

Global ESG Research

The Weekly Observer

Thematic Research | Environmental, Social and Governance (ESG) Research

Environmental, Social and Governance (ESG) Research

In this edition, we provide insights on Chevron's inaugural Energy Transition Spotlight event and a new study that shows GHG emissions from animal-based foods are twice as high as those of plant-based foods. In addition, our China Market Strategy team published a report detailing the investment opportunities that arise from the nation's decarbonisation super trend. The report also highlights other ESG-related research across the CS platform and news snippets of the week.

- **CVX steps up differentiated energy transition strategy:** At its inaugural Energy Transition Spotlight event last week, Chevron (CVX) provided its deepest dive yet on how the company is positioning itself for a low carbon world. While its European oil major peers are focused on divesting oil and gas assets and investing in renewable power (wind/solar) generation (XOM primarily on CCS), CVX presented a plan that combines its low-growth, lower carbon-intensity traditional (oil & gas) business with a faster-growing "New Energies" business that invests in renewable fuels (e.g., renewable natural gas, renewable diesel, and sustainable aviation fuel), hydrogen, CCS and offsets, and GHG reduction projects within its portfolio. CVX expects to spend \$10 billion (vs. prior guidance of \$3 billion) or roughly ~10% of its total investment budget by 2028 on these segments, which it sees generating returns that are competitive with its traditional oil and gas business ("double-digit" returns). Management also noted it plans to "respond" to recent shareholder votes on net zero and Scope 3 emissions in its Climate Resilience Report to be published next month.
- **GHG emissions from animal-based foods far exceed those of plant-based foods:** In June 2021, we launched two reports outlining the challenges and potential solutions associated with the global food system (see: [Credit Suisse Research Institute: The global food system - Identifying sustainable solutions](#) and [CS Global ESG Research - Solutions for a sustainable food system](#)). More recently, we showed the need for a more sustainable food system in [CS Global ESG Research - New data supporting the need for a sustainable](#). In our research, we estimate the cost of an unsustainable food system to the global economy and how big the environmental burden of the food system might become if no action is taken. Ahead of the United Nations' Food Systems Summit which takes place next week, a new study shows that animal-based food (including livestock feed) accounts for 57% of global greenhouse gas (GHG) emissions from food production. By contrast, this is 29% for plant-based foods and 14% for other utilizations (Xu et al., 2021).
- **NEV, renewable energy, battery, materials and industrials sectors offer opportunities to play the energy transition in China:** This week our China Market Strategy team published a [report](#) detailing the investment opportunities that arise from the nation's decarbonisation super trend. Key stock calls include BYD, NIO, Li Auto and Xpeng in autos; CATL, Tianqi and Ganfeng in battery/mining; LONGi, Longyuan Power, Goldwind, Nari and Dongyue in renewable energy; Bao Steel, Angang Steel, CR Cement, Anhui Conch and Chalco in basic materials; and CSCI, Raycus, CTI and Enric in industrials.

Credit Suisse Environmental, Social and Governance (ESG) research seeks to focus on sustainability and accountability factors that are then integrated into the investment process.

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Insights of the Week

CVX steps up energy transition strategy

On Tuesday, Chevron (CVX) hosted its inaugural “[Energy Transition Spotlight](#)” event, where management provided its deepest dive yet on how the company is positioning itself for a low carbon world. Indeed, some of the world’s largest oil producing companies (including CVX) have come under [unprecedented pressure](#) to take more drastic action in reducing their large carbon footprints. However, CVX’s event offered a fresh reminder that Big Oil companies can also have a significant role to play in the energy transition (albeit in various ways) given how much they offer in terms of financial fire power, global presence, existing infrastructure, technology leadership, and overall ability to get things done on a massive scale. Even just by allocating <10% of its capital budget to lower carbon businesses, CVX is already setting itself to be a market leader in renewable natural gas and sustainable aviation fuel by 2030.

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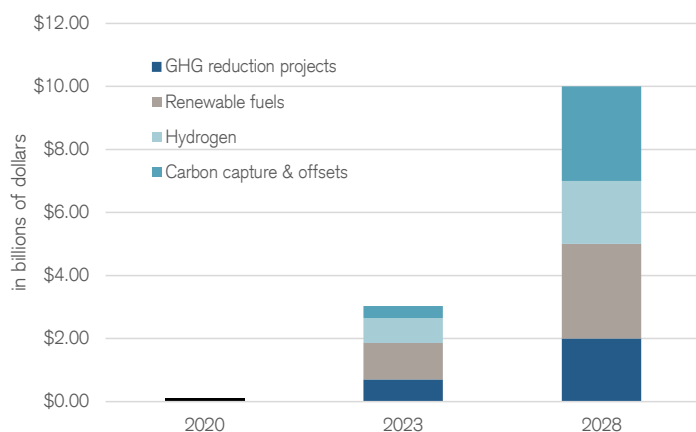
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Investing (differently than peers) in a lower carbon future

Chevron articulated an energy transition strategy that combines a high-return, low-growth, lower carbon-intensity traditional (oil & gas) business with faster-growing, profitable, lower carbon, new energy businesses that leverage its strengths. Specifically, to lower its carbon footprint meaningfully and grow its lower carbon businesses, CVX expects to spend \$10 billion (vs. prior guidance of \$3 billion) or roughly ~10% of its total investment budget by 2028. The breakdown of its lower carbon budget includes \$3 billion on carbon capture and storage (CCS) and offsets, \$3 billion on renewable fuels (e.g., renewable natural gas, renewable diesel, and sustainable aviation fuel), \$2 billion on hydrogen, and \$2 billion on GHG reduction projects within its portfolio. However, this level of spending is based on CVX’s view today and management acknowledged the company’s low-carbon spending could be higher if the returns and policy incentives support it. Management noted it expects other geographies to follow California and ultimately implement programs similar to its Low Carbon Fuel Standard (LCFS).

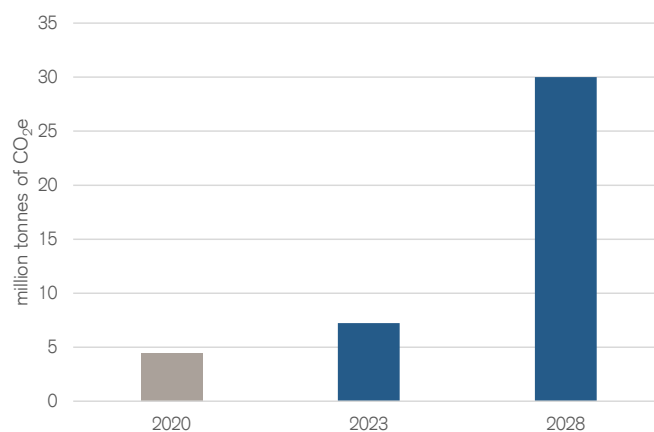
While CVX is targeting to reduce its Upstream Scope 1 and Scope 2 emissions *intensity* by 35% (relative to 2016 levels) and overall *absolute* emissions by ~30 million tonnes per annum by 2028, the company refrained from making a “net zero” commitment and addressing by far its largest emissions footprint: Scope 3 emissions. Instead, management noted it will update its “thinking” on net zero and Scope 3 in its Climate Change Resilience Report next month.

Figure 1: CVX cumulative lower carbon capital investments



Source: Chevron’s “Energy Transition Spotlight” presentation

Figure 2: CVX annual GHG emission reductions



Source: Chevron’s “Energy Transition Spotlight” presentation

CVX’s strategy stands in stark contrast to its European oil major peers (e.g., BP, Royal Dutch Shell, Total) which have all made some form of a net zero commitment by 2050 and are largely focused on divesting oil and gas assets while investing in renewable power (wind and solar)

generation. Notably, CVX management effectively ruled out its participation as a merchant developer in wind and solar, noting it's a "crowded space" where returns are low (below double-digits) and it has no competitive edge. With the ability to take advantage of various tax credits (e.g., Renewable Fuel Standard, Blender's Tax Credit, California's Low Carbon Fuel Standard, IRS 45Q for CCS projects, Alternative Fuel Tax Credit, and perhaps a Sustainable Aviation Fuel and hydrogen tax credit which are being considered in Congress), CVX sees its investments into biofuels and CCS projects generating returns that are competitive with its traditional oil and gas business ("double-digit" returns). In other words, to lower its carbon footprint, CVX is not lowering its hurdle rate of investment, although some may argue it's still not moving fast or ambitious enough.

