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CRIF
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CRIF INDUSTRY WATCH

A monthly edition on Data, Risk and Economic Insights

INSIDE THIS ISSUE

Analysis and Studies

The Top Most Liveable Cities in 2022

This year, a comeback to first place: Vienna

The Economist Intelligence Unit (EIU) recently published the rank of the best cities to live in. The report evaluates the cities on the basis of a few elements such as healthcare, stability, culture, environment, infrastructure, and education.

This year, a comeback to first place: Vienna. After slipping to 12th place in 2021 due to hard COVID-19 restrictions, the Austrian town held onto the title of the most livable city again, as it did in 2019 and 2020. Indeed, the EIU's report points out how life is coming back to normality in the cities, after two years since the start of the pandemic.

West Europe and Canada dominate the top of the chart: Copenhagen (Denmark) and Zurich (Switzerland) are in second and third place, respectively, with Calgary and Vancouver (Canada) coming in at positions four and five.

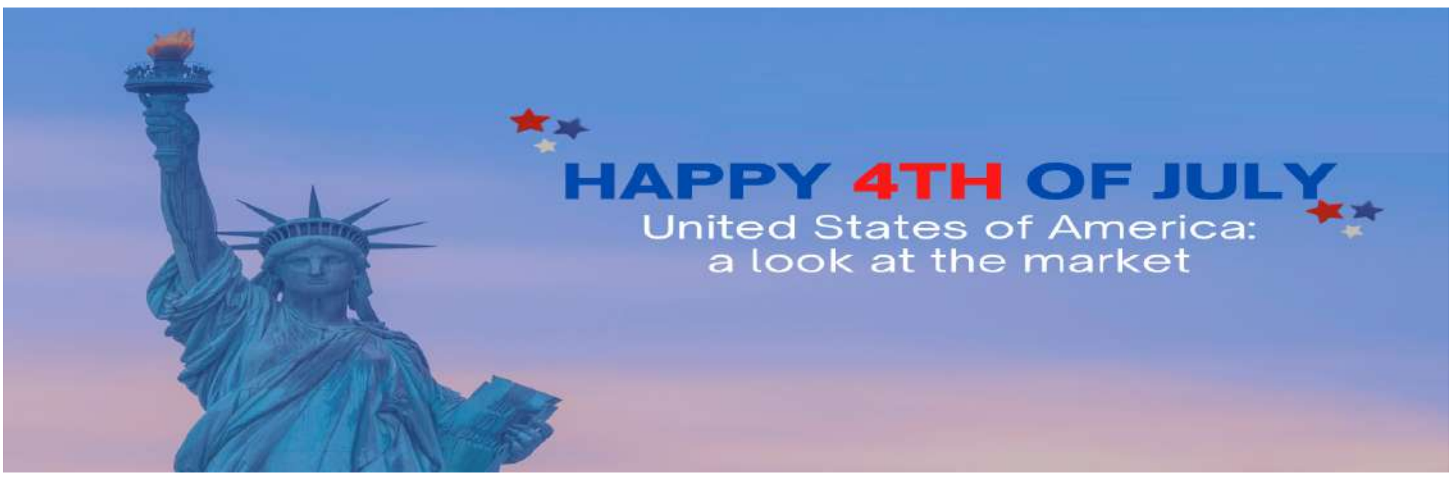
East European countries have regressed in the rankings. The war in Ukraine brought instability to the region, and countries like Poland and Hungary are affected by the proximity of the warzone. **Kyiv is excluded from this year's report and Russian cities like Moscow and St. Petersburg fall compared to the previous years.** Indeed, the sanctions have worsened the quality of life for the two. **According to the EIU's report, one of the biggest threats to living standards around the world is a general price increase and inflation.**

Here are the top 10 most livable cities in 2022:

1. **Vienna, Austria**
2. **Copenhagen, Denmark**
3. **Zurich, Switzerland**
4. **Calgary, Canada**
5. **Vancouver, Canada**
6. **Geneva, Switzerland**
7. **Frankfurt, Germany**
8. **Toronto, Canada**
9. **Amsterdam, Netherlands,**
10. **Osaka, Japan**
11. **Melbourne, Australia**

Import & Export Snapshot

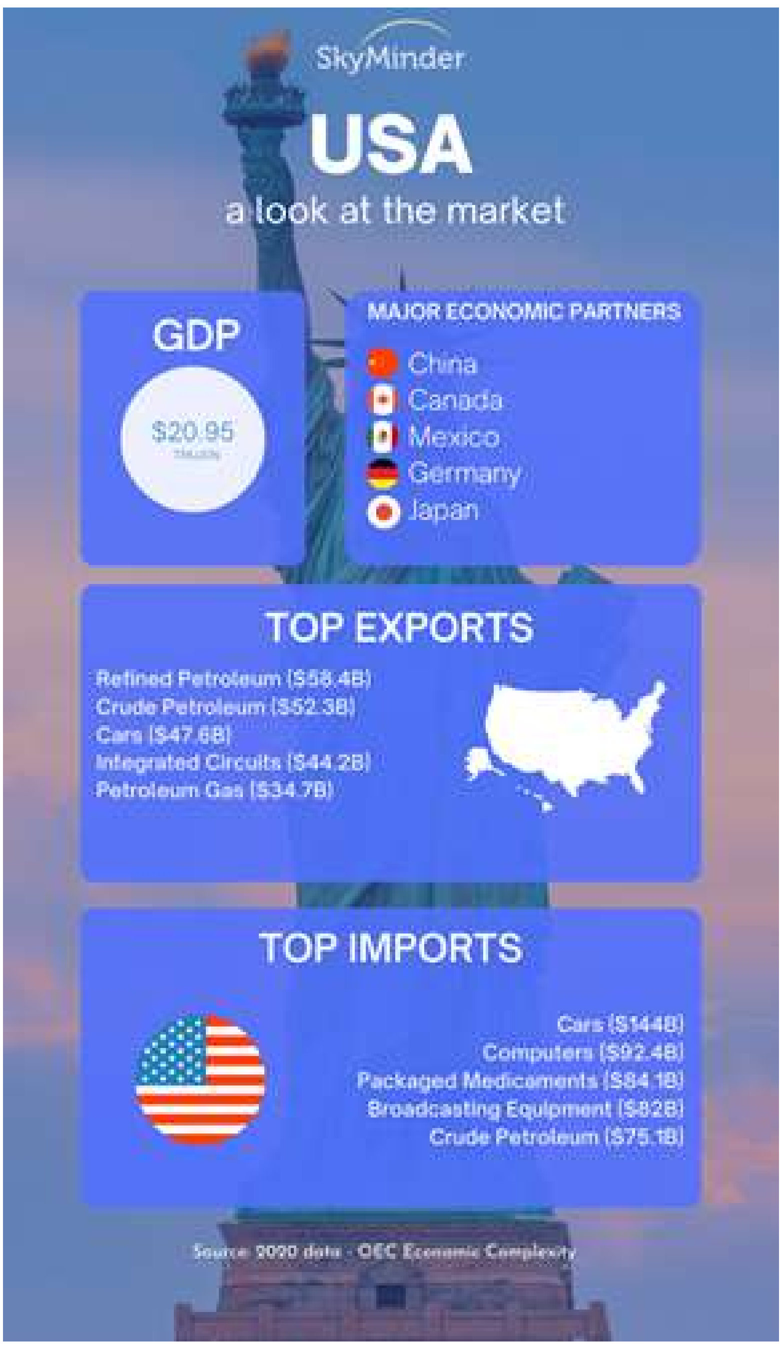
July 4th: A look at US's market



The United States is the 24th country in the world for living standards

July 4th is the United States' national holiday, and it celebrates the anniversary of the Declaration of Independence of 1776, drafted by one of America's founding fathers, Thomas Jefferson. The declaration formally stated the independence of the Thirteen American Colonies from the British Empire. The United States of America is the oldest democracy in the world and the first example in history of a state that protects the people's liberties. Its Constitution, written in 1787 and ratified in 1788, affirms the sovereignty of the people and says that their government exists to serve their citizens. With 337 million habitats, it is the world's third most populous country, trailing only China and India. It is a very diverse country, with great ethnic diversity among its people. In the 19th century, citizens from all around the world fled to the United States seeking a better life. The United States shares borders only with Canada and Mexico, and it touches both the North Atlantic Ocean and the North Pacific Ocean.

