



## Monthly ESG Newsletter

April 2022

**ARWIN &  
PARTNERS**

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# March 2022 – ESG Regulatory updates



## **EBA recommends adjustments to the proposed EU Green Bond Standard as regards securitisation transactions**

- On March 2, the European Banking Authority (EBA) published a Report which analyses the recent developments and challenges of introducing sustainability in the EU securitisation market.
- The Report explores the following aspects:
  - whether and how the EU regulations on sustainable finance, including the EU Green Bond Standard (EU GBS), the EU Taxonomy, and the Sustainable Finance Disclosure Regulations could be applied to securitisation;
  - the relevance of a dedicated regulatory framework for sustainable securitisation and;
  - The nature and content of sustainability-related disclosures for securitisation products.
- The EBA sees the proposed adjustments as an intermediate step to allow the sustainable securitisation market to develop and play a role in financing the transition towards a greener EU economy.

[Click here to download the text](#)

## **“REPowerEU”: Joint European action for more affordable, secure and sustainable energy**

- On March 8, the new geopolitical and energy market reality requires to drastically accelerate the clean energy transition and increase Europe's energy independence from unreliable suppliers and volatile fossil fuels.
- The European Commission has proposed an outline of a plan to make Europe independent from Russian fossil fuels well before 2030, starting with gas, in light of Russia's invasion of Ukraine.
- This plan summaries a series of measures to respond to rising energy prices in Europe and to restock gas for next winter. REPowerEU will seek to diversify gas supplies, speed up the roll-out of renewable gases and replace gas in heating and power generation. This can reduce EU demand for Russian gas by 60% by the end of the year.

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## **CSRD - New rules on mandatory sustainability reporting requirements for firms**

- On March 15, The European Parliament (JURI Committee) has adopted its position on the Corporate Sustainable Reporting Directive CSRD.
- If agreed with EU governments, the bill will make businesses more accountable for their impact on people and the planet, while giving investors and the public access to comparable, reliable and easily accessible information on sustainability.
- The text clarifies reporting rules for companies by introducing more detailed reporting requirements into the revamped Non-Financial Reporting Directive, in accordance with the European Green Deal. Disclosed information should be audited, more easily accessible, reliable and comparable.

[Click here to download the text](#)

## **ESAs issue updated supervisory statement on the application of the Sustainable Finance Disclosure Regulation (SFDR)**

- On March 24, the three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) have updated their statement on the application of the Sustainable Finance Disclosure Regulation (SFDR).
- The statement aims to promote an effective and consistent application and national supervision of the SFDR protecting investors.
- The ESAs recommend that national competent authorities and market participants use the current interim period from 10 March 2021 until 1 January 2023 to prepare for the application.

[Click here to download the text](#)

## **ESMA publishes its Final Report on the EU Carbon Mark**

- On March 28, the European Securities and Markets Authority (ESMA) has published its Final Report on the European Union Carbon Market (EU carbon market).
- The Report's analysis did not find any current major deficiencies in the functioning of the EU carbon market based on the data available. However, ESMA's analysis of the market has led it to put forward a number of policy recommendations to improve market transparency and monitoring.
- The Final Report presents an in-depth analysis of the trading of emission allowances (EUA) and emission allowance derivatives based on data gathered from different sources, including EMIR reporting, MiFIR transaction reporting, MiFID II daily and weekly position reports, auction data and data obtained from the EU Registry.

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# March 2022 – New documentation on ESG issues

Morgan Stanley

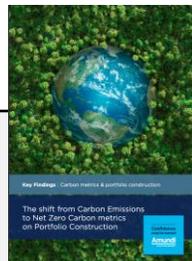


## “Sustainable Reality – Strong Inclusive Growth Performance Drives Down Risk for Bondholders ”

- With the global economy on the rebound, corporations have a critical role to play in delivering an inclusive growth that addresses the social and economic disparities exposed by the pandemic.
- However, this opportunity brings benefits to society and can also potentially improve risk and return profiles for bonds, as demonstrated by new research from the Morgan Stanley Institute for Sustainable Investing.
- The Inclusive Growth Performance report, offers a valuable new quantitative metric to support investors as they pursue a sustainable and resilient post-pandemic global economy.