Meanwhile, CVX's primary domestic competitor – ExxonMobil (XOM) – has been slower than the European oil majors and CVX to embrace the energy transition, with current plans to invest just ~\$3 billion on lower emission energy solutions (focused on CCS) through 2025. This equates to just ~3% of XOM's total capital budget over this time period. That said, following the loss of three of its board seats over its (inadequate) climate strategy in late May, XOM is [reportedly](#) considering a net zero commitment by 2050 (likely Scope 1 and 2 only) and working towards unveiling a "series of strategic moves on environmental issues" by the end of the year.

Focusing on solutions for hard-to-abate sectors

At the core, CVX's lower carbon strategy focuses on harder-to-abate sectors, such as manufacturing, aviation, and heavy-duty transportation, which are much more difficult to electrify than other sectors (e.g., light-duty transportation). The company's renewable fuels business will continue to be managed under its Downstream segment, while the hydrogen, CCS, and offsets businesses will fall under a new segment (reporting directly to the CEO) called Chevron New Energies. Below we provide some key takeaways from the event for each of its new core areas, although a more detailed note from our research analyst who covers XOM can be seen [here](#):

- **Renewable natural gas (RNG):** CVX is ahead of its plan to grow RNG production by 10x by 2025 (to ~10,000 MMBtu/d) and intends to produce >40,000 MMBtu/d by 2030. At 113 million gallons a year, CVX would be the largest RNG producer in the US by 2030. Interestingly, CVX indicated that RNG is economic to produce even outside of California.
- **Renewable diesel (RD)/sustainable aviation fuel (SAF):** For RD, CVX now expects to grow volumes 3x by 2025, ahead of its original target to double. And with its complex refining system, CVX believes it'll have the capacity to produce 100,000 barrels per day of both RD and SAF by 2030. The company did not provide a split between the two and indicated government policy will determine if SAF production can be increased at the expense of RD. While current policy is more supportive of RD over SAF, we'd note a new tax incentive for SAF is being considered by Congress (see our note [here](#)).
- **Hydrogen:** CVX sees the potential to grow hydrogen production to 150,000 tonnes per year by 2030, with a focus on both green and blue hydrogen. The company is fostering transportation and industrial demand growth through OEM alliances with Toyota, Cummins, and Caterpillar (with "many more" expected to follow) and its Richmond refinery (where it has spare capacity) is an initial area of focus.
- **Carbon capture and storage (CCS):** CVX sees opportunities in two areas: reducing the carbon intensity of its existing assets and growing its carbon capture business. The company is targeting 25 million tonnes of CO₂ per year in equity storage by the end of this decade and is exploring several hub opportunities in the US and abroad, each including multiple large customers and with facility nameplate capacities between 5 and 20 million tonnes of CO₂ per year.
- **Offsets:** CVX believes carbon offsets are critical to complement other efforts to reduce its carbon intensity and the space can grow significantly, both in compliance requirements and value generation. Management highlighted the company plans to invest directly in scalable, nature-based solutions (e.g., soil carbon storage, reforestation, and mangrove restoration).

GHG emissions from animal-based foods twice as high as those of plant-based foods

In June 2021, we launched two reports outlining the challenges and potential solutions associated with the global food system (see: [Credit Suisse Research Institute: The global food system - Identifying sustainable solutions](#) and [CS Global ESG Research - Solutions for a sustainable food system](#)). More recently, we showed the need for a more sustainable food system in [CS Global ESG Research - New data supporting the need for a sustainable](#). In our research, we estimate the cost of an unsustainable food system to the global economy and how big the environmental burden of the food system might become if no action is taken. Ahead of the United Nations' Food Systems Summit which takes place next week, a new study shows that animal-based food (including livestock feed) accounts for 57% of global greenhouse gas (GHG) emissions from food production. By contrast, this is 29% for plant-based foods and 14% for other utilizations (Xu et al., 2021).

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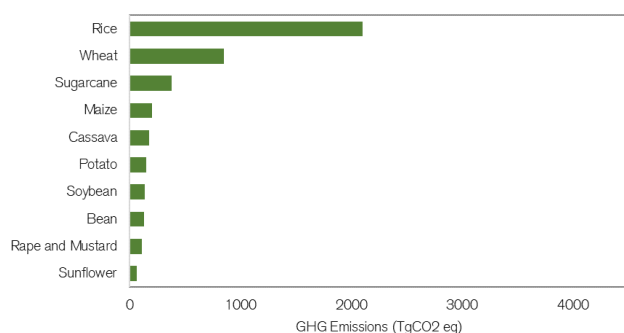
The carbon footprint of the global food system

The global food supply chain plays a significant role in the climate change debate given that estimates put the share of GHG emissions generated by the entire food system at well over 20%. Studies have assessed which activities are mostly responsible for these emissions. Work from Poore and Nemecek in 2018 showed that, on a global level, more than 50% of emissions generated by the food system was related to livestock, either through land use, animal feed, land conversions or methane production. Their analysis also showed that roughly 15% of food-related emissions were generated by activities after the production phase, including processing, transport, packaging and retail. Work from Sandstrom et al. in 2018 reviewing food-related emissions in the EU suggested that more than 80% of food emissions could be traced back to the production of animal-related food such as meat, dairy and eggs. The latest study by Xu et al. shows that animal-based foods correspond to 57% of all global GHG emissions from food production. This is nearly twice as much as emissions created from plant-based foods at 29%.

Plant-based food market growing rapidly

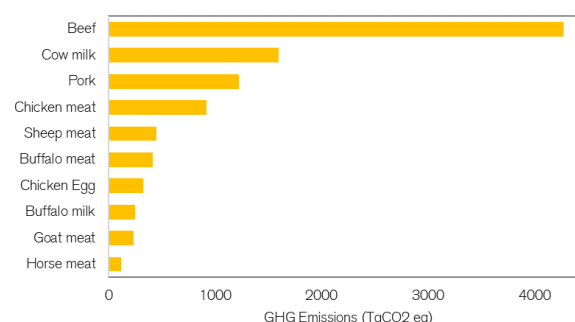
In our view, there is growing consumer support for plant-based diets. We previously showed that the alternative food market, which is primarily driven by plant-based alternatives for milk, meat yoghurt and cheese, is growing rapidly. Sales in the US increased 27% between 2017 and 2019, while in Europe growth reached 49% during the past two years. A recent survey by Finder shows that people following veganism increased by 40% in 2020 and that, currently, 14% of adults (7.2 million) in the UK are following a meat-free diet. A further 12% (6.5 million) of the population intends to become vegetarian, vegan or pescatarian supporting our view that the market for plant-based foods will continue to expand.

Figure 3: GHG emissions from the productions of top-contributing plant-based commodities



Source: Xu et al. (2021)

Figure 4: GHG emissions from the productions of top-contributing animal-based commodities



Source: Xu et al. (2021)

China Market Strategy – Embracing Carbon Neutrality

This week our China Market Strategy team published a [report](#) detailing the investment opportunities that arise from the nation's decarbonisation super trend. We brought together our strategists, sector analysts, China Quantitative Insight (CQi) and quant teams to understand the policy backdrop, on-the-ground industry and consumer views, as well as the key sector and company beneficiaries. We highlight the key findings of the report:

- **More sectors are expected to be included into China's carbon trading market, amidst tighter emission permits and higher carbon prices:** China's first national carbon trading market began trading in July 2021 at the Shanghai Environment and Energy Exchange, following regional pilot projects initiated in as early as 2011. The carbon trading market covers 2,225 companies in the power sector with total carbon emission of 4 bn tonnes (~40% of national emissions). We believe petrochemical, chemical, steel, nonferrous metals, construction materials, papermaking and aviation will be included into ETS during the 14th Five-Year Plan period. According to a survey by China Carbon Forum, the average price expectation in the national carbon market starts at Rmb49/t in 2020, and rises to Rmb71/t in 2025 and Rmb93/t by 2030. Potentially tighter emission allowance will also lead to higher demand and scarcity of carbon emission permits.

