FIVE PERSPECTIVES ON THE RELATIONSHIP BETWEEN GEOPOLITICAL RISKS AND ESG

— THREE DEVELOPMENTS TO WATCH IN 2024 —

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- Geopolitical conflicts over recent years have drastically changed the world. They have also massively impacted ESG.
- Geopolitical risks and ESG are interrelated. The conflict between the US and China has highlighted the significance of human rights, which are required by ESG, and this is backed by resource-rich countries nationalizing mineral deposits and imposing export controls over the rare metals that are essential for technologies that support green industries.
- Three notable developments affecting ESG in 2024 are (1) the US presidential election in November and the Republican Party's growing 'anti-ESG' sentiment, (2) pushback against the green agenda, which could delay European decarbonization policies, and (3) enactment of the EU Blue Deal policy, focused on water security.

1. THE GROWING IMPORTANCE OF GEOPOLITICS AND ESG

1-1. Multinational corporations respond to geopolitical risks

Now, more than ever, companies need to understand geopolitical[1] risks. In the face of increasing uncertainty in international affairs, many multinational companies are taking steps to enhance their geopolitical expertise to help them make business decisions related to their target markets and supply chains. Maziar Minovi CEO of Eurasia Group pointed out that multinational companies have begun to plan for geopolitical crises in the same way they make contingencies for natural disasters.[2]

1-2. Risk response as the essence of ESG

In recent years, companies have come under increasing pressure to respond to ESG[3] issues. Corporate social responsibility (CSR), often considered the precursor to ESG, developed in response to the interplay between companies and NGOs.[4] NGOs highlight environmental and social issues, and companies respond.[5] The essence of CSR lies in the process of working through this series of contentions.[6] The same can be said of ESG, which is more concerned with the perspective of investors and shareholders. ESG is a framework to help

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1 In addition to the traditional concept of geopolitics, discussions have now broadened in scope to geoeconomics, which covers economic and industrial impacts, and there is even a need to take geopsychology into account.
2 "Companies on the hunt for geopolitical advice as tensions rise," *Financial Times* (October 17, 2023) (accessed January 31, 2024; this applies to all subsequent links.)
3 Stands for Environmental, Social and Governance.
4 Toshihiko Fujii and Daisuke Shintani, *CSR in Asia and CSR in Japan* [in Japanese], JUSE Press. Ltd. (2008)
5 Even Japanese companies are now taking note of NGO activities. For example, they are increasingly making use of them in preventing and detecting human rights violations at an early stage and collaborating to solve problems.
6 Before spreading globally, the concept of CSR first developed in Europe, partly due to the clear social role of NGOs in Europe.

investors and other multi-stakeholders[7] in considering the complex and diverse risks that could affect a company's performance. The conflicts and friction occurring through the process of engagement[8] between companies and multi-stakeholders are clear indicators of the direction in which companies should proceed. ESG is not a solution in itself, and disclosure of information in accordance with guidelines set forth under the CSRD[9] and other guidelines is only one aspect of ESG. Climate change and human rights are important ESG issues because they pose risks to a company's mid- to long-term sustainability.

The geopolitical conflicts and events that have developed over recent years, such as Russia's invasion of Ukraine, pose risks that are significant enough to drastically change the world, or the social order in general, and are beyond the expectations of companies. Naturally, they also have a strong impact on ESG, and there is an increasing need to recognize and address the relationship between the two.

2. THE RELATIONSHIP BETWEEN GEOPOLITICAL RISKS AND ESG —FIVE PERSPECTIVES—

The following is an attempt to list and categorize examples of how geopolitical risks and ESG interrelate from five major perspectives (Figure 1).

2-1. Geopolitical risks increase the need for ESG responses

The conflict heating up between the US and China over economic security has gone beyond economic sanctions and developed into a drastic shift away from China, with the goal of building supply chains solely among nations that share common values. The foundational values of democracy, human rights, and the rule of law are also necessary under ESG, and have increased the need for ESG compliance in supply chains.

2-2. Turning geopolitical risks into opportunities

When Russia invaded Ukraine, it forced Germany and other European countries to reconsider their dependence on Russia[10] for gas and other fossil fuels, leading to high inflation. The EU saw this as an opportunity to reverse course, reduce its dependence on Russia, and accelerate decarbonization, and thus formulated the REPowerEU policy. Further promoting decarbonization despite the critical circumstances will increase the importance of ESG and encourage an increase in related investments in the EU.

