

# The Daily Dispatch

## Weekly Special Feature

August 05, 2022

### *The 3 keys that financial institutions need for a green future*

By: Yu-En Ong – The Business Times (Published on August 2, 2022)



PHOTO: PIXABAY

The appetite for sustainable financing has accelerated in recent years, driven by global initiatives to tackle climate change and promote sustainable development. Institutional and retail investors alike are increasingly putting money into responsible financing structures, such as green bonds and sustainability loans.

Corporates associated with sustainable finance products often reap reputational benefits too, and this has galvanised many companies to get on the environment, social, and governance (ESG) bandwagon, with or without regulatory incentive. This shift has not gone unnoticed, with increased scrutiny from investors and other stakeholders, and a demand for robust discussions around ‘greenwashing’ and its implications.

Financial institutions such as banks, insurance companies, and asset managers play an instrumental role in helping businesses transition towards net-zero emissions, and are well-positioned to mitigate the risk of greenwashing. Many are already actively raising awareness, bridging disclosure gaps, and conducting undertakings in connection with ESG targets.

As industry players continue advancing the green finance agenda and serving such needs in the region, it will help to keep in mind 3 keys – processes, technology, and people – that will shape the collective approach towards a sustainable future.

#### **Streamlining processes**

The implementation of standardised frameworks and guidelines is an important step to help ensure that environmental and sustainability claims are clear, accurate, and supported by objective evidence. Global regulators have been pushing for this, including in Singapore.

The Green Finance Industry Taskforce (GFIT) was convened by the Monetary Authority of Singapore (MAS) as an industry-led initiative to accelerate the development of green finance locally. One key initiative is developing a taxonomy for Singapore-based financial institutions, with particular relevance to those active across Asean.

To date, GFIT has launched 2 taxonomy consultation papers and issued a detailed guide for climate-related disclosures. Yet while GFIT can streamline taxonomy and disclosure efforts, and strengthen public-private partnerships to develop practical solutions, it is not a legal regime. We might eventually see some form of regulated or semi-regulated regime being implemented to spur Singapore’s development as a green finance hub.

It would be good for financial institutions to keep an eye on these developments; they can expect to see greater global alignment on regulatory matters, which would be key for certain cross-border aspects.

#### **Technology as an enabler**

The use of technology and data by financial institutions

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will similarly play a crucial role in building a more transparent, trusted, and efficient ESG ecosystem.

Firms are already exploring how technologies such as blockchain and artificial intelligence can aggregate massive pools of data, simplify conversion and comparability across different reporting frameworks, and enhance disclosure requirements. Yet while these technologies drive efficiencies and accelerate the green transition, they also expose businesses to greater digital risk and accountability.

As businesses face increased stakeholder and board-level scrutiny, coupled with compliance and regulatory challenges, the need to protect their digital capital is greater than ever.

Financial institutions need to strengthen their capabilities to tackle these issues and foster trust in their systems and processes. This means bolstering collaboration efforts with other players such as tech companies, regulators, and legal players, to set strategies, policies, and frameworks.

## **Bridging the green talent gap**

Skills and expertise are another important factor in the sustainable financing equation. Given how the surge for sustainable financing only happened in the past decade, sustainability-linked degrees remain rare in the job market and there is a global dearth of professionals who are ESG-qualified. It can be difficult to find such talent readily available, as any ESG-qualified professional needs to wear 2 hats – to be both an environmental scientist and a banker, insurer, or asset manager. There is no such off-the-shelf person, and anyone taking up the sustainability mantle will be much more of one than the other.

While on-the-job learning and training are sometimes lauded as the solutions for building skills and competency, awareness does not necessarily equate to expertise. We need to be more intentional about building up a workforce of ESG-qualified professionals who can effectively perform their roles in sustainable finance.

Earlier this year, the Institute of Banking and Finance (IBF) and MAS set out 12 technical skills and competencies needed in sustainable finance, covering areas such as

sustainability reporting and risk management. This provides a framework for financial institutions to upskill their professionals and serves as a reference for training providers. Financial institutions can look into IBF-accredited training programmes for external training, and host internal skills-sharing sessions.

The journey towards a truly sustainable future is long, but not unachievable. As financial institutions continue to drive this change and ensure the integrity of sustainable financing, this will hopefully propel more businesses to embark on their sustainability journey.

Upholding and maintaining the credibility of ESG policies and strategies will remain especially crucial to Singapore as it strives to build a green financial hub and advance its national agenda on sustainable development.