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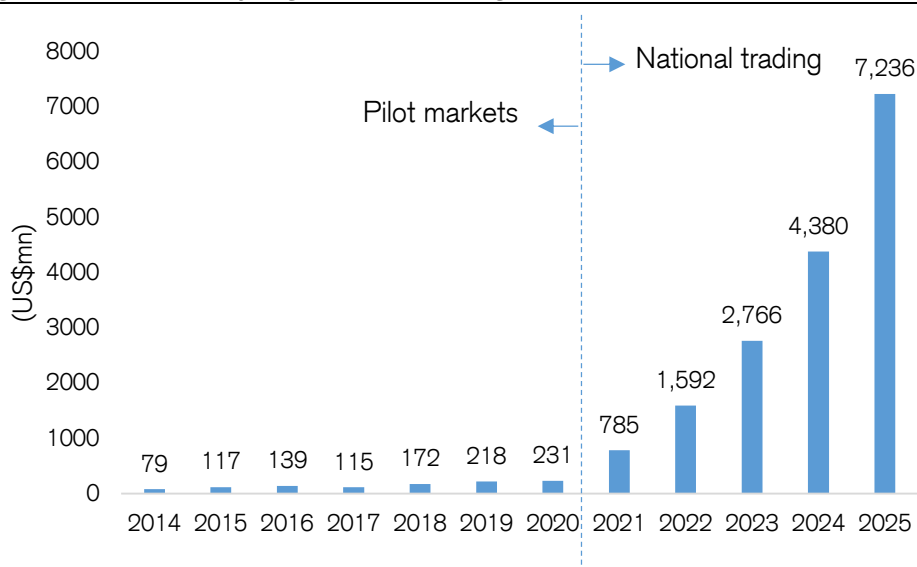
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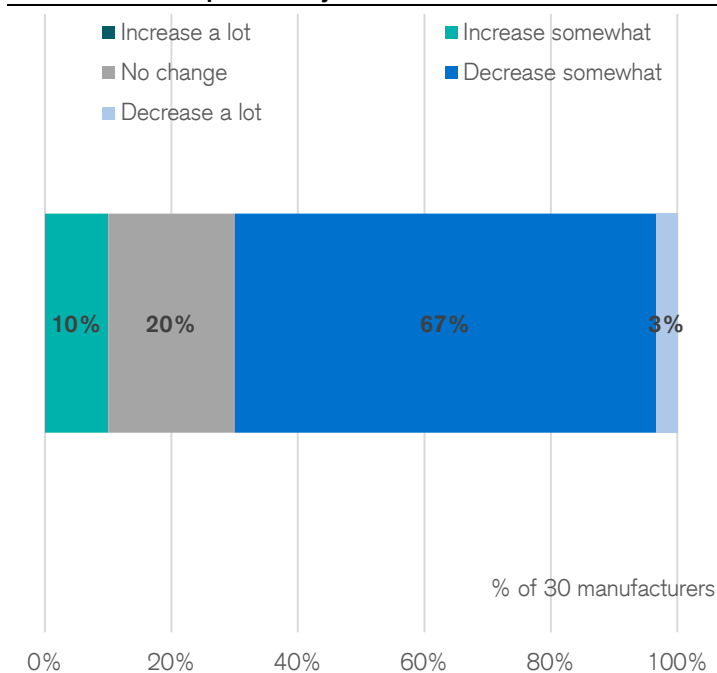
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Figure 5: The potentially largest carbon trading market

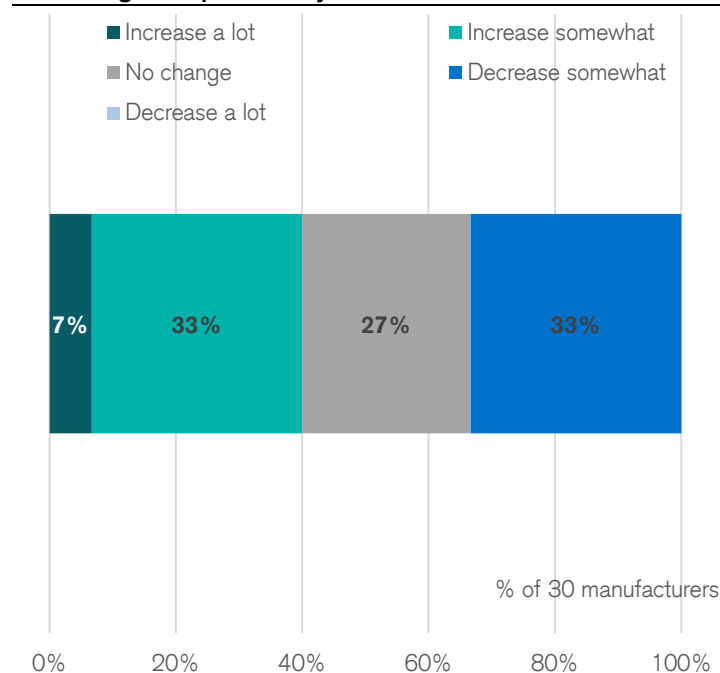


Source: WIND, China Carbon Forum, Credit Suisse estimates

- **CQi's surveys suggested ample room to raise consumers' awareness on decarbonisation, and that companies expect costs to increase:** A CQi survey in early May 2021 shows that over 80% of CQi's 800-consumer panel have no idea what "carbon emission peak" or "carbon neutrality" means. Even fewer people know China has set two specific years, 2030 and 2060, as deadlines to achieve these goals in spite of extensive official media coverage. On the other hand, SMEs are better educated on the topic and are expecting more government policies. As for financial impact, the majority of surveyed companies expect costs to increase. Most companies believe profitability will be impacted in the short term, but hold divergent opinions on the long-term impact.

Figure 6: CQI focus group – decarbonisation policy's impact to be on short-term profitability

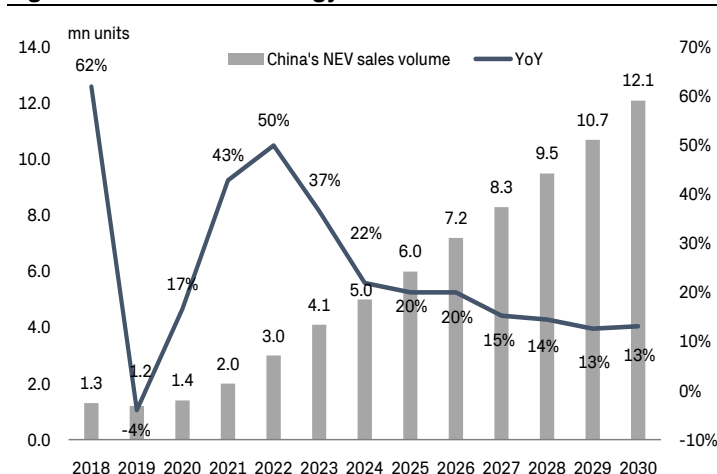
Source: CQI survey; CQI is a product of Credit Suisse APAC Equities and not part of Credit Suisse Equity Research

Figure 7: CQI focus group – decarbonisation policy's impact to be on long-term profitability

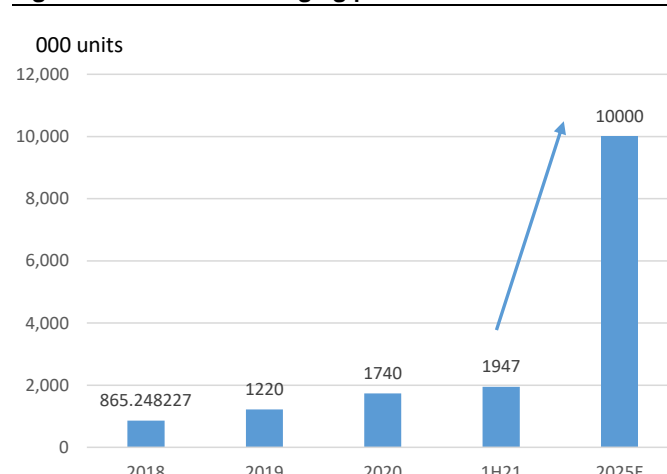
Source: CQI survey; CQI is a product of Credit Suisse APAC Equities and not part of Credit Suisse Equity Research

■ NEV and renewable energy are the major beneficiaries of China's net-zero pledge:

China has already become the largest market and manufacturer of NEVs in the world and will continue to grow exponentially, on the back of strong government support and active private sector involvement. This strong momentum will continue to drive xEV battery demand, also supporting lithium pricing amidst tight supply. We see a similar story in solar and wind in China, not only in operation but also in manufacturing, underpinned by impressive cost leadership. Hydrogen, while in the early stages of development, is set to become one of the most important and fast-growing low-carbon energy sources in the next decades.