2-3. ESG promotion impacts geopolitical risks

Renewable energy, EVs, and other green industries are now growth industries and have become strategic sectors in many countries. However, this has also led to an uptick in the number of resource-rich countries nationalizing ore deposits or levying embargoes on the rare metals and other mineral resources that are essential to the technologies that support green industries. This is an example of ESG promotion developing into a geopolitical risk.

2-4. The Earth strikes back

Natural disasters caused by climate change have a significant impact on economic activities and people's livelihoods. In 2022, Europe experienced its most severe drought in the past 500 years. In France, water shortages negatively impacted hydropower generation and made it difficult to secure cooling water for nuclear

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[7] Refers to a diverse array of stakeholders, including investors, shareholders, NGOs, and employees. In recent years, many companies have formulated and announced "multi-stakeholder policies" to cover engagement with such stakeholders. Japan's Ministry of Economy, Trade and Industry (METI) also actively supports this.

[8] While this typically refers to dialog between companies and their multi-stakeholders, in the context of ESG, it often refers to dialog between a company's management and its shareholders through shareholder actions.

[9] Refers to the Corporate Sustainability Reporting Directive. An EU regulation on sustainability-related information disclosure that entered into force in January 2023.

[10] Russia supplies 40% of the natural gas and 27% of the imported oil in the EU.

power generation. This caused operational disruptions and made the country a net importer of electricity.[11] It is necessary to view sustainability not simply as a policy goal but rather as a means of preparing for geopolitical risks.

2-5. Investor concerns

Investors are taking an ever-greater interest in sustainable supply chains. To bolster economic security, the US, EU, and other countries are working to secure semiconductors and other critical resources, such as the minerals[12] needed to drive decarbonization. This is an indication of the growing importance of considering ESG in the context of global trade and economic security.

Figure 1. Five examples of how geopolitical risks and ESG interrelate

Geopolitical/ESG-related events	Impact, etc.
(1) Geopolitical risks increase the need for ESG responses	
US-China conflict, Russia-Ukraine war	**Industrial relocation and supply chain changes due to friend-shoring** Increasing importance placed on values such as democracy and human rights, which are common to ESG.
US-China conflict, data leaks	**EU General Data Protection Regulation (GDPR) (effective 2018)** In terms of protecting personal information, ESG-related data management, including corporate employee information, is also strongly impacted.
(2) Turning geopolitical risks into opportunities	
Russia's invasion of Ukraine	**EU "REPowerEU" policy (August 2022)** Accelerated the shift toward renewable energy while also reducing reliance on Russia. Contributes to increases in ESG-related investments.
US-China conflict, enactment of the IRA in the US	**EU "Green Deal Industrial Plan" (May 2022)** Marked a major shift in subsidy policy triggered by a sense of crisis over increased investments in the US due to enactment of the IRA.
(3) ESG promotion impacts geopolitical risks	
Renewable energy, EVs	**Nationalization of rare earth and rare metal deposits, ban on export** Nationalization of lithium deposits by Bolivia, ban on export of nickel ore by Indonesia, etc.
Increasing importance of ESG	**US Republicans bolster anti-ESG policies** A countermeasure against the Biden administration. Instrumentalization of the political struggle between Democrats and Republicans.
(4) The Earth strikes back	
Water scarcity, drought	**Indication of intention to enact the EU "Blue Deal" policy (by June 2024)** Triggered by the heat wave and drought that hit Europe in 2022. To become new key ESG areas.
Deforestation	**EU "Deforestation Regulation" mandating due diligence (effective as of June 29, 2023)** Mandates that companies conduct due diligence to ensure that they are "deforestation-free."
(5) Investor concerns	
US-China conflict, Russia-Ukraine war	**EU "Critical Raw Materials Act" (effective as of January 2024)** Lists 16 strategic raw materials, such as lithium, and 34 critical raw materials.
Development of AI by China	**EU "Artificial Intelligence Act" (scheduled to come fully into force in 2024)** Regulations to ensure safety, protection from discrimination, data privacy, etc. Also impacts ESG elements.

