



Monthly ESG Newsletter – Corporates

February 2022

**ARWIN &
PARTNERS**

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January 2022 – ESG Regulatory updates



EBA consults on draft guidelines on remuneration and gender pay gap benchmarking exercise for banks and investment firms

- On 21 January 2022, the European Banking Authority (EBA) issued a consultation to update its guidelines on the remuneration benchmarking exercise under the Capital Requirements Directive IV (CRD IV), which was originally published in 2012 and updated in 2014.
- The review is necessary to take into account additional requirements introduced by the CRD V regarding the application of derogations under Article 94(3) of the CRD IV and the benchmarking of the gender pay gap.
- The update also considers the amendments to the disclosure requirements under the Capital Requirements Regulation.

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EBA publishes binding standards on Pillar 3 disclosures on ESG risks

- The technical standards aim to ensure that stakeholders are well-informed about institutions' ESG exposures, risks, and strategies and can make informed decisions and exercise market discipline.
- The standards put forward comparable disclosures and KPIs, including a green asset ratio (GAR) and a banking book taxonomy alignment ratio (BTAR), as a tool to show how institutions are embedding sustainability considerations in their risk management, business models and strategy and their pathway towards the Paris agreement goals.
- In developing this framework, the EBA has built on the recommendations of existing initiatives, like those of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), but has gone beyond by defining binding granular templates, tables and instructions, to ensure enhanced consistency, comparability and meaningfulness of institutions' disclosures..

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Commission calls for environmental sustainability to be at the core of EU education and training systems

- The Commission published a proposal for a Council Recommendation on learning for environmental sustainability. .
- The aim of the proposal is to support Member States, schools, higher education institutions, non-governmental organisations and all education providers in equipping learners with understanding and skills on sustainability, climate change and the environment.
- Vice-President for the Promoting European Way of Life, Margaritis Schinas, said: "Youth participation has been revolutionising the way we look at climate and the environment. Vice-President for the Promoting European Way of Life, Margaritis Schinas, said: "Youth participation has been revolutionising the way we look at climate and the environment."

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ESMA letter to co-legislators on proposed EU Green Bond Standard

- ESMA has published a letter to the European co-legislators outlining its principal observations on the proposal for a regulation of European Green Bonds
- ESMA welcomes the Commission's legislative proposal which it says will contribute to channeling investment flows towards more sustainable activities and shares some observations on the possible challenges it foresees with the proposal
- The EU GBS envisages that external reviewers providing services to issuers of EU green bonds must be registered with and supervised by ESMA. Given ESMA's proposed role, its observations are focused on this supervisory framework for external reviewers, rather than the scope of the EU GBS itself, which has been the subject of other recent publications

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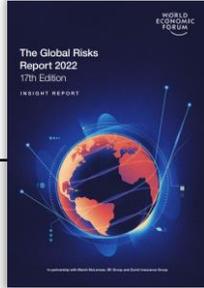
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January 2022 – New documentation on ESG issues for Corporates

WORLD ECONOMIC FORUM



The Global Risk Report 2022

- The World Economic Forum releases its Global Risks Report 2022, analyzing the most pressing issues facing the world right now. In this year's report, the top three global threats identified link directly to climate change.
- The Global Risks Report series tracks global risks perceptions among risk experts and world leaders in business, government, and civil society. It examines risks across five categories: economic, environmental, geopolitical, societal, and technological
- Every year the report also analyses key risks to explore further in deep-dive chapter, these could be risks that feature prominently on survey, those for which warning signs are beginning to surface, or potential blind spots in risk perceptions.

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Linklaters



ESG Legal Outlook 2022

- 2022 will provide a practical demonstration of the appetite for ESG-led change that governments, large corporations and financial institutions have, and to what extent this will feed into small businesses and everyday life.
- COP26 in Glasgow resulted in a number of voluntary decisions and declarations that were towards the higher end of expectations.
- It should become clearer to what extent there remains a continuing divergence between the willingness of governments to communicate to people and set policy on the climate transition and the regulatory expectations of the private sector. We expect much more regulation from the EU and the UK, and some developments in the U.S. as well, although any SEC proposals will likely face a challenge through the courts.

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Global Compact Network Italy



Italian companies towards decarbonization: a fair and inclusive transition

- This document aims to show and enhance the commitment of Italian companies adhering to the UN Global Compact on decarbonization, to play their role in achieving the objectives of the Paris Agreement and the target that the European Union has set itself to achieve climate neutrality by 2050.
- Thanks to this position paper, companies, within the framework of the Global Compact Network Italy and in view of collective action, will be able to maximize their ability to influence and take initiatives.
- The paper was officially launched on January 19, 2022, at the Italian Pavilion at Expo Dubai 2020.

