

DECEMBER 2022 | ISSUE 24

www.sganalytics.com

TATTVA

ESG Newsletter

2023 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.



The Global Reporting Initiative (GRI) has published its new Biodiversity Standard to help companies disclose their biodiversity impact and how these are managed. MSCI has launched a tool to screen risks in deforestation and biodiversity loss. The ESG theme for this month is focused on biodiversity. Among steps to achieve the goal of net-zero greenhouse gas emissions by 2050, the US Department of Energy (DOE) pledges to invest USD3.7bn in carbon removal projects. In India, the Energy Conservation (Amendment) Bill gets approved by the Rajya Sabha.

Ontario Teachers' have appointed Anna Murray as Senior Managing Director and Global Head of Sustainable Investing to work toward achieving net zero. L'Oréal has launched an impact labeling system for its products in the US market, providing information depending on 14 planetary impact factors such as emissions, water scarcity, etc. On the controversy side, the Consumer Financial Protection Bureau (CFPB) has ordered Wells Fargo to pay more than USD3.7bn as penalty for illegally charging fees and interest on auto and mortgage loans.

Index

MARKET TRENDS 04

COLLABORATION 06

PEOPLE MOVEMENTS 08

FINTECH 10

PRODUCTS & SERVICES 12

LAWS, POLICIES, AND REGULATIONS 14

CONTROVERSIES 17





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.

150 financial institutions seek world leaders to adopt ambitious Global Biodiversity Framework



Financial institutions, representing over USD24tn in AuM, called on governments at COP 15 for adopting a post-2020 Global Biodiversity Framework. This framework will ascertain the halting and reversal of nature loss by 2030, setting a clear mandate to align the financial flows with the preservation of global biodiversity.

► Source: UN Environment Programme-Finance Initiative

Switzerland tightens sustainable investment labels to address greenwashing



In an attempt to reduce greenwashing, the Federal Council stated that financial products can be labeled as sustainable only if they align themselves to achieve one or more specific sustainability goals. The Swiss body has broadly defined sustainable investments and has set up a working group to examine the implementation.

► Source: ESG Clarity

EIOPA stress test reflects IORPs' significant exposure to climate transition risks



The European Insurance and Occupational Pensions Authority (EIOPA) conducted its first climate stress test on European Institutions for Occupational Retirement Provisions (IORPs). The stress test was carried out to assess the resilience of IORPs against a climate change scenario. The results reflected that IORPs are materially exposed to transition risks.

► Source: IPE

The US energy department allocates USD3.7bn to carbon removal projects



Among steps to reach the nation's goal of net-zero greenhouse gas emissions by 2050, the US Department of Energy (DOE)

committed to financing carbon removal projects with USD3.7bn. DOE launched programs to boost research on carbon removal technology and to fund governments and utilities with grants for carbon utilization.

► Source: Reuters

ECB prioritizes and steps up efforts to combat climate risks at banks



The European Central Bank (ECB) sets its top priorities for 2023–2025. These included bolstering banks' resilience to immediate macro-financial and geopolitical shocks. The ECB will also ascertain that banks address digitalization efficiently and boost their management bodies' steering capabilities.

► Source: ESG Today

Australia plans to make climate reporting mandatory for large companies



In a consultation paper, the Australian government announced the development of a framework making climate risk disclosure mandatory for large businesses and financial institutions. The consultation paper explored a phased approach of including entities along with the costs and benefits of aligning with international practices such as ISSB.

► Source: ESG Today

GRI unveils its new biodiversity reporting standard



The Global Reporting Initiative (GRI), a globally recognized ESG reporting framework provider, published its new Biodiversity Standard to help companies disclose their biodiversity impact and how these are managed. It seeks alignment with other emerging biodiversity standards. It is designed with inputs from the Science

Based Target Network, the Taskforce on Nature-related Financial Disclosures, and WBA Nature Benchmark.

► Source: ESG Clarity

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.

Total Energy and Air France KLM sign an SAF delivery agreement for 10 years



Air France KLM has signed an MoU with Total Energy for the delivery of one billion liters of sustainable aviation fuel (SAF) for the next 10 years, starting 2023. Total Energy's SAF is known to be 80% less carbon intensive as its non-renewable counterpart. Through this agreement, Air France KLM expects to reduce its emissions by 30%.