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*The writer is a banking and finance lawyer and head of Singapore at global law firm Norton Rose Fulbright.*

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<https://www.businesstimes.com.sg/opinion/the-3-keys-that-financial-institutions-need-for-a-green-future>

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TODAY'S TOP NEWS

## PLDT income rises to P7.7B

PLDT, Inc. saw its attributable net income for the second quarter of the year rise 8.5% to P7.7 billion from P7.1 billion in the same period a year earlier despite tough economic conditions. Revenues for the quarter climbed 7.3% to P51.2 billion from P47.7 billion previously, PLDT officials said during a briefing on Thursday.

## UNOAsia raises \$11 million in fresh funds

Singapore-headquartered financial technology company UNOAsia Pte. Ltd. (UNOAsia), the primary incorporator of UNO Digital Bank in the Philippines, has raised \$11 million in fresh funding through a pre-Series A round led by Creador Private Equity.

## Del Monte Pacific's unit buys assets of US brand

A subsidiary of Del Monte Pacific Ltd. acquired certain assets of a US broth brand to expand its retail presence, said the Philippine-listed holding firm. Del Monte Foods, Inc., the US subsidiary of Del Monte Pacific, acquired the assets associated with ready-to-use stock and broth brand Kitchen Basics from McCormick & Co.

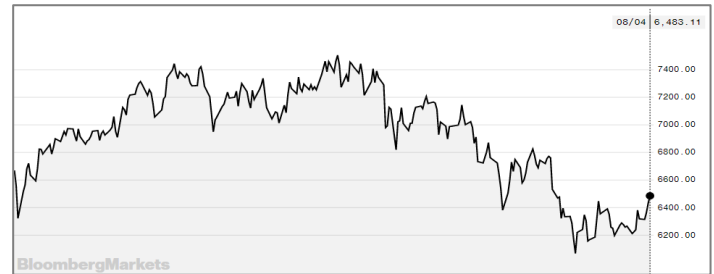
## IFC grants \$70 million financing for CREI

The private sector arm of the World Bank Group has arranged a \$70 million financing package for tower company Communication and Renewable Energy Infrastructure (CREI) Phils Inc. to support the construction of over 600 towers to enable access to affordable and improved mobile connectivity services in the country.

## Robinsons Retail's earnings surge to nearly P1.6B

Robinsons Retail Holdings, Inc. (RRHI) reported an attributable net income of P1.56 billion in the second quarter, more than double last year's P724 million last year, as operations improved and after applying austerity measures last year.

## Philippine Stock Market Update



**Previous Close:**

6,483.11

**1 Yr Return:**

1.01%

**Open:**

6,484.61

**YTD Return:**

-9.02%

**52-Week Range:**

6,054.79 - 7,552.20

**Source:**

Bloomberg

## Foreign Exchange

As of August 4, 2022

US Dollar	Philippine Peso
1	55.71

## BVAL Reference Rates

As of August 4, 2022

Tenor	Rate
1Y	3.343
3Y	5.024
5Y	5.528
7Y	5.825
10Y	6.113
20Y	6.556

## Daily Quote

"Don't write what you think people want to read. Find your voice and write about what's in your heart." -- Quentin Tarantino

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## MORE LOCAL NEWS

### RFM earnings down by 3.5% to P355M

RFM Corp. reported an attributable net income of P355 million in the second quarter, a 3.5% decrease from the P368 million posted last year on higher input costs. “[The group’s] net income... was mainly affected by the continuous increase in input costs,” the manufacturer of flour and flour-based products said.

### Vitarich earnings rise 18% to P107M

Vitarich Corp. on Thursday announced that its second-quarter net income attributable to equity holders rose by 18.2% to P106.91 million from P90.42 million. Revenues likewise surged by 22.34% to P2.91 billion from P2.38 billion in 2021.

### Pryce income slips nearly 5%

Pryce Corp. reported a net income of P708.79 million in the first six months of the year, down nearly 5% from P745.92 million in 2021, due to the impact of high operating expenses driven by inflation and successive fuel price hikes.

### ICTSI posted 50% income increase to \$294.5m in H1

Port operator International Container Terminal Services Inc. said Thursday net income jumped 50 percent in the first six months to \$294.5 million from \$196.7 million it earned a year ago, as revenues topped the \$1-billion mark during the period on a 5-percent volume growth.

### SMC earnings fell 33% but H1 sales rebounded

Diversified conglomerate San Miguel Corp. said Thursday net income fell 33 percent in the first half to P19.8 billion from P29.57 billion in the same period last year despite a 73-percent growth in net sales. San Miguel said first-half recurring net income jumped 24 percent year-on-year to P32.48 billion.