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ISS ESG



The Depth & Breadth of Regulatory Initiatives Across Regions in 2021

- Regulation can empower economies and societies to become more sustainable and resilient, and foster economic growth at the same time. Considering the large financing needs of the green transition as well as the Sustainable Development Goals (SDGs), capital markets are going to be crucial drivers of the necessary investments in the coming years.
- The International Monetary Fund (IMF) published its Global Financial Stability Report in October 2021, analyzing the role that the investment sector can play globally to support the transition to a green economy.
- According to the report, although assets in sustainable investment funds have doubled over the past four years, an estimated \$20 trillion in new investments will be required by 2050 to achieve worldwide net zero goals.

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ESG News Highlights: January 2022 (1/2)

JPMorgan Launches Sustainability-Focused Private Equity Team with \$150 Million Commitment

J.P. Morgan Asset Management announced today the establishment of a sustainability-focused growth private equity investment team. The firm also announced an investment of up to \$150 million, marking one of its largest alternative investment capital commitments ever.

[Click here to go to the article](#)

BlackRock Unveils Climate Funds Targeting the Toughest ESG Clients

BlackRock Inc. is launching two funds designed to live up to the European Union's highest standard for sustainability, in an effort to draw in investors looking for the greenest products on the market. The world's largest asset manager said its new global Climate Action Multi-Asset Fund and Climate Action Equity Fund will carry the so-called Article 9 label.

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EU's Expert Advisory Panel Opposes Gas, Nuclear Inclusion in Green Taxonomy

The EU Platform on Sustainable Finance, an expert group of the European Commission tasked with advising it on the development of sustainable finance policies released a series of recommendations strongly opposing the proposed inclusion of gas and nuclear energy in the EU Taxonomy.

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State Street calls for women on corporate boards worldwide

Asset manager State Street Corp (STT.N) will expect all portfolio companies worldwide to have at least one woman on their boards, executives said, expanding a policy previously focused on developed markets.

[Click here to go to the article](#)

Invasion of Sri funds on the horizon

The number of socially responsible products distributed in Italy is further enriched, bringing the atlante.SRI to include 2800 funds and 330 ETFs traded on the Italian Stock Exchange, for total assets under management of over 565 billion euros. A further 300 products are expected to be added in the coming months..

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The Unsustainable Monochrome Taxonomy

Yet another postponement for the Taxonomy delegated acts, into which natural gas and nuclear enter. The same tussle looms over proposals to revise the Green Bond standard. The reason remains the difficulty of moving beyond "E only" sustainability.

[Click here to go to the article](#)

Blackstone Sees Opportunity to Invest \$100 Billion in Energy Transition

Alternative investment manager Blackstone announced the launch by its credit division, Blackstone Credit, of a new Sustainable Resources Platform, which will invest and lend to renewable energy companies and those supporting the energy transition.

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Generali awarded for its commitment to the SDGs

Generali was awarded by Assosef as part of the 15th edition of Green Globe Banking 2030, an annual event that recognizes the contribution of banks, insurance companies and financial companies to the achievement of the objectives of United Nations 2030 Agenda for Sustainable Development.

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ESG News Highlights: January 2022 (2/2)



Double the ESG competence of boards of directors

Esg skills among board members are growing. Women first in the company for knowledge. Attention increases, but commitments remain vague. Without a sustainability policy, BoDs risk being ineffective. These are some of the highlights of this year's research.

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Credem, first 600 million green bond for environmental projects

Credem has launched its first green bond issue, aimed at institutional investors, for an amount of €600 million. The operation, reads a note of the bank, has obtained "great favor from the market with a request of almost twice the offer".

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Esg: Increased disclosure requirements push responsible investment by 30%

The non-financial reporting requirement has increased socially responsible investments by between 20% and 30%. This growth has occurred especially in the areas of waste management, pollution control and emissions reduction.

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Zignago Vetro improves in ESG ratings

Zignago Vetro, a manufacturer of hollow glass containers listed on Euronext STAR Milan, has improved new sustainability ratings from some leading institutes, active in ESG reporting, in recent weeks.

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Don't let sustainability skew other ESG priorities

Sustainability cannot continue to be seen as an aggregate of predominantly climate change issues peppered with some limited social and governance themes. Sustainability is about an integrated understanding of the full impacts of business activity on people and the environment.

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Dow Jones launches own Esg data (with media news)

Dow Jones launches a new dataset that provides sustainability and sentiment scores on more than 6 thousand publicly traded companies. The offering is aimed at asset managers to support them in making sustainable investment decisions and engaging with the interested investing public. The scoring model is aligned with the SASB.

