

OCTOBER 2022 | ISSUE 22

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# TATTVA

## ESG Newsletter

2022 began with key framework providers for sustainability disclosure upgrading their frameworks to enable better ESG disclosure and many securities commissions making watertight norms to avoid greenwashing. The Science Based Targets initiative (SBTi) has developed scope 3 target setting while EU's expert advisors openly opposed the inclusion of gas and nuclear energy into the EU Taxonomy guidelines.



With Conference of the Parties (COP) 27 right around the corner, the European Commission (EC) coherently with its parliaments and councils has introduced multiple reforms. They have given consent to the legislation necessitating all new cars and vans registered in the EU will be zero-emission by 2035. Additionally, they have agreed to ban the sales of new petrol and diesel cars from 2035. They have also proposed revisions in building directives requiring all new buildings and existing buildings to be zero emission by 2030 and 2050, respectively. They are also in the process of negotiating energy and climate laws known as 'Fit for 55'. All this, keeping in line with the European Union (EU)'s goal to achieve carbon neutrality by 2050.

A new Standard & Poor's Depository Receipt (SPDR) MSCI Gender Diversity ETF - SHE was launched, which focuses on a gender diversity investment approach. Microsoft launched various digital solutions focused on tracking, managing, and analyzing Scope 3 emissions, and in an innovative solution, AuditBoard produced a platform to have audit-ready ESG data. BNY Mellon Investor Solutions welcomed Manisha K. Ali as the Head of Responsible Investing for developing its 'Responsible Investing' business. Google with C40, a climate-focused network of mayors from 100 large cities, announced to help cities to achieve carbon-free energy (CFE). Italy's finance authorities accused Pfizer of hiding profits worth at least USD1.203mn by transferring money within Pfizer units in different countries to avoid taxes.

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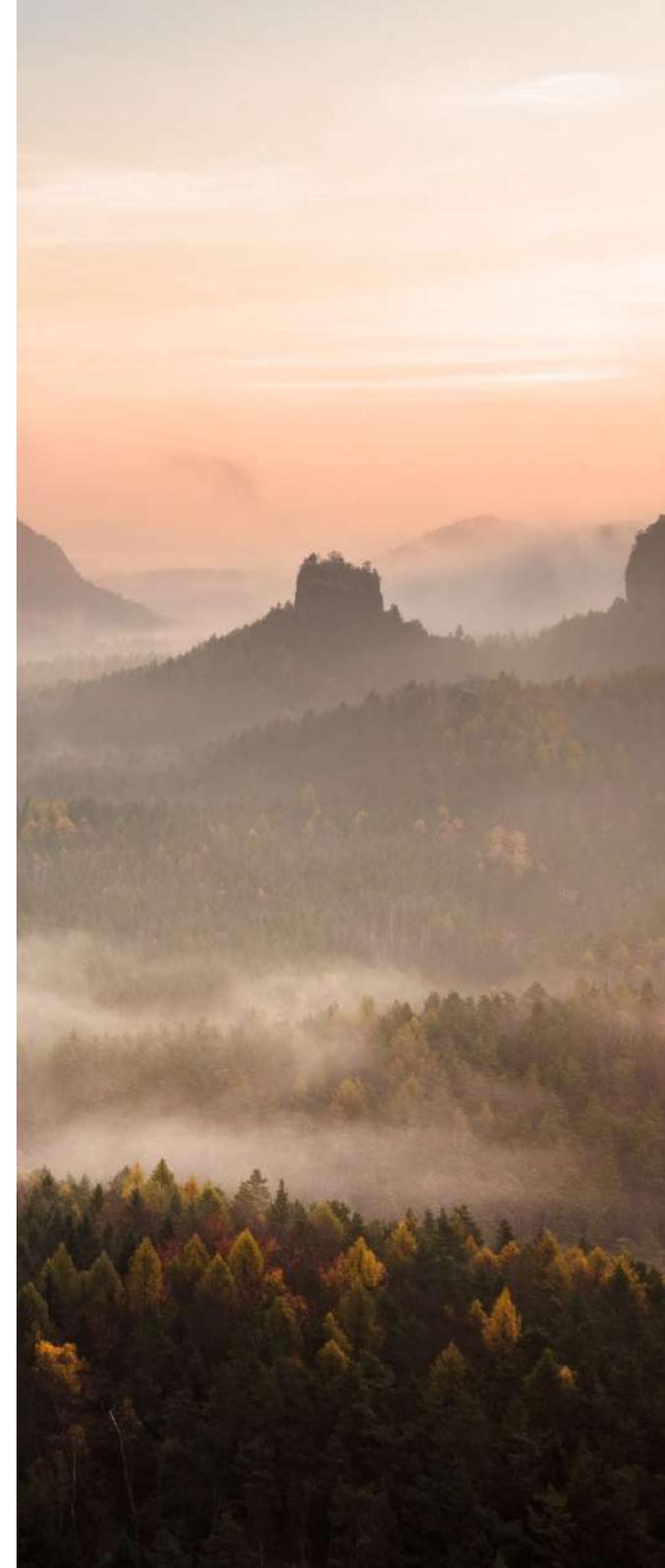
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# MARKET TRENDS