Source: Prepared by the author

[11] Dropping river levels resulted in a 20% year-on-year drop in electricity generation from hydropower, which accounts for 11.1% of the country's electricity generation. In addition to the difficulty in securing cooling water for nuclear power plants, which account for 62.6% of the total, the power shortage was further exacerbated by the fact that many other nuclear power plants were also shut down for repairs. Power generation ratios (in 2022) for methods other than nuclear and hydropower were as follows: 11.0% thermal power, 8.7% wind power, 4.2% solar power, and 2.4% biomass. (Source: RTE)

[12] In the EU, the Critical Raw Minerals Act entered into force in January 2024. It lists 16 strategic raw materials, including cobalt and lithium, as well as 34 critical raw materials, and promotes strengthening production capacity within Europe and diversifying procurement sources, among other efforts.

3. THREE DEVELOPMENTS IN 2024 THAT COULD IMPACT ESG

As shown, geopolitical risks have a significant impact on ESG. The following introduces matters that could affect ESG elements in 2024 and discusses their scenarios.

3-1. The US presidential election and "anti-ESG" policies—Trump does not present the only risk

There are three main scenarios that could result from the US presidential election in November: (1) continuation of the Biden administration, (2) revival of the Trump administration, or (3) inauguration of a Republican candidate other than former President Donald Trump as president. If Trump is inaugurated as president, it will undoubtedly have a significant impact on ESG. He will likely review the Biden administration's decarbonization policies, and shift toward plans that slow the progress.[13] It is hard to imagine the Republican Party reversing the Inflation-Reduction Act (IRA),[14] which is the only way to successfully attract green industry investments from around the world and create jobs. However, considering that the fossil fuel industry (e.g., oil, gas) is one of the main supporters of the Republican Party, it is conceivable that the party will once again withdraw the US from the Paris Protocol and shift towards its own agenda of attempting to balance fossil fuels and decarbonization.

Figure 2: Key points of Florida and anti-ESG legislation

Prohibiting big banks, trusts, and other financial institutions from discriminating against customers for their religious, political, or social beliefs — including their support for securing the border, owning a firearm, and increasing our energy independence.
Prohibiting the financial sector from considering so called "Social Credit Scores" in banking and lending practices that aim to prevent Floridians from obtaining loans, lines of credit, and bank accounts.
Prohibiting banks that engage in corporate activism from holding government funds as a Qualified Public Depository (QPD).
Prohibiting the use of ESG in all investment decisions at the state and local level, ensuring that fund managers only consider financial factors that maximize the highest rate of return.
Prohibiting all state and local entities, including direct support organizations, from considering, giving preference to, or requesting information about ESG as part of the procurement and contracting process.
Prohibiting the use of ESG factors by state and local governments when issuing bonds, including a contract prohibition on rating agencies whose ESG ratings negatively impact the issuer's bond ratings.
Directing the Attorney General and Commissioner of Financial Regulation to enforce these provisions to the fullest extent of the law.

Source: Quoted from Governor DeSantis' statement posted on the State of Florida website.

The relationship between the Republican Party and the growing "anti-ESG" sentiment in the US is also worthy of note. Those involved refer to ESG as "woke capitalism"[15] and criticize the need to evaluate and select companies based on ESG factors for investments and financing. These developments have now become a major political issue. In May 2023, the state of Florida enacted "anti-ESG"[16] legislation that restricts ESG investment activities (Figure 2). Governor Ronald Dion DeSantis, who withdrew from the race to become the Republican presidential nominee, also spearheads anti-ESG efforts. In March of 2023, he led the Republican governors of 19 states releasing a joint statement (Figure 3). It sharply criticized the Biden administration's support for ESG, calling its proliferation in the US a threat to the nation's economy, individual economic freedom, and way of life. The statement asserts that the focus should be on maximizing shareholder value, not on spreading trendy ESG ideology.[17, 18]

Of course, some of this may have been in light of the presidential race. However, it shows that no matter who becomes the Republican presidential nominee, the party's default position will be to restrict ESG efforts.

[13] As an example, immediately after taking office, former President Trump repealed regulations on emissions from thermal power plants, automobiles, and other sources that were enacted under the previous Obama administration.
[14] The Inflation Reduction Act (IRA) is a piece of climate change legislation with a $369-billion budget. It features a so-called "Made in America" clause, which restricts application of tax credits for the purchase of EVs to only those made in the US.
[15] Meaning "capitalism that takes social justice issues into consideration." (Source: *Nikkei ESG*, August 24, 2023)
[16] This prohibits government agencies and related pension funds from incorporating ESG-related elements into their investment evaluations and bars banks that espouse ESG values from receiving public funds. Similar developments have taken place in Arkansas, Montana, and other states.
[17] The original text refers to it as "woke ideology."
[18] "Joint Governors Policy Statement on ESG" (Source: State of Florida official website)

Accordingly, a Trump presidency is not the only risk.