Figure 8: China's new energy vehicle sales volume outlook

Source: Thinkercar, Credit Suisse estimates

Figure 9: Number of charging piles in China

Source: EVCIPA, Credit Suisse estimates

- **Basic material sector faces significant capacity reduction and upgrading in the future:** Contributing c.38% of total carbon emission in China for 2020, China's basic materials sector including cement, steel, coal and aluminium will experience significant capacity reduction and upgrading in the future. On the decarbonisation pathway, we anticipate better supply-demand dynamics for the sector, which will support higher prices and profitability. China's industrials sector will also embrace rising demand for laser equipment, carbon certification services, energy-efficient construction machinery and hydrogen-related products, in addition to further penetration of prefabricated construction.

Figure 10: The expected supply, demand impact on materials subsectors

	Carbon emission	Supply impact	Demand outlook	Current price / five-year avg	Supply impact	Demand outlook	Our view	
	% of total	In 6-12 months	In 6-12 months	%	In 2-3 years	In 2-3 years	In 6-12 months	In 2-3 years
Cement	14%	Down ~1-2%	Up ~2-3%	Rmb450/400 = 115%	Down ~3-4%	Flattish	Moderate benefit	Largely benefit
Steel	18%	Down ~2-3%	Up ~1-2%	Rmb5,000/4,000=125%	Down ~5-6%	Flattish	Moderate benefit	Largely benefit
Coal	1%	Up ~0-1%	Up ~3-4%	Rmb950/630=151%	Up ~1-2%	Up ~1-2%	Largely benefit	Balanced
Aluminium	5%	Down ~3-4%	Up ~3-4%	Rmb20,000/14,500=138%	Down ~4-5%	Up ~3-4%	Most benefit	Most benefit

Source: Company data, Credit Suisse estimates

Figure 11: Valuation sheets of our stock picks

Ticker	Company name	Sector	Rat.	Price	PE			DY	EPS CAGR	PB			ROE		
					2021	2022	2023			2021	2022	2023	2021	2022	2023
1211.HK	BYD (H)	Auto	O	263.0	128.3	115.8	124.5	0%	4%	7.2	6.9	6.5	6%	6%	5%
NIO.N	NIO	Auto	O	38.4	na	150.4	52.3	0%	146%	15.5	14.0	11.1	-9%	9%	21%
LI.OQ	Li Auto	Auto	O	29.6	na	161.2	94.3	0%	Turnaround	9.5	8.9	8.3	-2%	6%	9%
XPEV.N	Xpeng	Auto	O	38.3	na	na	392.4	0%	98%	13.1	13.5	13.0	-7%	-3%	3%
600019.SS	Baosteel	Basic materials	O	11.0	7.9	7.8	7.7	7%	36%	1.2	1.1	1.0	15%	14%	13%
0347.HK	Angang (H)	Basic materials	O	6.1	5.4	5.6	5.9	4%	60%	0.8	0.7	0.6	14%	12%	11%
1313.HK	CRC	Basic materials	O	8.9	7.1	6.5	6.5	7%	2%	1.2	1.1	1.0	16%	16%	15%
0914.HK	Conch (H)	Basic materials	O	47.6	6.3	6.2	6.1	5%	-1%	1.1	1.0	0.9	18%	16%	15%
2600.HK	CHALCO (H)	Basic materials	O	6.8	14.0	12.9	12.0	0%	92%	1.4	1.3	1.1	10%	10%	9%
002466.SZ	Tianqi Lithium	Battery	O	124.2	229.3	122.3	91.7	0%	83%	29.0	23.4	18.7	13%	19%	20%
002460.SZ	Ganfeng Lithium (A)	Battery	O	181.8	97.4	81.2	67.7	0%	50%	21.1	18.2	15.6	22%	22%	23%
300750.SZ	CATL	Battery	O	529.9	117.6	88.2	61.7	0%	53%	16.8	14.3	11.8	14%	16%	19%
0189.HK	Dongyue	Energy	O	23.7	23.0	18.2	18.4	2%	43%	3.1	2.9	2.6	14%	16%	14%
3311.HK	CSCI	Industrials	O	6.9	5.0	4.5	4.0	6%	13%	0.6	0.6	0.5	13%	13%	13%
300747.SZ	Raycus	Industrials	O	60.1	54.0	37.9	27.9	0%	28%	8.6	7.1	5.7	16%	19%	21%
300012.SZ	CTI	Industrials	O	25.2	52.0	40.3	31.3	0%	32%	9.2	7.6	6.2	18%	19%	20%
3899.HK	CIMC Enric	Industrials	O	10.4	18.7	15.7	14.4	2%	28%	2.2	2.1	1.9	12%	13%	13%
601012.SS	LONGi	Renewable	O	81.9	38.2	27.0	22.3	0%	31%	9.8	7.4	5.8	26%	27%	26%
0916.HK	China Longyuan	Renewable	O	16.0	16.9	15.0	13.2	1%	20%	1.7	1.6	1.4	10%	10%	11%
2208.HK	Goldwind (H)	Renewable	O	16.5	15.7	13.5	12.0	2%	18%	1.6	1.4	1.3	10%	11%	11%
600406.SS	Nari	Renewable	O	31.7	28.5	24.5	22.3	2%	10%	3.8	3.4	3.1	16%	17%	17%

Note: price as of 14 Sept, 2021. Source: Company data, Refinitiv, Credit Suisse estimates

Credit Suisse Recent ESG Publications

ESG Research

[What to Know About Infrastructure Bills and Embedded Green Initiatives](#)

[The polluter's dilemma - assessing the impact of the EU's Carbon Border Adjustment Mechanism](#)

[Sustainable investing performance tracker](#)

[New data supporting the need for a sustainable food system](#)

[The Carbon Cycle Series: The PM's guide to the IPCC report](#)

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[The ROE of a Tree: Key summary and stock ideas](#)

[The ROE of a Tree](#)

Sector ESG Integrated Research

Alternative energy - [Reconciliation Bill Mark Up- Initial Thoughts](#)

Anti-competitive behaviour - [GOOGL: Thinking Through the Max Pain Scenario of Play Store Fees Going Away](#)

Anti-competitive behaviour - [AAPL: Exploring Apple vs. Epic implications](#)

Batteries - [Dongyue Group \(0189.HK – Maintain O\) – Recent correction a good accumulate opportunity](#)

Batteries - [China xEV Battery Sector - August installation up 11.2% MoM to 12.6 GWh, LFP continues to gain market share](#)

Biomass - [Feedback from RWE Biomass experts](#)

Building energy efficiency - [KSP.I: Kingspan Group - Insulated growth: initiating at Outperform](#)

Carbon neutrality - [China Market Strategy: Embracing carbon neutrality](#)

Carbon trading - [China Renewable Power Sector - Key takeaways from carbon trading expert call](#)

Decarbonisation - [2021 Steel & Mining Conference - Shareholder returns and decarbonisation high on the agenda](#)

Electric vehicles - [July EV Monthly Report Card – m/m decline, but EV still inflecting; Tesla qtrly wave widening](#)

Energy transition - [Chevron: Key Takeaways from 2021 Energy Transition Spotlight Event](#)

Financials - [BCB publishes ESG Risks and Opportunities report, following through on the Sustainability Agenda](#)

Gambling - [Macau Gaming Sector - Our on-the-ground check addressing common questions from investors](#)

Healthcare - [Global Healthcare Sector: AI, Blockchain, Cloud and Data Analytics: Transforming healthcare landscape](#)

Management change - [Zee Entertainment Enterprise \(ZEE.BO – Upgrade to O\) – Possible change in management could provide fresh solutions](#)

Midstream - [Seeing Green This Week](#)

Power Transmission and Distribution - [State Grid to invest Rmb300 bn in UHV lines construction, per media reports](#)

Renewable fuel - [Closer Look at AMTX's SAF/RD Project](#)

Renewable fuel - [Raízen S.A. – Venturing the green opportunity](#)

Sustainable China - [APAC Quantitative & Systematic Strategy – CS Sustainable China basket refresh-benefitting from onshore regulatory shifts](#)

Tax - [ESG & Corporate Tax...No Better Time to Meet than Right Now](#)

Wind - [China Wind Power Sector - NEA provides further guidance on wind development; rural distributed wind is encouraged](#)

Global ESG News Snippets

Company Specific News

Air pollution - [Formosa Plastics to pay nearly \\$3 mln to settle air pollution charges](#). The U.S. subsidiary of Formosa Plastics Corporation will pay \$2.85 million to settle civil charges it violated federal air pollution laws after a series of fires and explosions at its petrochemical manufacturing plant in Texas injured some of its workers, the Justice Department said on Monday.