► Source: ESG Today

Ford Pro and Deutsche Post DHL Group collaborate for last-mile connectivity



Ford Pro and Deutsche Post DHL Group have entered an MoU to electrify delivery vans across the globe. Deutsche Post DHL Group will receive 2000 electric vans from Ford Pro by the end of December 2023. Moreover, it will have access to Ford Pro's connected E-Telematics software and charging solutions to reduce emissions, costs, and contribute toward the companies' common zero-emission goals.

► Source: ESG News

Deloitte acquires PACER to widen its climate services for infrastructure and investment projects



Deloitte announced acquisition of PACER, a Netherlands-based infrastructure-focused engineering and consultancy firm. This acquisition aims at furthering the trends of major infrastructure, energy, and industrial projects globally for corporates and governments toward sustainability for the next decade.

► Source: ESG Today

PWC and SAP partner to provide ESG strategy and reporting solutions



PwC and leading enterprise application software company SAP have decided to collaborate and provide their clients with solutions to manage increasing climate- and sustainability-related challenges. SAP will introduce Cloud for sustainable enterprises, which will be used alongside PwC's ESG and accounting expertise to record, manage, and report data together, more effectively.

► Source: Talk Markets

JP Morgan invests USD42mn in a mining technology start-up



JP Morgan Asset Management's sustainable growth equity team has invested USD42mn in MineSense Technology Ltd. MineSense is a sustainability-focused start-up that provides software and hardware-based solutions to mining companies for reducing their copper ore wastage and addressing the bigger challenge of copper shortages in transition to clean energy technologies.