Throughout history, the country has gained great importance on an international scale. After the Second World War, the "American way of life" spread globally, and its economy became the most advanced on the planet. **Indeed, the USA is the number one country in the world by GDP size, with a value of 20.95 trillion dollars. According to the Social Progress Index 2021** (published every year by the Social Progress Imperative, a no-profit organization that ranks countries according to social aspects such as access to basic human needs, general well-being, and opportunities), **the United States is the 24th country in the world for living standards.** The USA's economy is one of the most flexible and pro-private initiatives. Indeed, it is characterized by thin taxation and a slim bureaucracy. Besides setbacks and some periods of stagnation, its economy is characterized by remarkable resilience and the tendency to come back to grow every time.



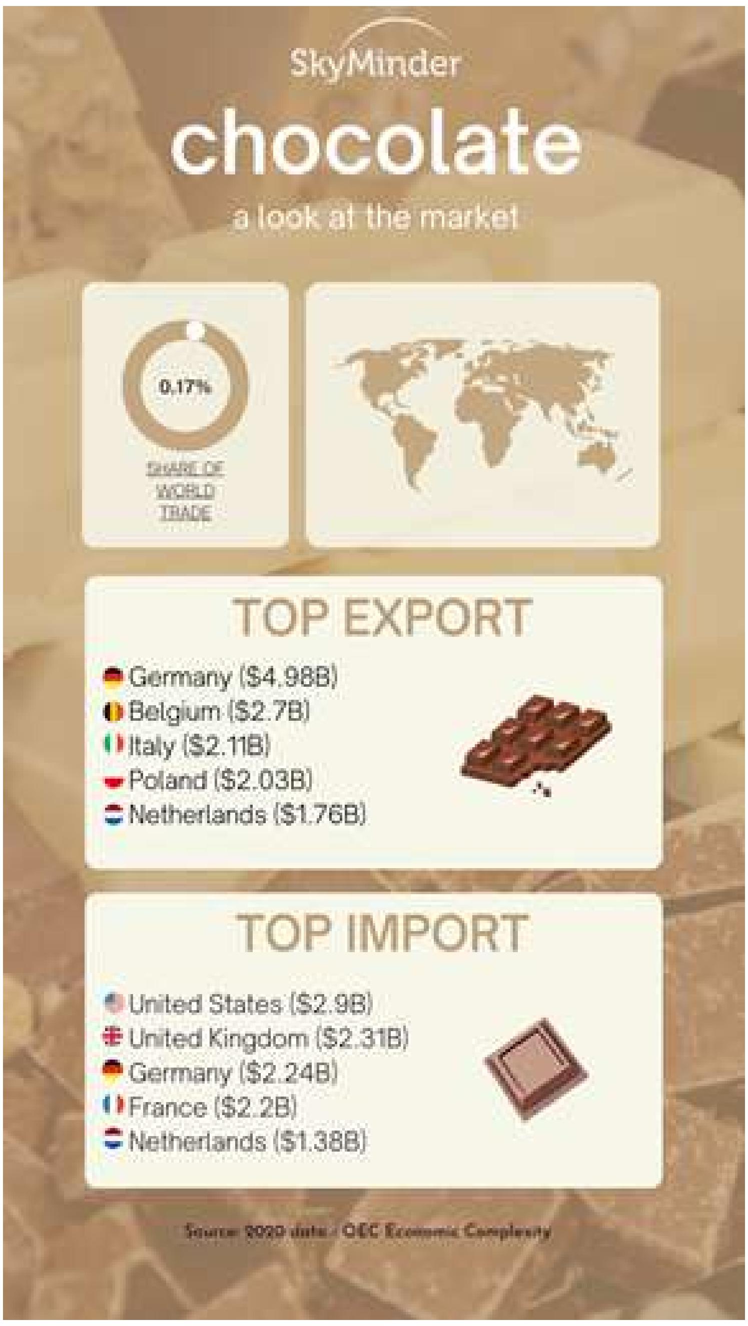
In 2020, the USA was the world's greatest importer and the number two in total exports, right after China. Its main economic partners are China, Canada, Mexico, Germany, and Japan.