Battery storage - [Tesla calls for a 20 gigawatt storage target for Australia](#). Tesla has called for a 20 gigawatt storage target as a means to ensure Australia has enough “dispatchable” power in place for the transition to a grid dominated by wind and solar. The Tesla suggestion comes in a submission to the federal parliament’s standing committee’s inquiry into dispatchable energy generation and storage capability in Australia.

Climate crisis litigation - [Greenpeace is suing Volkswagen for fuelling the climate crisis](#). Greenpeace is suing Volkswagen for failing to decarbonise the company in line with the 1.5°C goal set in the Paris Agreement. Greenpeace Germany is enforcing the landmark Karlsruhe constitutional court ruling of April 2021, when judges ruled that future generations have a fundamental right to climate protection. In its [letter to Volkswagen](#) preceding the filing with the court, Greenpeace Germany claims that the company’s current and planned measures contravene the Paris climate goals, fuel the climate crisis and thus violate applicable law. The letter states that the company must rapidly phase out the use of internal combustion engines in order to stay below 1.5°C.

Climate goals - [PepsiCo to reduce plastic use, launch plant-based snacks in green push](#). Food and beverage giant PepsiCo announced today the launch of pep+, a comprehensive sustainability framework bringing together several of the company’s ESG initiatives, and guiding sustainability action at the company, product and consumer level. pep+ is focused on three key pillars, Positive Agriculture, including spreading regenerative practices to restore the Earth across the company’s 7 million acre agricultural footprint; Positive Value Chain, through the company’s current climate goals to achieve net zero emissions by 2040 and become water positive, and new sustainable packaging goals introduced today, and; Positive Choices, with initiatives to evolve the company’s portfolio of food & beverage products so that they are better for the planet and people.

Climate goals - [P&G accelerates action on climate change toward net zero GHG emissions by 2040](#). Consumer brands giant Procter & Gamble announced a series of new climate goals, expanding and accelerating the company’s new climate action plans, including commitments to achieve net zero GHG emissions across operations and supply chain by 2040. The new commitments build on P&G’s existing climate goals, announced last year, which include achieving carbon neutrality for the current decade. P&G also introduced new 2030 targets today to reduce emissions across its operations by 50%, and across its supply chain by 40%. The new 2030 goals have been submitted to The Science Based Targets initiative (SBTi).

Divestment - [Japan's Mitsui and partners to exit Mexico's gas power project](#). Four Japanese companies, including Mitsui & Co, have agreed to sell their entire stakes in Mexican power plant operator MT Falcon Holdings to British fund Actis GP LLP for an undisclosed figure, the companies said on Thursday. The divestiture from Falcon, which runs 2.23 gigawatts (GW) of gas-fired plants, comes amid a growing global trend away from fossil fuels in the race to cut harmful carbon dioxide emissions and slow climate change.

Electric vehicles - [Amazon-backed startup Rivian starts production of electric pickup truck](#). Amazon-backed Rivian’s first electric pickup truck has rolled off the production line, the company’s chief executive officer said on Tuesday. This makes Rivian the first to bring an electric pickup to the market, ahead of Tesla Inc, General Motors and others. Rivian has received regulatory approvals from the National Highway Traffic Safety Administration, the U.S. Environmental Protection Agency and the California Air Resources Board, and its debut EVs are ready for sale in all 50 U.S. states.

Emissions - [Tishman Speyer commits to net zero carbon emissions by 2050](#). Tishman Speyer, a leading real estate developer, owner, operator and investor, today announced its commitment to achieve operational net zero carbon emissions by 2050 or sooner across its entire global portfolio, which currently encompasses 87 million square feet in 140 properties across North America, Asia, Europe and South America. In addition to eliminating carbon emissions throughout its existing portfolio, Tishman Speyer will ensure that all potential future acquisitions will have clear pathways to net zero.

Emissions - [Liberty Mutual vows to reduce greenhouse gas emissions](#). Global property and casualty insurer Liberty Mutual Insurance announced a series of climate-focused commitments, including a pledge to slash emissions from its operations and to work towards measuring and reporting emissions from underwriting portfolios through its new membership in the Partnership for Carbon Accounting Financials (PCAF). In its own operations, Liberty Mutual has committed to cut Scope 1 and 2 GHG emissions by 50% by 2030, from a 2019 baseline. The company stated that it will take action to increase operational efficiencies and identify renewable energy opportunities across its real estate portfolio.

Emissions - [Largest U.S. biofuels producer pledges carbon neutrality by 2050](#). POET, the largest biofuels producer in the United States, said on Wednesday it is committed to achieving net-zero carbon emissions at its bioprocessing facilities by 2050. POET has several ways to reach its goals, including carbon sequestration and the use of biomass and methane digestion to help power plant operations, said Jeff Broin, chief executive.

Energy transition - [Chevron triples low-carbon investment, but avoids 2050 net-zero goals](#). Chevron Corp on Tuesday pledged to triple to \$10 billion its investments to reduce its carbon emissions footprint through 2028, while saying it was not yet ready to commit to a 2050 net-zero emissions target. Chevron said half of its spending will go to curb emissions from fossil fuel projects. A total of \$3 billion will be applied for carbon capture and offsets, \$2 billion for greenhouse gas reductions, \$3 billion for renewable fuels and \$2 billion for hydrogen energy.

Food waste - [JAL to recycle 100% of airline food waste into fertilizer](#). Japan Airlines aims to recycle all cooking waste from in-flight meals into fertilizer as part of its sustainability goals. The 100% target is set for fiscal 2025, which runs through March 2026.

Hard-to-abate - [Air New Zealand studying how to add low-emissions planes to fleet](#). Air New Zealand Ltd said on Thursday it was studying how it could use low-carbon technologies like electric, hybrid or hydrogen powered planes to dramatically reduce emissions from shorter and regional flights. It signed a memorandum of understanding with Airbus SE to research the impact hydrogen planes would have on its network, operations and infrastructure. Airbus said it is hoping to bring a hydrogen plane to market by 2035 - a goal some industry officials and analysts believe to be ambitious.

Hydrogen - [Eneos, Fortescue to study Japan-Australia hydrogen supply chain](#). Eneos and Fortescue Future Industries (FFI) will examine the potential for the stable supply of affordable hydrogen produced from renewable energy in Western Australia where vast areas of land are available to build large-scale solar and wind power farms. FFI will focus on renewable energy supply and water electrolysis cells for hydrogen production while Eneos will be responsible for production of methylcyclohexane (MCH), a form of hydrogen storage and transport, and maritime transport of MCH from Australia to Japan, the Japanese company said in a statement.

Net zero - [Chipmaker TSMC aims for net zero emissions by 2050](#). Taiwan Semiconductor Manufacturing Co Ltd (TSMC), the world's largest contract chipmaker, said on Thursday that it aims to reach net zero emissions by 2050, matching a plan announced by President Tsai Ing-wen in April.