# Trends driving positive environmental and social change

Businesses, financial institutions, and regulatory bodies have realized the significance of addressing ESG risks and capitalizing on the underlying opportunities to adopt sustainability. Catch the latest developments in industries from government mandates to revolutionary initiatives in this section.

## EU announces ban on fossil fuel car sales effective 2035



The European Union (EU) agreed to the legislation that bans the sale of new petrol and diesel cars from 2035. The EU aims to boost electric vehicle (EV) sales, to combat climate change by mandating carmakers to achieve a 100% cut in carbon emissions by 2035.

► Source: Reuters

## ESMA includes ESG disclosures among its key ESG priorities



The European Securities and Markets Authority (ESMA) announced altering its Union Strategic Supervisory Priorities (USSPs) to incorporate ESG disclosure, giving prominence to sustainable finance. To avoid greenwashing, ESMA will ensure transparency and

clarity in ESG disclosures from important segments of the sustainable finance value chain.

► Source: KnowESG

## Air-France-KLM reveals one of the largest-ever SAF deals



In one of the largest sustainability deals in the aviation sector, Air France-KLM Group announced a supply agreement with Neste and DG fuels sourcing

1.6 million tons of sustainable aviation fuel (SAF). Beginning in 2023, Neste will be supplying fuel over 8 years whereas DG Fuels will be supplying 600,000 tons of fuel between 2027 and 2036 to Air France-KLM.

► Source: PR Newswire

## EU countries agree on COP27 climate ambitions



EU environment ministers, at their Luxembourg meeting, agreed on their climate position and ambitions, ahead of the COP27 UN climate conference to be held at Sharm el Sheikh. To achieve its climate goals, the EU has pledged to cut its net carbon emissions by 55% by 2030 from 1990 levels.

It is also negotiating an energy and climate laws package known as 'Fit for 55'.

► Source: EURACTIV

## ISSB confirms the inclusion of Scope 3 emissions in IFRS' Climate Disclosure Standard



The International Sustainability Standards Board (ISSB) announced that companies would be required to report on Scope 3 GHG emissions, those originating in a company's value chain and beyond its direct control. Along with 'relief provisions' to help work out disclosures, ISSB also agreed that the companies will have more time to report on Scope 3 disclosures.

► Source: ESG Today

## CDP announces record rise in companies disclosing environmental data



CDP, a climate research provider and environmental disclosure platform, reported that over 18,700 companies disclosed climate change, water security, and deforestation data, a 40% surge compared to last year. The companies

that disclosed the environmental data this year are approximately worth USD61tn, roughly marking half of the global market cap.

► Source: ESG Today

## CA 100+ report shows progress regarding net-zero commitments



Climate Action 100+ (CA 100+), a climate-focused investor engagement initiative, announced the results of an interim set of Net Zero Company Benchmark assessments of 159 companies on its focus list. The assessment revealed that 75% of the companies are committed to achieving net-zero emissions by 2050 or earlier.

► Source: Climate Action100+

# COLLABORATION



# Companies joining forces to shape sustainable solutions

ESG issues continue to grow in relevance, be it employee health & safety or climate change. The impact is multi-fold in current times. Investor groups and corporates are increasingly collaborating to address such issues and drive sustainability. Following are the major coalitions in the ESG space.

## C40 and Google launch a 24/7 CFE program

 Google with C40, a climate-focused network of mayors from 100 large cities, announced to help cities achieve 24/7 carbon-free energy (CFE). The pilot cities include London, Paris, and Copenhagen and will help 'create scalable models' in the future. The spotlight of the program will be on expanding renewable energy and storage capacity using batteries and mini-grids.