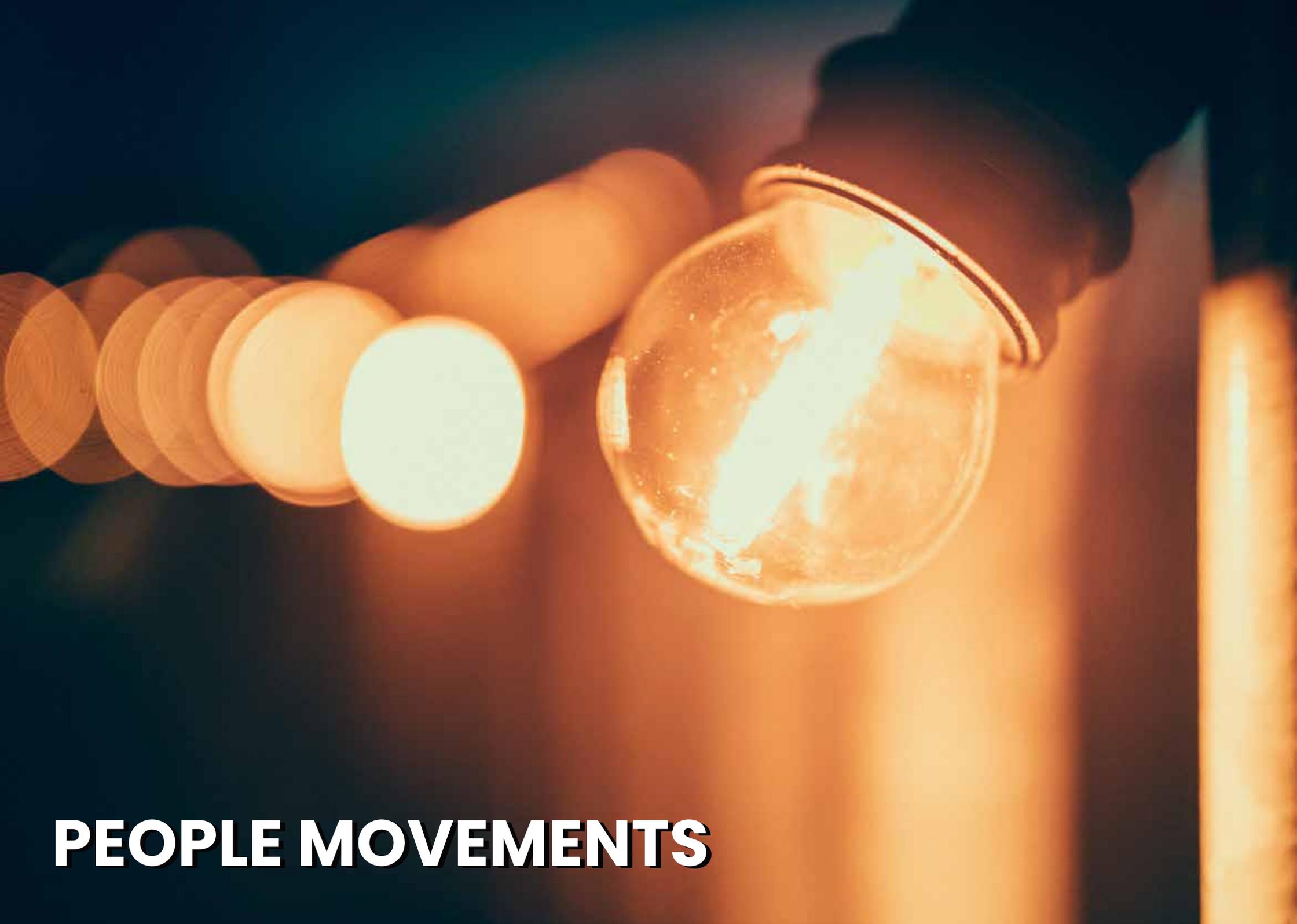
► Source: Economic Times

BNPP AM acquires majority stakes in IWC



BNP Paribas Asset Management (BNPP AM) has acquired majority stakes in International Woodland Company (IWC), increasing its focus on sustainable investment strategies within private markets. In a carbon-neutral world, forestry is witnessing an increased demand as an asset class by BNPP AM's clients, which explains the company's move.

► Source: Private Banker International



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.

Caterpillar appoints Dr. Lou Balmer-Millar as Chief Sustainability Officer



Caterpillar has named Dr. Lou Balmer-Millar as its Chief Sustainability Officer besides her current position as Senior Vice President of the Large Power Systems Division within the Energy and Transportation segment. She has held many leadership positions, both technical and business, at Caterpillar over the past 20 years.

► Source: Caterpillar

Ontario Teachers' welcomes Anna Murray as Global Head of Sustainable Investing



Ontario Teachers' appointed Anna Murray as Senior Managing Director and Global Head of Sustainable Investing. In her new role, she will work closely with senior leaders and investment teams across the organization and will also be responsible for implementing fund's climate strategy and achieving net-zero targets.

► Source: Ontario Teachers'

Melanie Nakagawa joins Microsoft as Chief Sustainability Officer



Microsoft has welcomed Melanie Nakagawa as the new Chief Sustainability Officer. She will be working with different teams across the company and will be leading their work on environmental sustainability. Recently, she worked as a Special Assistant to the President and Senior Director for Climate and Energy on the National Security Council at the White House.

► Source: Microsoft

Janus Henderson appoints Michelle Dunstan as Chief Responsibility Officer



Janus Henderson has hired Michelle Dunstan the Chief Responsibility Officer. She will work with Janus Henderson's existing ESG team. Her primary focus will be to find the most effective ways to implement the company's responsible investing and corporate responsibility efforts.

► Source: WealthBriefing

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.

MSCI launches tools to screen risks on deforestation and biodiversity loss



MSCI has launched two tools, 'MSCI Biodiversity-Sensitive Areas Screening Metrics' and 'MSCI Deforestation Screening Metrics'. The tools aim at screening risks associated with companies that contribute to deforestation and have assets located in high biodiversity significance areas. The tools will be available by early 2023 for institutional investors and asset managers.

► Source: MSCI

EY and Thomson Reuters introduce ESG tools for supply chain risk and regulation tracking



EY and Thomson Reuters have introduced tools to deal with supply chain transparency and policy tracing to help the requirements of governments and businesses. The tools include supply chain risk identification

service that aims to aid in addressing global supply chain risk and a tax framework to provide tax-related sustainability information.

► Source: SupplyChain

McKinsey and Moody's release climate solutions suites



McKinsey and Moody's join forces to create climate solutions suites for helping banks analyze their climate change risk and cut their financed emissions. The solution aims to help banking and credit institutions manage transition risk, credit risk, and physical risk associated with metamorphosing toward a low-carbon economy.

► Source: ESG News

Clarity AI and LSEG proclaim a new SFDR reporting tool



Clarity AI and LSEG have proclaimed the launch of a new SFDR reporting tool for investors. The tool's SFDR database coverage would include over 50,000 market-prominent companies. The tool would also absorb LSEG's ESG reported data.

► Source: Clarity AI

Salesforce introduces a solution for ESG data management and reporting



Salesforce introduced an additional solution in its sustainability cloud for ESG data management and reporting. The solution aims to address transparency-related ESG demands, streamline sustainability data, and generate automatic ESG reports.