Net zero goals - [UK fashion retailer ASOS targets lower carbon footprint with new goals](#). Britain's ASOS aims to cut its environmental impact, use more sustainable materials and appoint more diverse corporate leaders, it said on 16th Sep, joining a growing list of apparel companies setting new ESG targets. The online fashion retailer also said its environmental, social and governance (ESG) goals include becoming carbon neutral in its direct operations by 2025 and achieving net-zero carbon emissions across its value chain by 2030. The fashion

industry in particular, known for its heavy use of water and chemicals, is facing mounting criticism for causing an estimated 10% of all greenhouse gas emissions.

Renewable fuel - [Kinder Morgan, Neste to retrofit tanks for green fuels feedstocks](#). Pipeline operator Kinder Morgan Inc plans to convert some Louisiana tank and piping infrastructure to hold used cooking oil and other feedstocks for Finnish renewable-fuels giant Neste. Neste will initially use 30 converted tanks as its primary U.S. hub to store feedstocks used to produce renewable diesel, sustainable aviation fuel and renewable plastics. The tanks will be able to hold more than 650,000 barrels of oils, about one-fifth of the farm's current capacity.

Scope 3 emissions - [BHP aims to have curbed emissions from steelmaking customers by 2050](#). BHP Group on Tuesday laid out its aim to achieve net zero emissions by 2050 from the operations of its customers by working with them to cut carbon out of their processes.

Sustainable aviation fuel - [British Airways operates passenger flight using recycled cooking oil](#). British Airways has operated its first passenger service directly powered by sustainable aviation fuel, a London to Glasgow flight that the airline said produced 62% less CO2 emissions than a similar journey a decade ago. The airline said the combination of the fuel – partly made from recycled cooking oil – with optimal flight paths, electrified airport vehicles and its newest plane slashed emissions. BA said it had offset the CO2 produced, making the flight carbon-neutral. While about 6.4 tons of CO2 were still produced by flight BA1476 on Tuesday, the airline said the flight was intended to demonstrate the progress made by the aviation industry in its attempts to decarbonise ahead of the Cop26 summit.

Diversity and inclusion - [BHP's gender ambitions in the balance](#). BHP expects 40 per cent of its workforce to be female in 2025, in a disclosure that implies more rapid growth in its female ranks, but also a softening of the ambitious gender target adopted by the miner.

Ethnic Diversity - [Lloyd's of London wants third of market's new hires to be ethnic minorities](#). Lloyd's of London wants the commercial insurance market to recruit a third of its workforce from ethnic minorities, it said on Friday, as it attempts to improve diversity. Nearly 50,000 staff are employed in Lloyd's underwriting and broking firms, which arrange specialist risks from oil rigs to footballers' legs. Currently, only 8% of the market comes from an ethnic minority, according to Lloyd's data. At the Corporation of Lloyd's, which oversees the market, the figure is 22%.

Forced labour - [U.S. lifts import ban on Malaysia's Top Glove over forced labour concerns](#). The United States on Friday allowed imports from Malaysia's Top Glove Corp, after customs authorities lifted a year-long ban imposed for alleged forced labour found at the world's largest medical glove maker. The U.S. Customs and Border Protection (CBP) had banned gloves made by Top Glove in July 2020, saying it had found abuses of migrant workers.

Gender diversity - [Bank of America taps new CFO, promotes three women to top roles](#). Bank of America Corp on Friday replaced its finance chief and promoted three women to senior leadership roles in one of its biggest management shake-ups since the financial crisis. Alastair Borthwick, who heads the bank's global commercial banking unit, will replace longtime CFO Paul Donofrio, Chief Executive Officer Brian Moynihan said in a publicly released letter.

Gig economy - [Meituan to change delivery algorithm rules as China urges labour protection](#). Chinese food delivery giant Meituan has published the rules showing how algorithms estimate the time it takes delivery workers to complete jobs and said it was adjusting them, after the government urged firms to improve working conditions.

Indigenous engagement - [Forrest hails Fortescue joint venture with Indigenous group](#) <https://www.reuters.com/business/sustainable-business/air-new-zealand-studying-how-add-low-emissions-planes-fleet-2021-09-16/>. FMG says a \$500m joint venture with the Eastern Guruma people to co-manage the development of new mines in the Pilbara represents the biggest ever contract signed with an Indigenous business organisation and a new framework that will guide the way FMG works with its Native Title partners.

Wage increase - [Amazon hikes average U.S. starting pay to \\$18, hires for 125,000 jobs](#). Amazon.com Inc has increased its average starting wage in the United States to more than \$18

an hour and plans to hire another 125,000 warehouse and transportation workers, an executive told Reuters. The world's largest online retailer has raised pay from an average of around \$17 since May. In some locations, the company is giving signing bonuses of \$3,000, said Dave Bozeman, vice president of Amazon Delivery Services, or triple what the company offered four months ago.

Anti-competition behaviour - [Google fined \\$177m in South Korea for abusing market dominance](#). South Korea's antitrust regulator has fined Google Won207bn (\$177m) for abusing its market dominance in the mobile operating system market, escalating the regulatory pressure on tech groups in the country.

Data privacy - [TikTok's lead EU regulator opens two data privacy probes](#). TikTok's lead data privacy regulator in the European Union has opened two inquiries into the Chinese-owned short-video platform related to the processing of children's personal data and transfers of personal data to China. Ireland's Data Protection Commission, which is lead EU regulator, is allowed to impose fines of up to 4% of global revenue.

Fintech / data ownership - [Beijing to break up Ant's Alipay and force creation of separate loans app](#). Beijing wants to break up Alipay, the 1bn plus-user superapp owned by Jack Ma's Ant Group, and create a separate app for the company's highly profitable loans business, in the most visible restructuring yet of the fintech giant. The plan will also see Ant turn over the user data that underpins its lending decisions to a new credit scoring joint-venture which will be partly state-owned, according to two people familiar with the process.

Sustainable investing - [Engine No. 1 investment framework aims to tie company valuations to climate impact](#). Engine No. 1, which won an against-the-odds board challenge against Exxon Mobil Corp earlier this year, is publishing a framework for investing that pushes for a value to be assigned to how corporate activities affect climate and society. Engine No. 1 attaches a value to a company's impact on climate change, water consumption, workforce diversity or human rights. In the absence of company data that allows this, it uses models that draw on sources such as the United Nations and the International Labor Organization.

Policy & Stewardship News

Air pollution - [China's winter air pollution drive to encompass more cities](#). China plans to include more cities in its 2021 winter air pollution campaign, the environment ministry said in a draft on Thursday, as Beijing attempts to clear smog-laden skies. The campaign was introduced in 2017 and initially focused on 28 key regions, including the capital city Beijing and nearby areas. China is due to host the Winter Olympics in Beijing and the nearby city of Zhangjiakou in early February, 2022. The new draft plan covers regions in northern Hebei, northern Shanxi, eastern and southern Shandong and some cities in the southern Henan province, bringing the total to 64.

Carbon prices and offsets - [OECD seeks global plan for carbon prices to avoid trade wars](#). The OECD is seeking a new global plan for carbon prices that it hopes will prevent trade wars from erupting between countries with different green policies. The Paris-based club of nations aims to follow its success in forging an initial agreement between nations on corporate taxes with a similar approach to carbon prices. This would allow economies such as the EU to move fast on limiting emissions while imposing reasonable carbon border taxes on imports from heavier polluting countries.

Climate change - [OECD seeks global plan for carbon prices to avoid trade wars](#). The OECD is seeking a new global plan for carbon prices that it hopes will prevent trade wars from erupting between countries with different green policies. The Paris-based club of nations aims to follow its success in forging an initial agreement between nations on corporate taxes with a similar approach to carbon prices.

Climate change - [Glasgow climate summit at risk of failure, U.N. chief warns](#). United Nations chief Antonio Guterres said a critical meeting on climate change later this year in Scotland is at risk of failure due to mistrust between developed and developing countries and a lack of ambitious goals among some emerging economies.

Climate change - [Global Update: Climate target updates slow as science demands action](#). NDC updates submitted so far in 2020–2021 have narrowed the gap to what is needed for 1.5°C only by up to around 4 GtCO₂e, or up to 15%. Of particular concern are governments - Australia, Brazil, Indonesia Mexico, New Zealand, Russia, Singapore, Switzerland and Viet Nam - that have failed to lift ambition at all – they have submitted the same or even less ambitious 2030 targets than they had put forward in 2015. These countries need to rethink their choice. There are still over 70 countries that have yet to submit an updated target.