[Click here to download the report](#)

Amundi  
ASSET MANAGEMENT



## “The shift from Carbon Emission to Net Zero Portfolio Construction”

- Climate risk is the biggest challenge humanity has to face in the 21st century, affecting both the biosphere and the global economy.
- Since the 2015 Paris Agreement and the emergence of net zero emission policies, climate change is now the top priority on the agenda of financial institutions, supervisors and policymakers.
- The key challenge of these regulations is therefore the supply of relevant data in terms of frequency, quality and reporting. Numerous initiatives have put forward Net Zero Carbon metrics that differ from traditional scope 1 + scope 2 carbon emissions.

[Click here to download the report](#)

SUSTAINALYTICS



## “Water-Related Risk and Challenges”

- The past two decades have seen a surge in environmental issues. Yet, another equally important dimension water scarcity has remained largely unexamined in many countries.
- Water scarcity has a significant impact at the firm and country levels and also is an important type of risk that portfolio managers and investors should consider when building investment strategies.
- To address this gap, Sustainalytics suggests reviewing water reporting metrics on companies and countries.

[Click here to download the report](#)

FitchRatings



## “Where ESG Matters for Bank Ratings”

- Fitch Ratings' ESG Relevance Scores (ESG.RS) communicate how ESG factors affect credit ratings.
- The ESG.RS consider 14 general ESG issues for banks expressed on a '1' to '5' scale, with '1' indicating irrelevance and '5' indicating the most relevant rating. At end-2021, Fitch had assigned ESG.RS to 950 rated banks and ESG impacts.
- This report provides examples of banks that have been assigned elevated ESG.RS and describes how ESG issues are affecting their ratings.

[Click here to download the report](#)

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ASSET MANAGEMENT

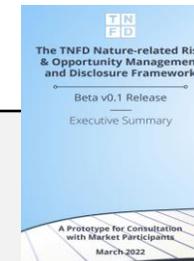


## “The Green risk premium and the performance(s) of ESG investing”

- The report aims to explain the importance of the green risk premium and the ESG performance.
- The question is related to several issues; What is the impact of climate investing on portfolios' returns? Is there a bubble in the ESG investing market? Do investors face a crowding of green assets risk? Can we speak about an ESG risk premium? Is ESG a new risk factor?
- The paper addresses the question on what investor should expect on climate-friendly assets performance in the context of Net Zero transition. Finally, it leaves a finally open debate on whether ESG could be considered a new risk factor or not.

[Click here to download the report](#)

Taskforce on Nature-related Financial Disclosures



## “The TNFD Nature-related Risk & Opportunity Management and Disclosure Framework – Beta v0.1 Release”

- More than half of the world's economic output of economic value generation is highly or moderately dependent on nature.
- Yet most companies, investors and lenders today inadequately account for nature-related risks and opportunities in their decisions.
- The Taskforce on Nature-related Financial Disclosures (TNFD) was established in response to the growing appreciation of the need to factor nature into financial and business decisions.

[Click here to download the report](#)

