



Syed Manzur Elahi, chairman of Apex Group, holds a "Lifetime Achievement Award" presented by the UK Bangladesh Catalysts of Commerce and Industry (UKBCCI) at a "Business and Entrepreneur Excellence Awards-2019" in London recently. Elahi, founding chairman of Mutual Trust Bank and Grey Advertising Bangladesh, was honoured for his outstanding contribution to the country's banking sector, investment and employment generation.

German industrial production makes up ground in August

AFP, Berlin

Industrial production in Europe's powerhouse economy Germany saw a slight rebound in August, official data showed Tuesday, offering a bright spot amid external threats to the outlook.

Output at manufacturing firms added 0.3 percent month-on-month, federal statistics authority Destatis said, making good some of June and July's decline.

But with German business racked by uncertainty over US-led trade wars, Brexit, and an emerging market slowdown, production was still four percent below the August 2018 level.

"Industry remains in a downturn," the economy ministry said in a statement, as "weakness in demand is persisting".

Looking to different areas of industry, both producer goods and capital goods

makers reported increased output, while consumer goods firms' production fell back.

Figures released Monday also showed industrial orders -- a closely-watched indicator of future activity -- falling in August.

The warning signs have stoked fears for the wider German economy if weakness spreads from the key export-oriented manufacturers to other sectors.

Lower orders and other indicators point to "a bottoming out of industrial production at best" in August, ING bank economist Carsten Brzeski said.

"A real recovery looks some time away," he added, while "German industry remains extremely sensitive to further developments in the trade war".

US President Donald Trump is expected to decide next month whether to hit cars imported from Europe with tariffs.

Investors get lost in Big Oil's carbon accounting maze

REUTERS, London

Wide variations in the way oil companies report their efforts to reduce carbon emissions make it difficult to assess the risk of holding their shares as the world shifts away from fossil fuels, senior fund managers say.

Investors have poured money into so-called sustainable funds, which take into account companies' environmental, social, legal and other standards, and funds are under pressure from their customers and authorities to make those standards robust.

Fund managers are also applying environmental, social and governance (ESG) criteria more widely in traditional investments to help them judge how companies will fare over the long term.

There is a growing realization that some companies' profits will shrink faster than others as governments prioritize low-carbon energy to meet the U.N.-backed Paris agreement's goal of cutting emissions to "net zero" by the end of the century.

But oil and gas companies are among the biggest dividend payers, and major funds are reluctant to divest from them, arguing that by staying in they are in a better position to pressure companies to improve.

"Do investors have the data that we need? No, I don't think we have the data that we need at all," said Nick Stansbury, investment strategist at British insurer Legal & General's investment management unit, Britain's biggest asset manager with around \$1.3 trillion under management.

"Disclosure is not necessarily so we can seek to change the numbers, but so we can start understanding and pricing the risks," Stansbury said.

There are many voluntary initiatives and frameworks to unify carbon accounting and target setting; some overlap but none have been universally adopted. Further projects exist for other greenhouse gases such as methane.

The Greenhouse Gas Protocol is one such set of standards, established by non-

governmental organizations and industrial groups in the 1990s.

Companies can report their progress in line with these standards through non-profit CDP, formerly known as the Carbon Disclosure Project, which then ranks them. Norway's Equinor comes first in its list of 24 oil major companies, but not all of them report in every year.

There is also the Task Force on Climate related Financial Disclosures (TCFD), created by the G20's Financial Stability Board, as well as industry bodies, in-house models at oil firms and banks and third-party verifiers and consultants.

"There are a thousand ways to Paris," London-based BP's Chief Executive Bob Dudley said at a Chatham House event earlier this year referring to the 2015 accord aiming to keep global warming well below 2 degrees.

BP Finance Chief Brian Gilvary told Reuters BP would welcome more consistency within the sector to show what oil companies are doing about emissions and that an industry body, the Oil and Gas Climate Initiative (OGCI), was discussing carbon accounting.

A plethora of third party ESG verifier companies were emerging with varying ways of measuring ESG metrics, he said, adding that some such firms would say to an oil company, "We believe your score is this, and, by the way, if you spend \$50,000 we'll show you how you can improve that score."

UBS, with \$831 billion of invested assets, has \$2 billion in its Climate Aware passive equity strategy, which is in part based on a company's emissions reporting.

In that strategy "we tilt towards companies that are better performing on a range of climate metrics and away from companies that do not perform so well in this respect," Francis Condon, executive director for sustainable investing, said.

"We don't want to be accused of greenwashing or falling for it," he said, adding that UBS regularly encouraged companies to prepare for the climate

transition.

Using a broad measure, global sustainable investment reached \$30.1 trillion across the world's five major markets at the end of 2018, according to the Global Sustainable Investment Review. This equates to between a quarter and half of all assets under management, due to varying estimates of that figure.

This year alone, Moody's bought Vigeo Eiris and Four Twenty Seven, MSCI bought Carbon Delta and the London Stock Exchange bought Beyond Ratings. S&P acquired Trucost in 2016.

Independent climate risk advisors Engaged Tracking say they attracted two-thirds of their clients in the past year. All six companies provide data, assessments



Oil pump jacks work at sunset near Midland, Texas.