► Source: TechCrunch

MAS has introduced a new entity 'ESG Impact Hub'



The Monetary Authority of Singapore (MAS) has introduced an 'ESG Impact Hub'. The newly introduced entity aims to assist companies integrate finance with sustainability and foster green finance.

► Source: Green Network Asia



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.

Singapore Exchange creates a sustainable debt label

SGX Singapore Exchange (SGX) has launched the SGX's sustainable fixed income initiative. This will allow investors to easily identify fixed-income securities' alignment with ESG criteria. The criteria are based on recognized green, social, and sustainability standards. These will also be validated by a reputable external reviewer for further authentication.

► Source: Lexology

Kering, L'OCCITANE launch a nature protection fund

L'OCCITANE Kering, owner of various luxury brands, and retailer L'OCCITANE have launched a Climate Fund for Nature aimed at protection and restoration of nature. The USD3.16m fund will be managed by Natix Investment Managers. It will be distributed to countries from where raw materials are sourced and will be targeted to support farmers in the transition to regenerative practices.

► Source: ESG Today

L'Oréal introduces impact labeling system for products in the US

L'ORÉAL L'Oréal has launched its impact labeling product in the US market. The new system will provide consumers with information on the environmental impact of products depending on 14 planetary aspects such as greenhouse gas emissions, water scarcity, ocean acidification, and impact on biodiversity.

► Source: Global Cosmetics News

Franklin Templeton launches a sustainable infrastructure ETF 'ClearBridge'



Franklin Templeton introduced a sustainable infrastructure ETF 'ClearBridge', which will be listed on NASDAQ. The fund will invest in income-generating infrastructure assets with a strong ESG focus. The portfolio will include projects linked to transportation, electricity, energy infrastructure, water, sewage, communications, and renewables.

► Source: Business Wire

M&G introduces sustainable food-focused impact investment funds



M&G plc launched two new investment strategies focused on global food challenges. This line of business will be handled by the recently acquired impact investment business 'responsAbility'. It will be aimed at improving healthy food, rural livelihoods, and building resilience in the agricultural value chain against climate changes, mainly targeting Asia and Latin American regions.

► Source: ESG Today

Manulife launches USD500mn carbon credit-focused forest fund



Manulife Investment Management introduced a Manulife Forest Climate Fund targeting USD500mn in committed capital. It will provide investors the opportunity to invest in a globally diversified portfolio of sustainably managed forestland assets. The focus is on acquiring forests with strong carbon potential and high conservation value. This will generate returns for investors through the use of carbon credits.

► Source: PR Newswire

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.

ESG Advisory Committee launched by the FCA



The Financial Conduct Authority (FCA) board established an ESG Advisory Committee to assist in overseeing ESG issues and advising on the FCA's ESG strategy. The committee will assist the board in conducting its ESG-related responsibilities, such as meeting the government's expectation to achieve a net-zero economy by 2050 and providing guidance on ESG topics.

► Source: FCA

Roadmap for sustainable finance released by the EBA



The European Banking Authority (EBA) issued a roadmap for delivering mandates and tasks related to sustainable finance and ESG risks. The roadmap, which reflects the EBA's present expectations regarding mandates and tasks, was created based on the regulatory framework's current state.

► Source: EBA



European Union to launch CBAM

The European Parliament and the Council of the European Union reached an agreement to launch the Carbon Border Adjustment Mechanism (CBAM). The carbon price paid for EU products that are a part of the EU Emissions Trading System (ETS) will be equalized by CBAM. In the initial stage, CBAM will only apply to specific products from carbon-intensive industries and, under certain circumstances, to some indirect emissions.

► Source: ESG Today

The Federal Reserve Board proposes principles for climate-related financial risks



For large banking organizations, the Federal Reserve Board proposed principles that would provide a high-level framework for a safe and sound management of exposures to financial risks related to climate change. The proposed guidelines would cover both physical risks and transition risks related to climate change for banking organizations with assets totaling more than USD100bn.

► Source: Moody'sAnalytics



The Energy Conservation (Amendment) Bill approved by the Rajya Sabha

On December 12, 2022, the Rajya Sabha approved the Energy Conservation (Amendment) Bill, which mandates the use of non-fossil sources for energy and establish an Indian domestic carbon market. The goal of the bill is to include large residential structures in the Energy Conservation regime. These structures must have a minimum connected load of 100 kW or a contract demand of 120 kVA.