Figure 3. Joint anti-ESG statement by the governors of 19 states

March 16, 2023

This month, Congress exercised its powers under the Congressional Review Act to disapprove of the Department of Labor Rule relating to "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights." Yet again, President Biden put his political agenda above the wellbeing and individual freedoms of hardworking Americans. We as freedom loving states can work together and leverage our state pension funds to force change in how major asset managers invest the money of hardworking Americans, ensuring corporations are focused on maximizing shareholder value, rather than the proliferation of woke ideology.

In response to Congress taking action to keep politics out of Americans' retirement funds, President Biden threatened to veto this measure, which puts the pensions of thousands of hardworking Americans at risk to the radical environmental, social, and corporate governance (ESG) movement, rather than prioritizing investment decisions on the highest rate of return. Retirees, already suffering from the reckless fiscal policies of the Biden Administration, will continue to experience diminished returns on the investment of their hard-earned money while the corporate elite continue to use their economic power to impose policies on the country that they could not achieve at the ballot box.

The proliferation of ESG throughout America is a direct threat to the American economy, individual economic freedom, and our way of life, putting investment decisions in the hands of the woke mob to bypass the ballot box and inject political ideology into investment decisions, corporate governance, and the everyday economy.

To protect individuals from the ESG movement that threatens the vitality of the American economy and Americans' economic freedom, we agree to lead state-level efforts, including:

I. Protecting taxpayers from ESG influences across state systems: Among other actions, this may include blocking the use of ESG in all investment decisions at the state and local level, ensuring that only financial factors are considered to maximize the return on investment, protecting retirees and taxpayers alike. This may also include eliminating consideration of ESG factors by state and local governments when issuing bonds or prohibiting state fund managers from considering ESG factors when investing taxpayer money.

II. Protecting citizens from ESG influences in the financial sector: Among other actions, this may include banning the financial sector from considering so called "Social Credit Scores" in banking and lending practices aimed to prevent citizens from obtaining financial services like loans, lines of credit, and bank accounts. This may also include stopping financial institutions from discriminating against customers for their religious, political, or social beliefs, such as owning a firearm, securing the border, or increasing our energy independence.

As Governors, we are committed to protecting the interests of our constituents and will keep fighting the Administration's decision to jeopardize retirement savings for millions of Americans to promote far left priorities.

Signatories:

Governor Ron DeSantis, State of Florida
Governor Kay Ivey, State of Alabama
Governor Mike Dunleavy, State of Alaska
Governor Sarah Sanders, State of Arkansas
Governor Brian Kemp, State of Georgia
Governor Brad Little, State of Idaho
Governor Kim Reynolds, State of Iowa
Governor Tate Reeves, State of Mississippi
Governor Mike Parson, State of Missouri
Governor Greg Gianforte, State of Montana
Governor Jim Pillen, State of Nebraska
Governor Chris Sununu, State of New Hampshire
Governor Doug Burgum, State of North Dakota
Governor Kevin Stitt, State of Oklahoma
Governor Kristi Noem, State of South Dakota
Governor Bill Lee, State of Tennessee
Governor Spencer Cox, State of Utah
Governor Jim Justice, State of West Virginia
Governor Mark Gordon, State of Wyoming

Source: Florida state website "Joint-Governors-Policy-Statement-on-ESG-3.16.2023"
https://www.flgov.com/wp-content/uploads/2023/03/Joint-Governors-Policy-Statement-on-ESG-3.16.2023.pdf (accessed January 31, 2024)

3-2. European parliamentary elections and the "anti-green" sentiment─Europe's shift to the right

Even in Europe, which has been a leader in global decarbonization, green policies are facing resistance. The outbreak of the war in Ukraine was a factor in encouraging green industries in the US and Europe, but the energy crisis triggered by the war has cooled the European economy. As a result, far-right parties with varying degrees of Euroscepticism[19] that claim to be "anti-immigrant" and "anti-green" have gained support (Figure 4).[20] By linking immigration policies and radical decarbonization as factors driving the recession, these parties have garnered support from citizens dissatisfied[21] with the current administration. If manufacturing costs continue to rise due to soaring energy prices and the shift away from dependence on Chinese raw materials under the "de-risking policy,"[22] cost increases may be passed on to various product prices, leading to further dissatisfaction among citizens. It will be difficult to halt this expansion of far-right forces that take advantage of such dissatisfaction.