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Eurobarometer reveals that climate change is among the main EU challenges

The European Parliament and the European Commission published a special joint Eurobarometer on the future of Europe. According to it, it shows that nine out of ten young Europeans believe that climate change can help improve their health and well-being.

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Big Banks Band Together to Measure and Manage Climate Risk

A group of large banks, including Bank of America Corp., Wells Fargo & Co. and Royal Bank of Canada, have formed a consortium to jointly address climate-related risks, a move that comes as financial institutions increasingly grapple with the issue.

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ESG Events Highlights: February 2022



Investing in the Environment and ESG Portfolios – February 10th , 2022

*Can profit and planet be in the same sentence? Can investing for a purpose really give you long-term returns? In this webinar with one of the fund managers, **Amundi**, and **StashAway** consultant Shahazwan (Juan) Harris we will discuss investing in ESG and environmental portfolios.*

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CSR/ESG DAY - February 16th , 2022

This interactive online workshop offers practical "hands-on" approaches to energy, technology, innovation, macroeconomic megatrends, sustainability, diversity, inclusion, and talent to meet CSR, ESG, and sustainable business development mandates and issues.

[Click here to go to the page](#)



ESG in Fixed Income Global 2022– February 24th , 2022

The one-day events will capture the crucial topics relevant to the green, social, sustainability and sustainability-linked bond markets. Companies will have the opportunity to discuss how these trends are evolving and learn what this means for future issuance and investment in these products.

[Click here to go to the page](#)



dbAccess Global ESG Conference – February 28th – March 2nd , 2022

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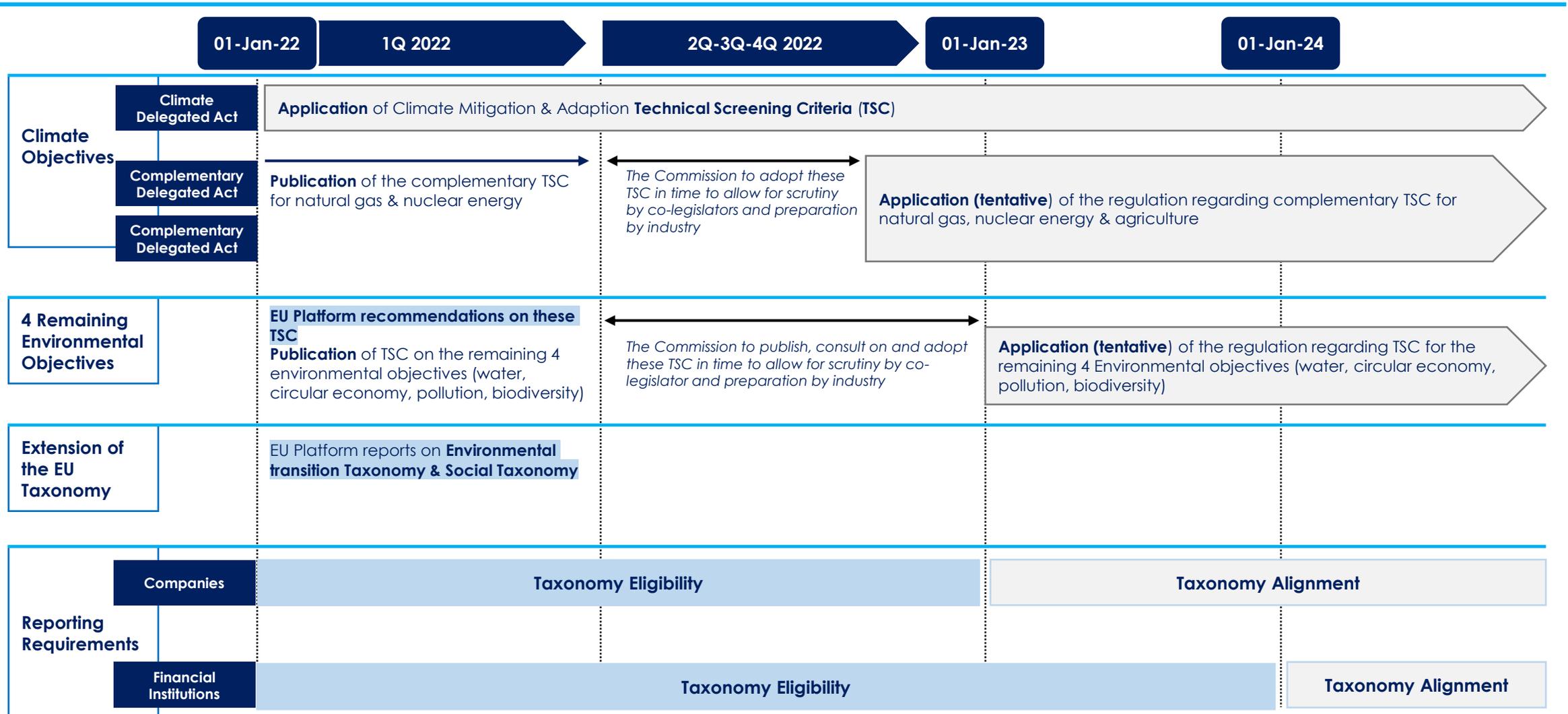
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Timeline of the EU Taxonomy