► Source: Sustainable future news

## EY and Microsoft collaborate to create decarbonization and ESG data solutions

  Microsoft and EY formed an alliance to integrate Microsoft's 'Cloud for Sustainability', Software as a Service (SaaS) tool, with EY's Climate Change and Sustainability Services (CCaSS) practice. The partnership will provide improved services to clients aiming for operational decarbonization and achieving net-zero goals through better carbon tracking, reporting, and management solutions for carbon and other ESG indicators.

► Source: ESG Today

## Orsted and WWF announce 5-year partnership to develop off-shore wind energy and ocean biodiversity

  Orsted and WWF are partnering to build offshore wind plants incorporating expert-suggested strategies to enhance biodiversity. The project is based on the theory that will correctly plan offshore wind plants that do not deplete but will enhance biodiversity. The first project in the North Sea will focus on repopulating horse mussels and native oysters to rebuild biogenic reefs.

► Source: Renewables Now

## RWE acquires Con Edison CEB to become a top US renewable energy player

RWE acquired Con Edison Clean Energy Businesses (Con Edison CEB) for USD6.8bn. This move propelled RWE to rank 4th in the renewable energy domain and become the 2nd largest solar operator in the US market. Qatar's sovereign wealth fund (QIA) has also invested USD2.35bn to aid this acquisition in the form of mandatory convertible bonds worth 10% of RWE's share capital.

► Source: ESG Today

## BP Plc. buys biogas production company Archaea for USD4.1bn

BP acquired Archaea Energy Inc. for USD4.1bn to accelerate the growth of its biogas division and strengthen its low-carbon fuel alternative. Archaea captures biogas, a renewable natural gas, from farms and landfills and supplies processed pipeline-quality gas. This acquisition will benefit BP's customers achieve their long-term climate goals.

► Source: Bloomberg

## Blackrock and Apex partner to boost ESG data in private markets

Blackrock, with its specialized business unit 'eFRONT', to collaborate with Apex, a financial services provider. Together the companies plan to create a benchmark for ESG metrics in the private market to address the lack of standardized collection and reporting of ESG goals and progress.

► Source: Market Watch



# PEOPLE MOVEMENTS

# Thought leadership through key hires

Companies across the globe are demanding analysts, strategists, and knowledgeable professionals to understand and drive their ESG data, strategies, and solutions for a range of stakeholders. This section brings you the latest movements of such highly skilled professionals in the ESG sector.

## BNY Mellon hires Manisha K. Ali as the Head of Responsible Investing



BNY Mellon Investor Solutions welcomed Manisha K. Ali as the Head of Responsible Investing. In her new position, Ali will be responsible for identifying the best-in-class asset solutions and assisting in the development of the company's 'Responsible Investing' business.

► Source: ESG Today

## Guillaume Abel joins Mirova as Deputy CEO



Mirova appointed Guillaume Abel as the new Deputy CEO. As the deputy CEO, Guillaume will be in charge of global functions of sustainability research, development, risk, legal and compliance, finance, and operations of 60 employees.

► Source: Natixis

## RMI welcomes Jon Creyts as the new CEO



RMI (formerly Rocky Mountain Institute) announced Jon Creyts as the new CEO. He joined the organization in 2012 and holds significant expertise and knowledge about the firm. RMI expects that Jon would be able to retain the firm's momentum and efficacy to combat climate change in his new role.

► Source: RMI

## KPMG names John McCalla-Leacy as the Head of Global ESG



KPMG International hired John McCalla-Leacy as the Head of Global ESG. John will seek to ensure KPMG maintains its USD1.5bn investment pledge that was announced in 2021, along with advancing global client solutions for ESG opportunities and challenges.

► Source: BusinessWire

**FINTECH**



# Innovation in sustainable investing

The fintech section captures various innovations in the data analytics, software solutioning, and technology space that benefit both investors and data providers. Learn about the most groundbreaking technologies leading their way to ESG.

## Microsoft launches solutions for Scope 3 emissions tracking and analysis



Microsoft launched various digital solutions focused on tracking, managing, and analyzing Scope 3 emissions. The company aims to have a centralized database on its platform 'Microsoft Cloud for Sustainability' for tracking and reducing the environmental footprint of organizations and their value chains globally.

► Source: ESG Today

## US EPA introduces two online tools for enhancing environmental compliance



The US Environment Protection Agency (EPA) launched two online tools to provide users with better information regarding environmental compliance in their communities. The first tool, 'Enforcement and Compliance History Online' (ECHO) will help search for facilities in their areas and give information about their environmental compliance history. The second tool,

'Benzene Fenceline Monitoring Dashboard' will allow a view of the concentration of benzene in petroleum refineries.