In the same year, the top exports were refined petroleum ($58.4 billion), crude petroleum ($52.3 billion), cars ($47.6 billion), integrated circuits ($44.2 billion), and petroleum gas ($34.7 billion), primarily to Canada ($218 billion), Mexico ($196 billion), China ($122 billion), Japan ($63.1 billion), and Germany ($59.2 billion). The USA's main imports in 2020 were cars ($144 billion), computers ($92.4 billion), packaged medicines ($84.1 billion), broadcasting equipment ($82 billion), and crude petroleum ($75.1 billion), importing mostly from China ($438 billion), Mexico ($326 billion), Canada ($264 billion), Germany ($116 billion), and Japan ($112 billion).

Product Analysis

World Chocolate Day: Cocoa import and export

Chocolate is the world's 121st traded product, with a total trade value of 28.6 billion



Today is World Chocolate Day!

Cocoa products continue to be one of the most popular comfort foods. Dark, white, or milk chocolate —there are so many flavors and qualities of chocolate in the world. **Cocoa plants have been cultivated in Central and South America for centuries, and this day commemorates the introduction of cocoa beans into Europe in the 16th century.**

Chocolate is the world's 121st traded product, *with a total* **trade value of 28.6 billion. In 2020, the top exporters of chocolate were Germany** ($4.98 billion), **Belgium** ($2.7 billion), **Italy** ($2.11 billion), **Poland** ($2.03 billion), and the **Netherlands** ($1.76 billion). **The United States** ($2.9 billion), **the United Kingdom** ($2.31 billion), **Germany** ($2.24 billion), **France** ($2.2 billion), and the **Netherlands** ($1.38 billion) **were the top importers.**

Article of the Month

Carbon footprint: What it is and why it is important for companies and organizations to measure and communicate it

"Footprint" or "trace" that the company itself releases on the environment in terms of pollution and emissions while carrying

While it is true that today ESG issues, the Environment, Social and Governance characteristics inherent in every type of business, are increasingly high on the priorities in the agendas of the boards of major organizations, carbon footprint is certainly among the most important issues in the field of sustainability.

Carbon footprint: What it is and why it is important for companies and organizations to measure and communicate it

While it is true that today ESG issues, i.e., the Environment, Social and Governance characteristics inherent in every type of business, are increasingly high on the priorities in the agendas of the boards of major organizations, carbon footprint is certainly among the most important issues in the field of sustainability.

It is, in fact, the most visible and impactful component of corporate operations, as it is defined as the **"footprint" or "trace" that the company itself releases on the environment in terms of pollution and emissions while carrying out its business activities.**

Why is it important to communicate one's carbon footprint?

A footprint that engages the industrial and economic fabric and the surrounding environment in a massive way, considering that it is estimated that in every business activity, 90 % of emissions come from the supply chain, which becomes increasingly important to engage, creating the commitment necessary to measure and monitor ESG performance throughout the supply chain.