### Makati court junks suit vs. Bank of Bangladesh

The Makati regional trial court dismissed a defamation suit and demand for damages filed against the Bank of Bangladesh by RCBC Makati RTC Branch 142 Judge Rainald Paggao dismissed the suit and granted a motion for reconsideration filed by the Bernas Law Office led by Atty. Jose Bernas, counsel of Bank of Bangladesh.

### Meralco expects 4.6% rise in annual demand

Meralco said it expects peak demand to grow by an average of 4.6 percent annually, driven by increased economic activity. Meralco said the long-term forecast of the movement of peak demand would depend on how much renewable energy systems are introduced into the system and on the effectiveness of new energy efficiency measures.

### DBP to finance new economic zone in Bataan

State-run Development Bank of the Philippines (DBP) reported that it is set to finance the establishment of a new economic zone in the coastal town of Pilar in Bataan. DBP President and CEO Emmanuel G. Herbosa said the credit assistance amounted to P2.3bn and was extended to real estate firm Diamond Land Resources Inc. (DLRI).

### FLI home, condo sales rise in H1

Filinvest Land Inc., the Gotianun-led property developer, said sales of its housing and condominium units rose 30 percent in H1, with total option sales reaching P9.1 billion. For H1, the company said it recorded a 7-percent growth in its consolidated revenues and other income to P9.1 billion from last year’s P8.31 billion.

### Stocks climb; Ayala, PLDT lead advances

Stocks rose Thursday, tracking a Wall Street rally fueled by healthy economic and earnings data, while traders kept a wary eye on Chinese military drills around Taiwan. The PSEi climbed 53.03 points, or 0.8 percent, to 6,483.11 on a value turnover of P5.8 billion. Gainer beat losers, 98 to 78, with 49 issues unchanged.

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## TODAY'S TOP ASIAN NEWS

### Alibaba sales better than feared despite turmoil

Alibaba Group Holding posted better results than many investors feared, avoiding a sharp sales contraction while signalling an improvement in Chinese consumer sentiment in recent months.

### TikTok expands into e-commerce in Singapore

SOCIAL media giant TikTok on Thursday (Aug 4) rolled out its e-commerce solution, TikTok Shop, in Singapore. This comes as the short-video platform, owned by China's ByteDance, ramped up its foray into the online shopping space and pit itself against social media peers like Facebook and pure-play e-commerce sites.

### Malaysia retains chicken export ban

The Malaysian gov't will continue to restrict its chicken exports, said Agriculture and Food Industries Minister Ronald Kiandee on Thursday (Aug 4), but will stop subsidising farmers. During a Parliament session on Thursday, Dr. Kiandee had announced that the gov't would end its subsidies to chicken and egg breeders on Aug 31.

### Tencent seeks to raise stake in game maker Ubisoft

TENCENT Holdings plans to raise its stake in French video game group Ubisoft Entertainment as the Chinese gaming giant pivots to the global gaming market, 4 sources with direct knowledge of the matter told Reuters.

### Uniqlo's owner pushes deeper into North America

FAST Retailing will open its first GU store in the US, adding to its Uniqlo shops in the country as the apparel maker seeks a greater presence in the North American market. Opening this fall in Soho, New York, the pop-up store will be GU's first outside Asia, where there are already 450 outlets

## TODAY'S TOP GLOBAL NEWS

### Credit Suisse mulls over cutting thousands of jobs

Credit Suisse Group is discussing slashing thousands of jobs globally, Bloomberg News reported, citing people familiar with the matter. The Swiss bank is expected to finalise plans over the next couple of months and is examining inefficiencies in its middle and back office, in addition to efforts to reshape its investment bank.

### BlackRock teams up w/ Coinbase, crypto expansion

Blackrock is partnering with Coinbase Global to make it easier for institutional investors to manage and trade Bitcoin, marking a major push into cryptocurrencies for the world's largest asset manager.

### Bank of England raises rates by most since 1995

The Bank of England (BOE) unleashed its biggest interest rate hike in 27 years as it warned Britain is heading for more than a year of recession under the weight of soaring inflation.

### Glencore to return S\$6 billion to shareholders

Glencore will return an additional US\$4.45bn (S\$6.14bn) to shareholders in dividends and share buybacks as first-half profit more than doubled to a record thanks to surging coal prices. Glencore, the world's top coal shipper, has been one of the biggest winners from the global energy crunch as demand for the fossil fuel surges.

### Oil prices tumble more than 10% this week

Oil headed for a punishing weekly loss on increasing evidence that a global economic slowdown is spurring demand destruction, with prices sliding to their lowest level in six months.