Deforestation - [Leaked EU anti-deforestation law omits fragile grasslands and wetlands](#). The fragile Cerrado grasslands and the Pantanal wetlands, both under threat from soy and beef exploitation, have been excluded from a European Union draft anti-deforestation law, campaigners have said, and there are many other concerning loopholes. The European Commission has pledged to introduce a law aimed at preventing beef, palm oil and other products linked to deforestation from being sold in the EU single market of 450 million consumers. But campaigners said a leaked impact assessment reveals “significant omissions” in the plans, including the exclusion of endangered grasslands and wetlands, as well as products that raise environmental concerns, such as rubber and maize. The long-awaited draft regulation, expected to be published in December, will be limited to controlling EU imports of beef, palm oil, soy, wood, cocoa and coffee, according to a report seen by the Guardian.

EV - [India approves \\$3.5 bln scheme to boost clean fuel vehicles](#). India's cabinet on Wednesday approved an incentive scheme for the automobile sector aimed at boosting production of electric and hydrogen fuel-powered vehicles and promoting the manufacture of drones. The government will give about 260 billion rupees (\$3.5 billion) in incentives to auto companies and drone manufacturers over a five-year period, Anurag Thakur, minister of information and broadcasting, told reporters.

EV tax credit - [U.S. Democrats propose dramatic expansion of EV tax credits that favors Big Three](#). U.S. Democratic lawmakers on Friday proposed an expansion of tax credits for electric vehicles that includes significantly higher subsidies for union-made zero emission models

assembled in the United States. The proposal will give Detroit's Big Three automakers a big competitive edge and has drawn criticism from foreign automakers like Honda Motor Co and Toyota Motor Corp. The tax credit for up to \$12,500 per vehicle for U.S.-made union-made zero emission models compares with a \$7,500 incentive for most other electric cars - an amount that has not changed. The bill, however, does away with phasing out automakers' tax credits after they hit 200,000 electric vehicles sold.

Methane emissions - [U.S., EU pursuing global deal to slash planet-warming methane](#). The United States and the European Union have agreed to aim to cut emissions of the planet-warming gas methane by around a third by the end of this decade and are pushing other major economies to join them, according to documents seen by Reuters. Their pact comes as Washington and Brussels seek to galvanize other major economies ahead of a world summit to address climate change in Glasgow, Scotland, in November, and could have a significant impact on the energy, agriculture and waste industries responsible for the bulk of methane emissions. A separate document listed over two dozen countries that the United States and the EU will target to join the "global methane pledge."

Methane - [U.S., EU pursuing global deal to slash planet-warming methane](#). The United States and the European Union have agreed to aim to cut emissions of the planet-warming gas methane by around a third by the end of this decade and are pushing other major economies to join them, according to documents seen by Reuters.

Net Zero target in shipping - [UK shipping industry urges sector to target net-zero carbon by 2050](#). The UK shipping industry is calling for the global shipping sector to pursue a target of net-zero carbon emissions by 2050, doubling the pace of ambitions laid out by the International Maritime Organisation (IMO). The IMO is requiring companies to halve their emissions compared with 2008 by 2050. However, the UK Chamber of Shipping wants the IMO to get in line with the Paris Agreement and commit to reaching net-zero emissions by 2050. This target has been widely adopted, although some governments and hard-to-abate sectors (such as aviation) have declined to commit to it thus far. The shipping industry, which moves approximately 90 per cent of world trade, currently contributes 2.4 per cent of annual greenhouse gas emissions.

Recycling / plastic pollution - [China to ramp up recycling, incineration in new plastic pollution push](#). China will boost its plastic recycling and incineration capabilities, promote "green" plastic products and take action against the overuse of plastic in packaging and agriculture, it said in a 2021-2025 "five-year plan" published on Wednesday. The National Development and Reform Commission (NDRC), the top state planning agency, said in a notice that China needed to improve "the entire chain of plastic pollution control", which it described as a "worldwide problem".

Diversity and inclusion - [S.Korea's lack of anti-discrimination laws takes toll on LGBT youth, activists say](#). U.S.-based Human Rights Watch said its research showed the lack of protections had led to a range of discriminatory practices and were exacerbating harassment for young LGBT people.

Gig economy - [Singapore advisory committee on gig workers does not rule out laws to protect workers](#). A committee tasked to look into protections for gig workers is not ruling out legislative changes in working towards a fairer and more balanced relationship between such workers and the companies they work for. The committee, which was announced during Prime Minister Lee Hsien Loong's National Day Rally last month, has zeroed in on three priority areas. It wants to improve retirement and housing adequacy of such workers, ensure they have adequate financial protection in case of work injury, and close the gap in bargaining power between such workers and the platforms that they work for.

Health crisis and response authority - [EU launches health crisis body to prepare for future pandemic](#). The European Commission launched a health crisis body that will coordinate EU spending of almost 30 billion euros (\$35.3 billion) to prepare for a future pandemic. The new health emergency preparedness and response authority (HERA) will assess potential health threats, promote research, ensure the availability of critical production and help build stockpiles.

If a new health crisis struck, it would activate emergency funding and help coordinate monitoring, procurement and purchase of medical equipment or treatments.

Anti-competition - [In fresh regulatory move, China tells tech giants to stop blocking rivals' links](#). China fired a fresh regulatory shot at its tech giants on Monday, telling them to end a long-standing practice of blocking each other's links on their sites or face consequences. Restricting normal access to internet links without proper reason "affects the user experience, damages the rights of users and disrupts market order," said MIIT.

Casinos - [Macau casino stocks shed \\$16bn as government seeks greater oversight](#). The Macau government's drive to increase oversight of casinos wiped \$16.4bn off the market value of listed gambling operators, as analysts warned that stringent regulations could squeeze margins already strained by the Covid-19 pandemic.

Data privacy - [China develops machines that can track data sent abroad by cars](#). China, the world's biggest vehicle market where regulators are implementing new rules on data protection, is developing machines that will be able to track data sent abroad by cars, a government-backed agency said on Tuesday. Automakers in China are required to store data generated by vehicles locally and need to get regulatory approval when they need to export critical data abroad.

Data privacy - [Australian regulator denies approval for Qantas-Japan Airlines deal](#). Australia's competition regulator on Monday denied authorisation for Qantas Airways and Japan Airlines (JAL) to coordinate flights between the two countries, citing competition concerns as international travel is set to resume.

Industry & Thematic News

Climate change - [Climate crisis could push 200 million to leave their homes by 2050 in worst-case scenario, says World Bank](#). The climate crisis could push more than 200 million people to leave their homes in the next three decades and create migration hotspots unless urgent action is taken to reduce global emissions and bridge the development gap, a [World Bank report](#) has found. The second part of the Groundswell report published on Monday examines how the impacts of slow-onset climate change such as water scarcity, decreasing crop productivity and rising sea levels could lead to millions of what the report describes as "climate migrants" by 2050 under three different scenarios with varying degrees of climate action and development. Under the most pessimistic scenario, with a high level of emissions and unequal development, the report forecasts up to 216 million people moving within their own countries across the six regions analyzed.

Forest preservation - [Global conservation forum votes to protect Amazon forest from 'apocalyptic scenario'](#). Tribes from the Amazon and thousands of environmentalists, scientists and diplomats voted on Friday, at a major global conservation congress in France, in favour of a motion to protect 80% of the world's largest rainforest by 2025. The resolution passed at the International Union for Conservation of Nature (IUCN) gathering in Marseille aims to safeguard the Amazon rainforest - regarded as a vital bulwark against climate change - and put indigenous communities and their lands at the heart of conservation efforts.

Hard-to-abate - [Asian airline group's members commit to net zero emissions by 2050](#). Association of Asia Pacific Airlines (AAPA) members have joined the growing list of global carriers committed to net zero emissions by 2050, the group's head said on Monday. AAPA members are full-service airlines based in South East Asia, Japan, South Korea, Taiwan and Hong Kong.

Nuclear - [Japan's power industry says needs nuclear power, will discuss it with next PM](#). Japan needs nuclear power, the head of an electricity sector federation said on Friday, adding that the industry would have a serious debate on energy policy with whoever becomes the next prime minister.