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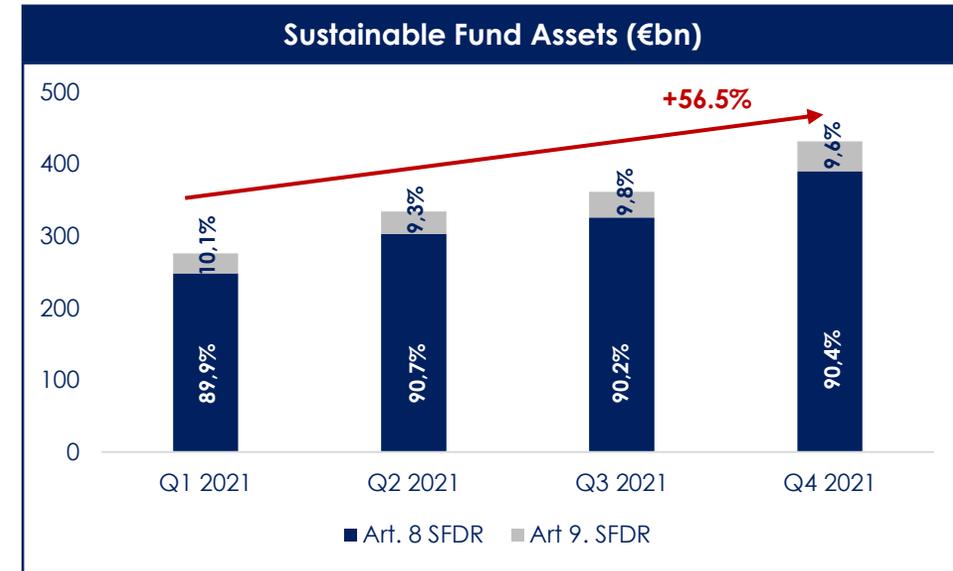
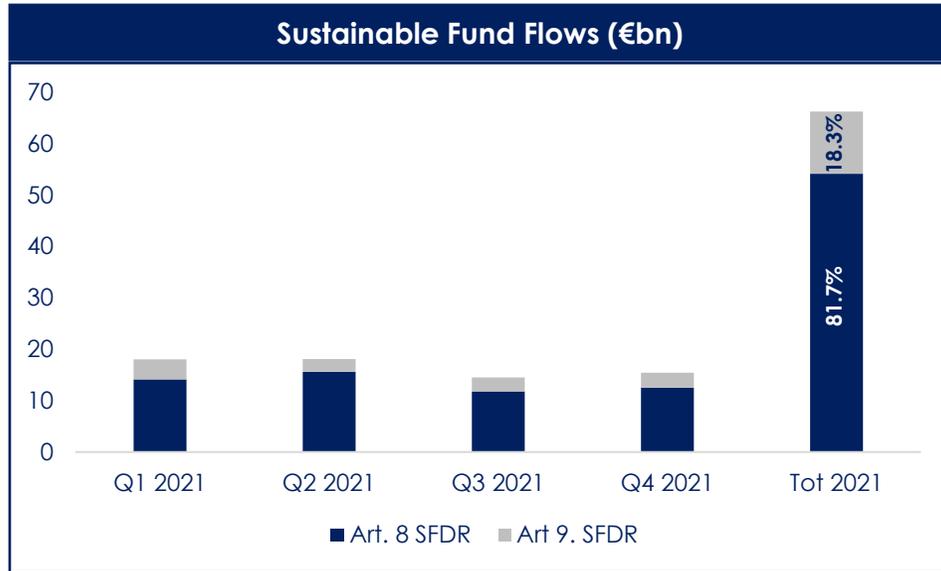
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# Net flows into sustainable products in the last quarter of 2021 in Italy amounted to €15.5 billion out of €23.2 billion total (66,6%)



- Net flows into sustainable products in the last quarter of 2021 in Italy amounted to **€15.5 billion** out of €23.2 billion total (**66,6%**). Total inflows into ESG funds for the year reached **€66.1 billion**.
- Funds promoting "environmental or social characteristics" and funds with "sustainable investments" as their objective, pursuant to Articles 8 and 9, respectively, of the SFDR Regulations reached assets of **€431 billion** at the end of 2021, approximately 17% of the total AuM in Italy.
- **SFDR Article 8 funds reached €390 billion** (more than 90% of sustainable funds), while **Article 9 funds** that follow more stringent investment policies topped **€41 billion** (9.6% of sustainable funds).

Source: Assogestioni, ESG News

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## Private Banking: Demanding Times For ESG

GLOBAL  
FINANCE

*Sustainably invested funds tripled globally between 2012-2020 to \$45 trillion. Private banks are competitive in traditional money management as that discipline becomes automated and quantitative. Sustainable investing must be personal—matching hand-picked investments in public and private markets to very individual client priorities.*

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

## U.S. ESG shareholder resolutions up 22% to record level for 2022, study finds

REUTERS

*U.S. corporations face an unprecedented wave of shareholder resolutions focused on ESG themes for 2022, a new review shows, as activists look to build on favorable regulatory changes and more executives seem willing to make deals.*

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

## Investors push 10,000 companies to disclose environmental data to CDP

REUTERS

*Investors managing over \$130 trillion in assets have written to more than 10,000 companies calling on them to supply environmental data to CDP. The call comes as money managers demand better information on climate change, biodiversity and water security.*

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

## Where ESG Matters for Non-Bank Financial Institutions (NBFIs)

FitchRatings

*Governance continues to be the most significant Environmental, Social and Governance (ESG) factor affecting credit ratings assigned to non-bank financial institutions (NBFIs). This reflects a mixture of factors related to organisational complexity and financial transparency concerns.*