► Source: Environmental protection

## ZG Tech announces an ESG intelligence platform for private equity managers



Chinese data mining company, Shanghai Zhiji Information Technology Co., Ltd (ZG Tech), announced the release of its ESG intelligence platform. The platform is tailored for private equity managers and will offer such global investors the first technology-driven tool for ESG investments in private markets.

Furthermore, the platform is intended to standardize and monitor ESG metrics of private equity managers' portfolio companies.

► Source: Enterprise Talk

## Algebra and Marqeta launch an ethical spending solution



Algebra and Marqeta partnered to build an ethical financial ecosystem. The solution involves Algebra, a sustainability-focused digital finance innovator, leveraging the application programming interface (API) of Marqeta, the global modern card issuing and payments processing platform, to enable payments. The app's features will include a carbon footprint calculator for purchases, transparent fixed rate fees, and an easy ability to offset that carbon.

► Source: Finextra

## mCloud and Google Cloud collaborate to launch a trio of sustainability apps



mCloud and Google Cloud partner to launch three AI-powered sustainability applications. The applications are focused on oil & gas facilities, commercial and industrial facilities, and wind farms. This collaboration intends to measure, locate, and correct harmful emissions, eliminate energy waste, minimize carbon and methane footprints, and maximize the contributions of renewable wind energy worldwide.

► Source: Economic Times

## AuditBoard introduces a solution to ensure ESG data is audit-ready



AuditBoard revealed an innovative solution for managing ESG programs for audit and risk management stakeholders. The solution aims at centralizing data and simplifying evidence collection and reporting. It also extends the solution to enable stakeholders in performing ESG materiality assessments.

► Source: Business Wire



**PRODUCTS & SERVICES**

# Industry demands met with sustainable investment products and ESG data & services

As businesses work toward getting ESG-compliant and investors channel their funds into ESG products, the market is gearing up to facilitate all forms of products and services. In this section, you will find news on key products and services including the launch of climate change-targeted funds as well as ESG data and services.

## HSBC launches new European-focused ETFs



HSBC Asset Management is targeting European markets with new Article 8 funds, comprising two value-focused products and two dedicated to small-cap companies. The value ETFs will track the MSCI Target Value SRI Screened World and Emerging Indices. Alternatively, the small-cap ETFs will track the MSCI World Small Cap ESG Leaders SRI Select Index and MSCI Emerging Small Cap Select SRI Screened ESG Index.

► Source: Financial Times

## Nuveen introduces Article 9 infrastructure impact strategy



Classified as Article 9, Nuveen Global Infrastructure strategy will focus on decarbonization in the sector. It will target companies providing solutions for energy transition, waste management, and optimum utilization of water. The strategy will provide investors with a tool to manage downside risk while impacting the current environmental challenges.

► Source: Funds Europe

## SPDR introduces new SHE ETF



SPDR introduced a new USA Gender Diversity ETF (SHE). The MSCI's SHE focuses on a gender diversity investment approach. 'SHE' will screen firms based on women's representation on the executive board and management team, as well as gender diversity as a percentage of the firm's total employees, and companies facing ESG-related controversies.

► Source: ETF Trends

## VanEck launches a new ETF for green infrastructure



VanEck Associates Corp. launched VanEck Green Infrastructure ETF (RNEW) to be listed on Nasdaq and has an expense ratio of 0.45%. It aims to invest 80% of its assets in companies concentrating on sustainable infrastructure activities or supporting the development of infrastructure using green energy.

► Source: Yahoo Finance

## BNPP AM and CFA Institute launch Sustainable Investing Primer



BNP Paribas Asset Management (BNPP AM) and the CFA Institute introduced an e-learning primer to enhance the understanding of acquiring environmental, social, and governance (ESG) skills. The online course comprises topics like climate change and the mainstreaming of sustainability, an introduction to ESG analysis and the concept of materiality, different approaches to sustainable investment, greenwashing, and ways to assess sustainability credentials.

► Source: Traders Magazine

# **LAWS, POLICIES, AND REGULATIONS**



# Major policies that pave the way to disclosure in the industry

Policy reformation and amendments in the ESG reporting space are at an all-time high. What started as a voluntary disclosure is now making its way to becoming mandates. Be it sustainable investments standards or climate change reporting mandates and transparency in governance practices, we bring you the latest regulatory updates in this section.