Sustainable Food - [90% of global farm subsidies damage people and planet, UN says](#). Almost 90% of the \$540bn in global subsidies given to farmers every year are "harmful", a [startling UN report](#) has found. This agricultural support damages people's health, fuels the climate crisis, destroys nature and drives inequality by excluding smallholder farmers, many of whom are women, according to the UN agencies. The biggest sources of greenhouse gas emissions, such as beef and milk, received the biggest subsidies, the report said. These are often produced by large industrialized groups that are best placed to gain access to subsidies.

Thermal coal - [Coal exports to plunge 80pc if world stays below 1.5 degrees, RBA says](#). The Reserve Bank of Australia says the coming collapse in coal shipments as Australia's biggest customers pivot to net zero would impose only a relatively modest hit on economic growth, even as they warn of an "uncertain outlook" for the renewable energy exports that are meant to soften the blow. Officials at the bank said in a research paper published on Thursday coal exports and, to some extent, gas shipments could plunge by as much as 80 per cent if China, Japan and South Korea take an aggressive approach to decarbonising their economies by mid-century.

Thermal coal - [How world's coal-power pipeline has shrunk by three-quarters](#). Back in 2015, when the world's governments negotiated the Paris Agreement, there was a total of 1,553 gigawatts (GW) of coal capacity in the global pipeline. Since 2015, the pre-construction pipeline has collapsed by 76% to 297GW, with just 185GW under construction as of July 2021. The remaining pre-construction pipeline is spread across a further 37 countries, 16 of which have just one project. Just six countries account for more than four-fifths of proposed coal plants, namely China, India, Vietnam, Indonesia, Turkey and Bangladesh.

Thermal coal - [China's coal output edges up in August as mines reopen](#). China's August coal output edged up from a 26-month low in the prior month, as Beijing re-opened dozens of mines and approved several new ones to ensure supply and cool high prices.

COVID-19 - [Insurers make final plea in bid to limit COVID-19 payouts](#). An army of barristers for Allianz, Chubb, Guild, IAG, QBE and Swiss Re made the argument on Wednesday as part of a landmark legal battle to protect insurers from paying out some of the thousands of "business interruption" insurance claims made in the pandemic.

Ethnicity pay gap - [Just 13 out of FTSE 100 employers reveal ethnicity pay gaps](#). Only 13 of the 100 largest UK-listed employers have revealed their ethnicity pay gaps, sparking fresh calls for the government to make reporting of racial earnings disparities mandatory. Analysis of the FTSE 100, which includes the biggest firms listed on the London Stock Exchange, found that widespread commitments from employers to take action on racial disparity in the wake of the Black Lives Matter protests last summer 2020 have yet to result in hard data. Among those that have published figures are the developer British Land, which revealed a pay gap between white and ethnic minority staff of more than 27%, British Telecom, which reported a mean pay gap of 5.7% between white British and black African, Caribbean and British staff, and NatWest, which reported an overall 14.1% median ethnicity pay gap.

Mental health - [Pandemic increasing risk factors for suicide, UN health agency warns](#). Studies show that the global crisis has exacerbated risk factors associated with suicidal behaviours, such as job loss, trauma or abuse, mental health disorders and barriers to accessing health care. "Suicide is an urgent public health problem and its prevention must be a national priority," said Renato Oliveira e Souza, head of the Mental Health Unit at the Pan American Health Organization (PAHO). Globally, one in 100 deaths is by suicide, making it among the leading causes of death worldwide and the fourth leading cause of death among 15- to 29-year-olds, after road traffic accidents, tuberculosis and interpersonal violence.

Activism - [A crucial change is needed to improve corporate governance in Japan](#). In Japan, if a major asset manager buys more than 5 per cent of a company's shares, it must publicly report to the FSA as to whether it is "just making a pure investment", or whether it might also "make suggestions about important actions" by the company. Filing the report indicating the possibility of "making important suggestions" requires more frequent internal monitoring and reports to the FSA. These must be done separately from internal systems for filing reports under the convenient regime that is used if one simply chooses to "shut up and not make suggestions".

Companies Mentioned (Price as of 16-Sep-2021)

ASOS Plc (ASOS.L, 3050.0p)
Air New Zealand (AIR.NZ, NZ\$1.535)
Airbus SE (AIR.PA, €114.88)
Alibaba (BABA.K, \$156.26)
Allianz SE (ALVG.DE, €192.4)
Alphabet (GOOGL.OQ, \$2872.2)
Aluminum Corporation Of China Ltd. (601600.SS, Rmb9.57)
Aluminum Corporation Of China Ltd. (2600.HK, HK\$6.69)
Amazon com Inc. (AMZN.OQ, \$3488.24)
Angang Steel Company Ltd (0347.HK, HK\$6.04)
Angang Steel Company Ltd (000898.SZ, Rmb5.91)
Anhui Conch Cement Co. Ltd. (600585.SS, Rmb46.21)
Anhui Conch Cement Co. Ltd. (0914.HK, HK\$45.9)
Apple Inc (AAPL.OQ, \$148.79)
BHP Group Limited (BHPB.L, 1968.2p)
BHP Group Limited (BHP.AX, A\$40.65)
BP (BP.N, \$25.34)
BSU (600010.SS, Rmb3.62)
BT Group (BT.L, 154.7p)
BYD Co Ltd (1211.HK, HK\$249.0)
BYD Co Ltd (002594.SZ, Rmb251.0)
Bank of America Corp. (BAC.N, \$40.45)
British Land (BLND.L, 513.8p)
CIMC Enric (3899.HK, HK\$10.18)
Centre Testing International (300012.SZ, Rmb24.55)
Chevron Corporation (CVX.N, \$97.32)
China Resources Cement Holdings Ltd (1313.HK, HK\$8.51)
China State Construction International Holdings (3311.HK, HK\$6.73)
Chubb Limited (CB.N, \$181.14)
Contemporary Amperex Technology Co., Limited (300750.SZ, Rmb498.0)
Dongyue Group (0189.HK, HK\$22.85)
ExxonMobil Corporation (XOM.N, \$55.82)
Formosa Plastics (1301.TW, NT\$103.0)
Fortescue Metals Group Ltd (FMG.AX, A\$17.25)
Ganfeng Lithium (002460.SZ, Rmb176.56)
Insurance Australia Group (IAG.AX, A\$5.1)
JX Holdings (5020.T, ¥465)
Japan Airlines (9201.T, ¥2,363)
Kinder Morgan Inc. (KMI.N, \$16.16)
LONGi Green Energy Technology (601012.SS, Rmb81.01)
Li Auto (LI.OQ, \$28.88)
London Stock Exchange (LSEG.L, 8140.0p)
Longyuan Power (0916.HK, HK\$15.7)
Meituan (3690.HK, HK\$232.6)
Mitsui O.S.K. Lines Ltd (9104.T, ¥9,210)
Nari Technology (600406.SS, Rmb33.28)
Neste (NESTE.HE, €52.14)
Nio Inc (NIO.N, \$37.09)
POET Tech (PTK.V, C\$1.02)
PepsiCo (PEP.OQ, \$155.56)
Procter & Gamble (PG.N, \$144.11)
QBE Insurance Group (QBE.AX, A\$11.7)
Qantas (QAN.AX, A\$5.45)
Raycus Fiber Laser (300747.SZ, Rmb59.58)
Reliance Inds (RELI.NS, Rs2428.2)
Royal Dutch Shell plc (RDSA.L, 1464.2p)
Taiwan Semiconductor Manufacturing (2330.TW, NT\$600.0)
Tesla Inc (TSLA.OQ, \$756.99)
Tianqi Lithium (002466.SZ, Rmb114.35)
Top Glove Corporation Bhd (TPGC.KL, RM3.2)
Total Energy Ser (TOT.TO, C\$4.59)
Volkswagen (VOWG.p.DE, €193.48)
Xinjiang Goldwind Science & Technology Co., Ltd. (2208.HK, HK\$16.9)
Xinjiang Goldwind Science & Technology Co., Ltd. (002202.SZ, Rmb18.23)
Zee Entertainment (ZEE.NS, Rs247.15)

Disclosure Appendix

Analyst Certification

I, Betty Jiang, CFA, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

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