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

## EU Member States Agree to Impose Carbon Tax

ESGtoday

*Member states of the European Union have agreed to impose a carbon tax on products imported into the European Union that do not meet EU climate standards in their production. The goal is to encourage industries to improve environmental sustainability of their own production process.*

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

## BlackRock moves €1.4bn corporate bond ETF to ESG index

FT  
FINANCIAL  
TIMES

*BlackRock plans to switch a €1.4bn iShares corporate bond exchange traded fund to an environmental, social and governance index in response to investor demand. The purpose is to adopt ESG factors while maintaining market exposure.*

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

## Russia's Attack Casts Huge Shadow Over Future of ESG

BNN  
Bloomberg

*According to Bloomberg data, ESG funds had at least \$8.3 billion invested in Russia before Putin attacked Ukraine. The precise value of these holdings isn't known because the market in Moscow remains shut and sanctions have made Russian securities untradeable.*

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

## Europe moves to enforcing ESG Rules on Foreign Firms

Bloomberg

*Europe has been working for years to ensure its rules for environmental, social and governance standards become a global benchmark. European lawmakers have agreed to force roughly 28,000 foreign firms to comply with the bloc's ESG rules.*

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



## Green bonds, sprint for placements and new issues

Iberdrola issued 1 billion bonds, and Banco Bpm successfully placed a 750 million 5-year offering. As for A2A, it received orders seven times oversubscribed for its latest sustainability-linked bond.

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



## Standards agree 'Two-Pillar' approach to Sustainability Reporting

The IFRS Foundation and Global Reporting Initiative (GRI) have adopted a formal agreement to collaborate and coordinate on the development of standards for sustainability-related disclosures.

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



## UBS Ties Compensation of Top Executives to Sustainability Performance

UBS has strengthened the link between ESG and compensation tying pay for the company's top executives to specific sustainability goals. UBS executive members have sustainability targets which directly impact their performance and remuneration.

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



## MSCI cuts Russia and Belarus ESG Government Ratings

MSCI Inc, which ranks companies and countries on their environmental, social and governance (ESG) performance downgraded Russia and Belarus in response to Moscow's invasion of Ukraine. The move could add to pressure on western asset managers to move away from Russian stocks and debt.

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



## ESG Investors move to nuclear power after EU green award

Europe's ethical investors may moderate their attitude toward nuclear power after the carbon-free technology won EU recognition as a sustainable activity. Nuclear will join the EU's green taxonomy next year, potentially easing investor concerns about whether it should be considered environmentally friendly.

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



## SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors

The Securities and Exchange Commission today proposed rule changes that would require registrants to include certain climate-related disclosures in their registration statements and periodic reports

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## The NYSE announces launch of the NYSE Sustainability Advisory Council

The New York Stock Exchange launches a Sustainability Advisory Council that will bring together sustainability leaders within the NYSE community of more than 2,400 listed companies to identify and share global best practices addressing ESG issues.

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



## GRI and IFRS sign agreement to align sustainability disclosure

The Global Reporting Initiative (GRI) and the IFRS Foundation announced a collaboration agreement under which their respective standards bodies, the ISSB and the GSSB, will seek to coordinate their work programs and standard-setting activities.

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

# ESG Events Highlights: April 2022

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## ESG and Impact Management for Enterprises – 14/21/28 April

*This course helps C-Suite leaders, board members, executives, and managers to immediately and confidently enhance their practices around ESG and impact management*

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

Virtual/Online



## ESG and Compliance Conference – 26 April

*ESG risks can not be effectively managed as an isolated function within a company. However, ESG goals and metrics requires a collaborative effort across multiple units within an organization*

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

Virtual



## ESG For Directors & Officers – 28 April

*ESG for Directors & Officers event will be led by leading industry and subject matter experts, with a deep-understanding of successful ESG strategies, and what it takes to achieve them*

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

London, UK



## ESG in Fixed Income EMEA 2022 – 28 April

*The one-day events will capture the crucial topics relevant to the green, social, sustainability and sustainability-linked (GSSS) bond market*