Hence the urgency of measuring and communicating it externally, because of also the decisions taken at the European and global level, in terms of reducing emissions and lowering the climate rise threshold, as established by the Paris Accords and pursued by the UN 2030 and 2050 Agenda.
Starting from what the EBA has established in defining the carbon footprint, it is to be measured and monitored **through GHG emissions released by the company** and expressed with the unit of measurement in CO2, **where GHG stands for Greenhouse Gases** and indicates all gases capable of trapping heat in the atmosphere, giving rise to the "greenhouse effect" phenomenon . They represent a priority risk of ESG factors: in fact, GHG emissions are recognized as an "ESG risk impacting the inside-out environment, where precisely the business activity has impacts on the surrounding environment and therefore needs to be monitored in risk management and prudential control."

This means that emissions fall under the view of **dual materiality**, established by globally recognized standards, such as "Accountability Principles Standards" and specifically GRI 101 (of the Global initiative report," "Principle of Materiality") and the EFRAG guidelines, where the concept of dual materiality is introduced.

The latter, perfectly coinciding with the **inside-out risk of emissions** provides that, in a dynamic perspective, two aspects within companies are measured and reported: one inherent to the evaluation and reporting of the company's business and which finds its perimeter within the accounting standards of the financial statements, the other in a perspective of mutual and dynamic symbiosis with the environment and the social and economic fabric involved in its business activities, providing for ad hoc integrations through indicators on ESG risks, as far as non-financial reporting is concerned.

To make the normative framework of reference translatable at the European and global level, this means: as much as the company with the activities carried out can go to negatively or positively impact the surrounding ecosystem at the environmental level and with consequent economic and social repercussions, equally the territory in which the business is developed can damage it, if the right measures and expedients are not undertaken.

Hence the need for a definition and measurement of what can affect both the business and the territory in a dynamic perspective that allows and of qualitative-quantitative measurements to be added to economic-financial evaluations.

How the carbon footprint is calculated

To frame such **carboon footprint reporting** normatively, the first definition of emissions and what so-called "greenhouse gases" are, is given in the **"Kyoto Protocol," in 1997**: it is here, for the first time, established which are the main gases emitted by human activities with a climate-changing effect, such as carbon dioxide, methane, nitrous oxide and fluorinated gases (hydrocarbons, perfluocarbons, sulfur hexafluoride and nitrogen trifluoride).

These GHGs are measured by two main aspects that impact global warming: their **radiative forcing** (energy entering and leaving the Earth-atmosphere system) measured in GWP (Global Warming Potential) and their **residence time in the atmosphere**, which varies among GHGs.

In the financial reporting perspective, provided by the EU Taxonomy and measured globally by the GHG Protocol, emissions are classified as environmental pollutants according to three distinct categories: Scope 1, Scope 2, and Scope 3.

Each of these scopes presents unique challenges for measuring and reporting their respective impacts, in fact:

- **Scope 1** emissions, so-called **"direct" emissions**, can be directly related to a company's activities. For example, emissions from automobiles and emissions from any production plant or operating facility.
- **Scope 2** emissions, defined as **"indirect emissions"**, are classified as any energy consumption that is part of the production of any product or service.
- **Scope 3** emissions, like Scope 2 also **"indirect"**, are the most difficult to identify, not falling into the previous two classes and covering **the activities of the entire downstream product life cycle**, from business travel, to supply chain logistics, to end-of-life waste of any product.

Various metrics and models have been implemented to date to estimate company-wide classes of emissions, and thus the carbon footprint of the business: The most widely used are:

- the **Science Based Targets**, which **measures emissions for contracted investments and financing,** indicating the trajectory to be in line with the 2030 agenda (minus 1.5° climate rise);
- the "Financed Emissions" method, which estimates the amount of greenhouse gases a financial institution is responsible for through its investments, through a precise "attribution factor" scale established on business sectors of listed and unlisted companies.

How to reduce the company's carbon footprint?