[19] The idea or ideology of opposing European integration. This includes skepticism and criticism of the EU itself, its policies, the introduction of the euro, and future European integration.

[20] In the Netherlands, the far-right PVV has become the leading party, and in Germany, the far-right AfD has made breakthroughs in regional elections and is now the second most supported party nationally, ahead of the CDU, the current ruling party. Ratios of party support in Germany are 32% for the CDU, 22% for the AfD, 15% for the SPD, and 13% for the Greens (source: POLITICO, as of December 27, 2023). While far-right parties have different positions on the Green Deal, they generally assert that it will have a negative impact on their nation's industries and call for the introduction of policies tailored to the current situations in their respective countries, rather than the uniform targets sought by the EU.

[21] Environmental parties have experienced a significant decline in support. For example, the Greens, the coalition partner of the current German administration, increased its approval rating to 22% in the summer of 2022 after Russia's invasion of Ukraine, thereby gaining more influence. This had a strong impact on the country's nuclear phase-out (operations were suspended in April 2023), but their approval is now down to 13%.

[22] European Commission President Ursula von der Leyen sees dependence on China as a risk, and has proposed de-risking measures in the areas of semiconductors, clean energy, and critical raw materials, while also working to diversify supply chains.

Figure 4. Far-right populist party stances toward green policies in EU countries

Country	Political party	Approval rating	Administration	Sense of urgency regarding climate change	Stance on green policies in the EU
Germany	AfD	2nd place (22%)	Opposition party	Skeptical	Critical of carbon pricing, renewable energy targets, etc. as reducing the competitiveness of the nation's industries and placing a greater burden on its citizens. Feels that policies should be tailored to meet the needs of individual nations.
Netherlands	PVV	1st place *1 (29%)	Undetermined*2	Aware	Concerned about increasing cost burdens on the nation's agriculture and other industries. Opposes a one-size-fits-all approach to member countries, and requests greater national discretion, but responds pragmatically.
France	RN	1st place (28%)	Opposition party	Aware	Accuses the EU of "Green Dogmatism," and criticizes that high costs hinder the nation's competitiveness. Calls for sustainable and cost-effective measures.
Spain	VOX	3rd place (11%)	Opposition party	Aware Feels need to take action	Aids the EU in supporting the nation's transition to clean energy, but seeks greater national discretion. Also calls for exemptions from CO_2 emission reduction targets.
Finland	Finns	3rd place (17%)	Participation in a coalition	Aware Feels need to take action	Critical of a one-size-fits-all approach to member countries. Concerned about the impact on the nation's industries. However, supports forest management and other policies that benefit the nation.
Poland	PiS	1st place (34%)	Opposition party	Aware	Asserts the need for a gradual transition due to the high dependence on coal and concerns that a rapid transition would damage the nation's industries. Also calls for exemptions from CO_2 emission reduction targets.
Hungary	Fidesz	1st place (47%)	Ruling party	Aware	Open to cooperation, but concerned about high costs. Calls for approval of national discretion in line with the nation's needs and support for the transition to clean energy.

*While the PVV became the leading party following the November 2023 general election, it is facing difficulties forming a coalition and may not enter government.

*Approval ratings are based on the latest POLITICO data as of December 2023.

Source: Prepared by the author based on information from POLITICO and the policies of each party.

One point of contention in the European Parliament elections scheduled for June 2024 will be whether the series of policies known as the Green Deal, promoted under the leadership of Commission President Ursula von der Leyen, will be further accelerated. At the same time, as countries in the EU continue to become more right-leaning, forces opposing green policies have been gaining momentum within the Parliament itself, and their influence can no longer be ignored.[23] The EU had set a target of reducing GHG emissions by 55% compared to 1990 levels by 2030, but on February 6, the European Commission presented a new target[24] of reducing emissions by 90% by 2040. Although the new administration, which will take office in November 2024, will continue to pursue this target, there could be delays in promoting green-related policies.[25] Considering that the EU has been the leading rule maker in this field, delays in the EU could affect emerging economies and give rise to the risk of delays in global decarbonization and the transition to green industries.