► Source: The Hindu

New law on deforestation-free products



Member States of the enlarged European Union (MEPs) and EU governments agreed to introduce a new law on deforestation-free products. After the end of 2020, companies will be required to confirm and issue a 'due diligence' statement stating that the goods in the EU market have not resulted in deforestation or forest degradation anywhere in the world.

► Source: European Parliament

ISSB to Add Biodiversity, Just Transition Disclosures to Climate Reporting Standard

The ISSB to incorporate biodiversity and transition

The International Sustainability Standards Board (ISSB) agreed to include biodiversity and human capital aspects of transition to climate resilience in its Climate-related Disclosures Standard on biodiversity at the COP15. The ISSB also disclosed the appointment of two special advisors to offer guidance on matters related to transition and natural ecosystems.

► Source: ESG News





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.



General Electric premises raided by French authorities over tax fraud

The industrial site of General Electric was raided by French officials over allegations of avoiding millions of euros in taxes by transferring profits abroad. The works' council and unions at the site filed a complaint against the company alleging that it had transferred USD589.58mn overseas. The investigation began after Fabien Roussel, the head of France's Communist Party, informed authorities about his suspicion.

► Source: Reuters

Wells Fargo ordered by CFPB to pay USD3.7bn over mismanagement of loans

cfpb Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau (CFPB) ordered Wells Fargo to pay more than USD3.7bn as redress to consumers and penalty for illegally charging fees and interest on auto and mortgage loans. It was also alleged that the bank misapplied payments to auto and mortgage loans. The bank will pay more than USD2bn in redress to consumers and USD1.7bn as civil penalty for legal violations.

► Source: Consumer Financial Protection Bureau



Novartis agrees to settle and end antitrust litigation

Novartis AG has agreed to settle its class-action lawsuit with direct purchasers, indirect purchasers, and retailers for USD245mn over allegations of delaying the launch of the generic versions of Exforge hypertension drug in the US. The lawsuit began in 2011 over a licensing agreement between the company and Endo International Plc's Par Pharmaceutical unit.

► Source: U.S. News



Iliad's telecoms business fined over privacy failings

The privacy authority of France, Commission Nationale de l'Informatique et des Libertés (CNIL) imposed a fine of USD315,570 on Iliad telecoms business over failure to protect the customers' personal data. The authority commented, "checks revealed several breaches with regard to privacy rights of concerned persons (...) and data security."

► Source: Nasdaq



Children's Pillowfort Weighted Blankets recalled by Target after two deaths

The U.S. Consumer Product Safety Commission (CPSC) and Target Corporation announced the recall of around 204,000 Pillowfort Weighted Blankets after two girls died due to asphyxiation. The company also received four reports of children becoming entrapped in the weighted blankets.

► Source: Consumer Product Safety Commission



Blackrock Inc's chief executive asked to quit over ESG issues

Bluebell, an activist investment firm, has called out on Blackrock Inc's chief executive officer, Larry Fink, to step down from his position over failure of living up to ESG commitments of the company. The executive was accused of greenwashing and "not fulfilling the gap between the 'talk' and the 'walk' on ESG investing."

► Source: Proactive



SGA BLOGS



“Employees can request flexible work from the start!” [Read More...](#)

“The Future of Sustainable Investments for Gen Z” [Read More...](#)

“Top Electric Vehicles Startups in the United Kingdom!” [Read More...](#)

“Eco-Friendly Christmas Tree: A 2022 Guide to Sustainable Christmas” [Read More...](#)

“Top sustainable companies to follow in the coming year 2023” [Read More...](#)

“ESG Trends 2023” [Read More...](#)



SGA NEWSLETTER TEAM



- Shubhshree Pareek
- Smriti Baheti
- Preeti Kumar
- Amal Kumar
- Sagar Khirade
- Namita Verma
- Mukta Joshi
- Nivedita Kar



Disclaimer —

This document makes descriptive reference to trademarks that may be owned by others. All currencies are converted to USD for uniformity purposes. The rate used is as on the date of article published. The use of such trademarks herein is not an assertion of ownership of such trademarks by SG Analytics (SGA) and is not intended to represent or get commercially benefited from it or imply the existence of an association between SGA and the lawful owners of such trademarks. Information regarding third-party products, services, and organizations was obtained from publicly available sources, and SGA cannot confirm the accuracy or reliability of such sources or information. Its inclusion does not imply an endorsement by or of any third party.

Copyright © 2023 SG Analytics Pvt. Ltd.



www.sganalytics.com

