown

In a speech to the annual Jackson Hole symposium in late August, Fed chair Jerome Powell said "it could be appropriate to start reducing the pace of asset purchases this year". But Natixis economist Dirk Schumacher said the ECB would want to "signal its independence" from its US peers.

Talk of when to end the PEPP purchases or of making any changes to a pre-pandemic bond-buying scheme known as APP were likely to be postponed until after the September meeting, he added.

However, several ECB board members have recently signalled their openness to adjusting the pace of the emergency bond purchases. "If inflation and the economy recover, then there will logically be a gradual normalization of monetary policy, and of fiscal policy too," ECB vice president Luis de Guindos told a Spanish newspaper. A solid economic rebound is underway across the eurozone thanks to mass vaccinations, while concerns that the Delta variant could scupper the recovery have so far not materialized.

Consequently, the ECB could start by "signalling a 'modest' slowdown" in the pace of the PEPP scheme, from 80 billion euros per month to 60-70 billion euros, suggests Frederik Ducrozet, a strategist at Pictet Wealth Management. The slower pace could be framed as a "recalibration of stimulus", not a sign that the program is being wound down, said Marco Valli, an economist at UniCredit. —AFP