- **Eligibility** means that an activity is included in the delegated acts: it means that it is included in those business activities eligible for the EU taxonomy.
- **Alignment** goes deeper than eligibility. It means that an activity complies with the technical requirements specifically sets for that activity in the EU taxonomy.

Source: Eurosif

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Qualitative information on Environmental risks

Article 449a CRR (Capital Requirement Regulation)

#	Business strategy and processes
(a)	Institution's business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning
(b)	Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes
(c)	Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities
(d)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks
	Governance
(e)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels
(f)	Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organizational structure both within business lines and internal control functions
(g)	Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels
(h)	Lines of reporting and frequency of reporting relating to environmental risk
(i)	Alignment of the remuneration policy with institution's environmental risk-related objectives
	Risk management
(j)	Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework
(k)	Definitions, methodologies and international standards on which the environmental risk management framework is based
(l)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels
(m)	Activities, commitments and exposures contributing to mitigate environmental risks
(n)	Implementation of tools for identification, measurement and management of environmental risks
(o)	Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile
(p)	Data availability, quality and accuracy, and efforts to improve these aspects
(q)	Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits
(r)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework

Qualitative information on Social risks

Article 449a CRR (Capital Requirement Regulation)

#	Business strategy and processes
(a)	Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy and financial planning
(b)	Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes
(c)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities
Governance	
(d)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to: <ul style="list-style-type: none">(i) Activities towards the community and society(ii) Employee relationships and labour standards(iii) Customer protection and product responsibility(iv) Human rights
(e)	Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body
(f)	Lines of reporting and frequency of reporting relating to social risk
(g)	Alignment of the remuneration policy in line with institution's social risk-related objectives
Risk management	
(h)	Definitions, methodologies and international standards on which the social risk management framework is based
(i)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels
(j)	Activities, commitments and assets contributing to mitigate social risk
(k)	Implementation of tools for identification and management of social risk
(l)	Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits
(m)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework

Qualitative information on Governance risks

Article 449a CRR (Capital Requirement Regulation)

Governance	
(a)	Institution's integration in their governance arrangements governance performance of the counterparty, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics
(b)	Institution's accounting of the counterparty's highest governance body's role in non-financial reporting
(c)	Institution's integration in governance arrangements of the governance performance of their counterparties including:
(i)	Ethical considerations
(ii)	Strategy and risk management
(iii)	Inclusiveness
(iv)	Transparency
(v)	Management of conflict of interest
(vi)	Internal communication on critical concerns
Risk management	
(d)	Institution's integration in risk management arrangements the governance performance of their counterparties considering:
(i)	Ethical considerations
(ii)	Strategy and risk management
(iii)	Inclusiveness
(iv)	Transparency
(v)	Management of conflict of interest
(vi)	Internal communication on critical concerns

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ESG Conferences organized by Investment Banks and Brokers in 2022

Organizer	Event Name	Mode	Location	Date	Hyperlink (if any)
Deutsche Bank	dbAccess ESG Conference	Online	-	28 february - 2 march 2022	Deutsche Bank
Bank of America	ESG Conference	n.c.	n.c.	Q2*	
Impact Investing World Forum	Impact Investing – World Forum 2022	In attendance and Online	London	28-29 april 2022	Impact Investing
Kepler Chevreux	ESG Conference	Online	-	1 june 2022*	
Euronext	Euronext ESG Summit 2022 – Financing the blue and green economy	Online	Lisbon	8-9 june 2022	Euronext
Euronext - Borsa Italiana	Digital Italian Sustainability Week	Online	-	28 june - 2 july 2022	Borsa Italiana
BNP Paribas - Exane	ESG Conference	In attendance	Paris	27-29 september 2022	
Mediobanca	ESG Conference	n.c.	n.c.	november 2022*	
Reuters	An Industry Awakened – Unleash the Power of ESG	Online	-	november 2022	Reuters
Morgan Stanley	ESG Insights European event	n.c.	n.c.	1 december 2022	

Note:

- (*) Still to be confirmed