## EU To Require All New Cars To Be Zero Emissions by 2035

**EU proposes regulation requiring all vans and cars to be zero emissions by 2035**

The EU has brought in a significant rule for new cars and vans registered in Europe to be zero-emission by 2035, as the first step in the adoption of the 'Fit for 55' climate proposal. An intermediate 2030 step requires emissions of new cars to decrease by 55% and new vans by 50%, from 1990 levels. More broadly, these measures are intended to deliver on the European Green Deal.

► Source: ESG news



## Norway sets an expectation to have science-based emission reduction targets

As per a Norwegian Government white paper submitted to the supreme legislature, all the state-owned firms of Norway will now be required to set emission reduction targets that are science-based.

► Source: ESG Today



## EU requires all new buildings to be zero emission by 2030

The EC proposed to revise the 'Energy Performance of the Building Directives'. As per the revision proposed, all the new buildings and existing buildings need to be zero emissions by 2030 and 2050, respectively. The directive revision proposal is a part of the EU's long-term goal to achieve climate neutrality by 2050.

► Source: ESG Today



### US Treasury presents climate data collection rule for insurers

The US treasury proposed a new rule to collect data on climate-related risks from property and casualty insurers, which is currently seeking public comments. The zip-code level data will show the vulnerability of various locations to climate change and would help the treasury assess the availability and affordability of insurance for millions of Americans.

► Source: Reuters

### UPDATE 1-Hong Kong exchange launches new international carbon marketplace

#### HKEX launches a new international carbon marketplace

The Hong Kong Stock Exchange (HKEX) launched a new international carbon marketplace, to connect capital with climate-related products and opportunities globally. The new marketplace, 'Core Climate', will be inaugurated with Chinese and global banks and would facilitate 'effective and transparent trading' of carbon credits and instruments to support the global transition to net zero.

► Source: Reuters

### FCA Proposes New Labelling and Disclosure Rules to Combat Greenwashing in the UK

#### FCA proposes rules to combat greenwashing in the UK

The Financial Conduct Authority (FCA) proposed new rules in the Consultation Paper aimed at curtailing investment firms from making exaggerated sustainability claims about their products. The proposal in the Consultation Paper is to introduce sustainable investment product labels into three investment categories. These include sustainable assets, investments to improve the sustainability of assets over time, and investments in sustainability solutions.

► Source: JD Supra





# CONTROVERSIES

# Global sustainability watchdogs chasing wrongdoers

Do companies follow their ESG commitments? Tracking corporate controversies helps in investment decisions and enables stakeholders to determine whether the companies are being fair to their commitments or merely greenwashing. We bring you the top controversies in this section.



## SEC begins probe into hiring practices of Wells Fargo

The U.S. Securities and Exchange Commission (SEC) began a probe into Wells Fargo's hiring practices regarding diversity. It is alleged that the company drew attention in June 2022 when it suspended a policy of interviewing a 'diverse' group of people for some jobs, with half of the candidates being female or non-white. The company commented that it had interviewed recruiters and hiring managers to improve its hiring practices.

► Source: Nasdaq



## ASIC orders to repay and fines ANZ for not providing agreed benefits

The Australian Securities and Investments Commission (ASIC) imposed a fine of USD16.31mn on Australia and New Zealand Banking Group (ANZ). ASIC also

ordered ANZ to repay USD137.67mn for withholding benefits. ANZ was accused of not providing fee waivers and rate discounts to approximately 689,000 customer accounts.

► Source: U.S.News



## Italy tax authorities accuse Pfizer of hiding profits worth USD1.203mn

Italy's finance authorities accused Pfizer of hiding profits worth at least USD1.203mn by transferring money to Pfizer units in different countries, according to Bloomberg reports. The allegations specifically mentioned Pfizer's Italy unit of transferring 'excess capital' to other affiliates in the US and the Netherlands to avoid taxes.

► Source: Fierce Pharma



### Turkish competition authority fines Meta USD18.63mn

Turkey's competition authority fined Meta Platforms USD18.63mn for violating competition laws. The authority alleged that Meta dominated its position and cut off competitors by merging data collected through its core services Facebook, Instagram, and WhatsApp. The authority launched its investigation against Meta in 2021.

► Source: Reuters



### MyDeal's 2.2 million users suffer from a data breach

Woolworths Group revealed that its majority-owned online retailer MyDeal faced a major data breach. It was noted that around 2.2 million users' data was compromised, including their names, email addresses, phone numbers, delivery addresses, and, in some cases, customers' dates of birth.

► Source: Reuters



# SGA BLOGS



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