Condon said most investors were still more focused on returns than wider sustainability criteria but were becoming concerned that companies may expose them to possible future climate-related financial losses.

"There is a very limited appetite for giving up performance for higher ESG. The question is more: is management taking on risks it can't manage?"

To try to answer that question, the world's biggest financial service providers are investing in companies which provide ESG-related data.

and consulting on the climate exposure of companies or bonds.

A central issue, discussed at European oil majors' shareholder meetings this year, is how they deal with the emissions caused by the products they sell, such as gasoline or kerosene, which are known as Scope 3 emissions.

Such emissions are typically around six times larger than the combined emissions from oil companies' direct operations and power supply, also known as Scope 1 and 2 emissions, according to Reuters calculations.

H&M's outlet brand Afound tweaks strategy towards online



People are seen at the launch of H&M's multi-brand store Afound in Stockholm.

REUTERS, Stockholm

Fashion retailer H&M's newest independent business, outlet brand Afound, will focus more on online expansion and less on physical store expansion than previously planned, it said on Tuesday.

H&M in recent years has launched several separate brands such as Arket and H&M Home to broaden its customer base as its core H&M brand has struggled to adapt to the online shift.

Afound, launched in 2018, sells marked-down clothes from many external brands as well as from the H&M group's own brands, in stores and online in home market Sweden.

"I joined the company in May and chose to review the strategy going forward," Afound CEO Joanna Hummel told Reuters. "Now we have clarified that as we move

forward, our focus is the marketplace which means that we will have a digital focus."

"This is a conclusion we've drawn after our first year. There's a general market trend, we draw conclusions from how we see that Afound's customers like to shop," Hummel said.

Profit at H&M, the world's No. 2 fashion group after Zara owner Inditex, has slid for years due to slowing sales at its core brand's physical stores. It has said that its newer brands' stores have performed better. The company does not report individual results for the newer brands.

Afound - H&M's first operation to market external brands as something more than a mere add-on to its own ranges - said in June it would enter the Netherlands this year, with an online store as a first step, as part of a long-term strategy to expand in Europe.

New IMF chief Georgieva says world suffering 'synchronised slowdown'

AFP, Washington

Grinding trade disputes are undermining the global economy, which is set to see its slowest growth in nearly a decade, the new IMF chief said Tuesday.

Research shows the impact of the trade conflict is widespread and countries must be ready to respond in unison with cash infusions, Kristalina Georgieva said in her first speech as managing director of the International Monetary Fund.

She also called for a ramp-up in carbon taxes to address the other challenge facing the global economy: climate change.

"In 2019, we expect slower growth in nearly 90 percent of the world. The global economy is now in a synchronized slowdown," Georgieva said in a speech ahead of IMF-World Bank autumn meetings next week.

"This widespread deceleration means that growth this year will fall to its lowest rate since the beginning of the decade." She said the IMF is cutting its forecasts for growth this year and next. Previously, the world economy had been projected to expand by 3.2 percent in 2019 and 3.5 percent in 2020. The fund is due to release details in its updated World Economic Outlook on October 15.

While trade tensions had been talked about as a danger to the economy, "now, we see that they

are actually taking a toll," she said.

"Global trade growth has come to a near standstill." For the global economy, the cumulative effect of trade conflicts could mean a loss of around \$700 billion by 2020, or about 0.8 percent of GDP, she said, which is far higher than the fund previously forecast as its worst case scenario.

That is an amount "approximately the size of Switzerland's entire economy," she said. IMF research shows the secondary effects of the trade war -- such as the loss of confidence and financial market reactions -- are far greater than the direct economic impact of the tariffs.

"It is the indirect impacts that really bite," Georgieva said of the trade war during a forum following her speech.

She warned that "once undermined, confidence is hard to rebuild." "We are already shooting ourselves in the foot." - Spend more - President Donald Trump's trade war with China involves steep tariffs on hundreds of billions of dollars in two-way commerce but there are conflicts with other trading partners as well.

And even if growth resurges next year, some of the "rifts" already caused by the trade conflicts could cause "changes that last a generation," such as shifting supply

chains, she said. "The results are clear. Everyone loses in a trade war," Georgieva said.

To protect against a sharp global slowdown, she called on countries with funds available to deploy their "fiscal firepower." While some governments are burdened by high debt levels, "in places such as Germany, the Netherlands, and South Korea, an increase in spending -- especially in infrastructure and R&D -- will help boost demand and growth potential," Georgieva said.

Many economies have been relying on central banks and low interest rates to support economic expansion but she warned that keeping rates low for too long can cause investors to engage in risky behavior.

The IMF estimates that if there were a major economic downturn, "corporate debt at risk of default would rise to \$19 trillion, or nearly 40 percent of the total debt in eight major economies," she said.

"This is above the levels seen during the financial crisis," Georgieva, who this month took over leadership at the IMF from Christine Lagarde amid rising concerns about the world economy, called on global leaders "to work together, now, and find a lasting solution on trade." That includes resolving legitimate concerns over protection of proprietary technology, an issue at the center



IMF Managing Director Kristalina Georgieva