At present, certainly it can be said that the data and measurement models, with related technologies, exist to make real and measurable changes with a view to economic and sustainable transition, which starting from the governance-level consideration of carbon footprint, can translate **into proactive sustainability planning and its measurement, reporting and communication.**

A difference can be made in many different ways, but whatever path or trajectory is chosen and wherever it leads, it is necessary to make sure that the "footprint" of companies is combined with the sustainable economy, to make companies more transparent and clean at the level of environmental impact, governance and leadership, paving the way and conditioning environmental "inside-out" risk in a positive way, thus building a more equitable economy and fully sustainable development into the economic and social fabric.

Quick Infographic

CRIF's Vendor Evaluation Report and It's Benefits

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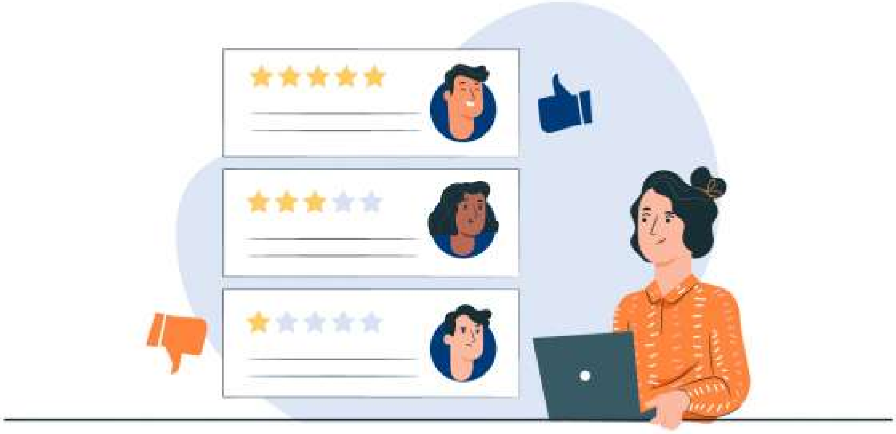
What is Vendor Evaluation, and what are its benefits?



Do you have the following questions?

- **Are my potential vendors capable of meeting our organisational standards?**
- **How high will my credit risk exposure be if I partner with a particular vendor?**
- **Will they be able to offer high-quality services?**

It is time to get your due diligence with **CRIF Business Information Report.**

Onboard suppliers and vendors who ensure compliance with all laws, regulations and standards that apply to your business framework.

Here are the major benefits of getting your vendors evaluated with CRIF Due Diligence:

- Establish authenticity and understand the background of your vendors
- Assess vendors' capability to reduce your operational costs
- Establish credibility for a smooth supply chain and agile business framework
- Build trustworthy relationships to encourage collaborative business growth
- Onboard vendors who match your values and eliminate risks of fraud

Get your vendor due diligence with **CRIF Business Information Report**

About CRIF India

CRIF India is one of India's leading provider of Credit Information, Business Information, Analytics, Scoring, Credit Management and Decisions Solutions.

CRIF's Business Information Report, commonly known as the BIR Report, is a new way of thinking about data and information and how they are linked to each other. Available in 230 countries and territories, CRIF'S Business Information Report contains up to date information collected from various data sources. The report helps in determining a company's profitability, financial trends, and risk. It also provides an in-depth profile of a company, including financial information, legal cases, history of business, ownership details, operational information, and details on related firms and special events that occurred in the past involving company management. It's an industry standard for evaluating both new and existing credit relationships, especially medium-to-high risk accounts. Additionally, it supports a company's other efforts, like marketing and purchasing.

CRIF India's Business Information Offerings

How is CRIF different?

We brought in new Sets of Data Points,
First in the Industry at a TAT less than 48hrs.

Global Data Environment
200 million companies across 230 countries,
2 Million directors on these companies,
400+ data points covered

Unmatched expertise in analysis
Our vast experience gives us an eye for better assessment of information

Count on our TAT
Quality in expertise translates into efficiency in outcome

Quality checks
We've set processes to ensure reliable information is coming your way

Customized solutions for: Customer I Suppliers I Trade / Supply Chain solutions

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