3-3. Water security: From the Green Deal to the Blue Deal

As mentioned, stable water supply is a major issue in Europe. To address this, the EU is exploring the Blue Deal as a follow-up to the Green Deal (Figure 5), and the EU plans to announce how it will move forward by June 2024.

[23] At present, the EPP, the current ruling party faction, is expected to remain at the top but also lose seats.

[24] Article 4 of the European Climate Law mandates setting a target for the year 2040. As an important factor to be considered by the European Commission, the European Scientific Advisory Board on Climate Change (ESABCC), established under Article 3 of the Law, published a report in June 2023 stating that emissions should be reduced to 90 to 95 % of the 1990 levels.

[25] In terms of EV policies, Germany, which is already facing a climate change-related budgeting crisis due to a determination that diverting funds for COVID-19 measures was unconstitutional, terminated its purchase subsidy program a year earlier than planned. The UK has postponed the ban on the sale of new gasoline and diesel vehicles from 2030 to 2035. Similar delays are likely in a wide range of areas.

Figure 5. Guiding principles of the EU Blue Deal (excerpts)

The new European water policy must be aligned with all other EU policies, as has been the case with the EU Green Deal. Policies and actions under the Blue Deal must be based on up-to-date, accurate, transparent, comparable, easily accessible and reliable water data.
The restoration and protection of ecosystems, wetlands and biodiversity should form an essential part of the Blue Deal.
The European Union must adopt a human rights-based approach to water and fight water poverty, in line with Principle 20 of the European Pillar of Social Rights. The right to a healthy environment should also be recognised as a fundamental human right.
Water, Sanitation and Hygiene (WASH) services must be sustainable, equitable, of high quality and affordable for all. In the event of a water crisis, citizens and their basic needs must have priority.
All water users should be encouraged to adopt solutions and practices supporting the sustainable use and consumption of water.
The EU must support the development of technologies enabling water efficiency, recycling and pollution reduction as well as their incremental uptake by agriculture, industry and households.
Water losses due to leaks in networks and waste of water by agriculture, industry, households and all other users need to be significantly reduced.
Agriculture is both a major cause and a victim of water scarcity. The EU must ensure, through a strategic plan, access to sufficient quality water and its sustainable management in agriculture to enable adequate and sustainable food production in the EU.

Source: Prepared by the author based on Decaration for an EU Blue Deal, EESC

Water problems are obviously not limited to Europe. According to the World Bank, 40% of the world's population faces water shortages, and 70% of all deaths from natural disasters are thought to be due to water-related disasters. This problem is more serious in developing countries with weak infrastructure.[26] Feeding 10 billion people who are projected to live on the Earth by 2050 will also require a 50% increase in agricultural production, which in turn will require a 15% increase in water intake. Shortages of water will lead directly to a food crisis.[27] At COP28, developed countries were once again called upon to support developing countries in addressing the issues they face, with water-related issues considered particularly urgent. These growing risks to water security, along with Europe's awareness of water-related issues, should make this issue a priority on the ESG agenda.

4. AN INCREASING NEED FOR PERSPECTIVES COMBINING GEOPOLITICS AND ESG

Global ESG investments in 2022 were 14% lower than in 2020. There is a particularly large drop of 51% was seen in the US, where investment performance has noticeably deteriorated due to the shutting down of funds engaged in greenwashing, among other factors.[28] Given the expected geopolitical risks, this is likely to accelerate the anti-ESG movement in the US and force the Green Deal to stall in Europe. This will be a major obstacle to ESG efforts. Companies will increasingly be required to make business decisions that take into account the interrelations between geopolitics and ESG.

[26] In Bangladesh, flooding has caused an influx of displaced citizens into urban areas, increasing the urban population by 10% over the past decade and causing cities to become dysfunctional. There are projected to be more than 216 million of these so-called "climate refugees" (who have lost their residence and must migrate due to climate change, an increasingly common occurrence) by 2050. (Source: World Bank)
[27] World Bank, "Water Resource Management"
[28] "ESG investments decline for first time in 2022 due to poor performance and stricter standards" [in Japanese], *Nihon Keizai Shimbun* (November 29, 2023)