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

London, UK



## Impact Investing World Forum 2022 – 28/29 April

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

London, UK

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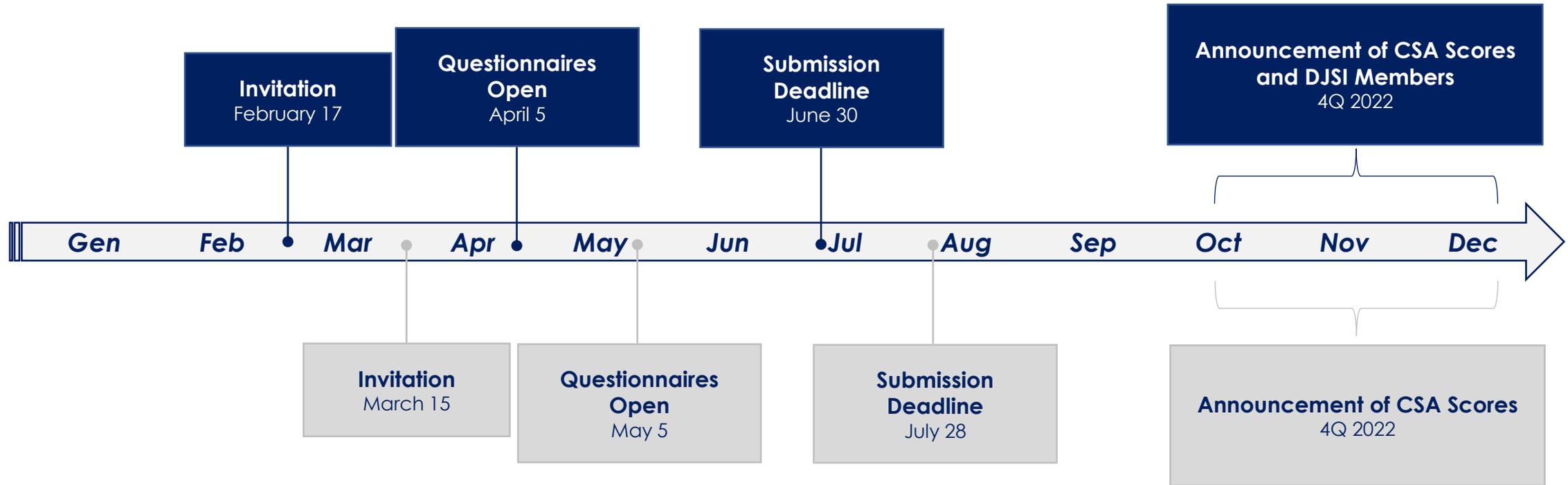
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# S&P Global has established a timeline for the CSA 2022, starting with companies eligible for index inclusion



- **Companies that are not eligible** for inclusion in one or more DJSI or S&P ESG Indices: S&P Global will invite all companies that have been assessed or participated in the CSA in previous years regardless of their eligibility for ESG indices this year.
- In addition, companies whose sustainability performance is of interest to the broader investment community will be invited starting **April 2022**.

Companies invited for DJSI
  Companies invited for S&P ESG Indices

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# ESG Conferences organised by Investment Banks and Brokers in 2022 | 1

Organizer	Event Name	Mode	Location	Date	Hyperlink (if any)
 <b>BARCLAYS</b>	ESG Finance Conference	Virtual	-	5 April	<a href="#">Barclays</a>
<b>BANK OF AMERICA</b> 	ESG Conference	Virtual	-	27 April	
 <b>IMPACT INVESTING</b> WORLD FORUM. 2022	Impact Investing – World Forum 2022	In attendance and Online	London	28-29 April	<a href="#">Impact Investing</a>
 <b>SOCIETE GENERALE</b>	ESG/SRI Conference	In attendance	Paris	11-12 May	
 <b>citi</b>	Sustainability, ESG and Alpha Conference 2022	Virtual	-	17-18 May	<a href="#">Citi</a>
 <b>Kepler Cheuvreux</b>	ESG Conference*	tbd	tbd	1 Jun	
 <b>EURONEXT</b>	Euronext ESG Summit 2022 – Financing the blue and green economy	Virtual	Lisbon	8-9 June	<a href="#">Euronext</a>
<b>Jefferies</b>	A&D ESG Summit	Virtual	-	14 June	<a href="#">Jefferies</a>
 <b>UBS</b>	Sustainable Finance Conference	tbd	London	28-30 June	<a href="#">UBS</a>
 <b>EURONEXT</b>	Digital Italian Sustainability Week	Virtual	-	28 June - 2 July	<a href="#">Borsa Italiana</a>
 <b>CREDIT SUISSE</b>	2nd Credit Suisse ESG Forum Switzerland	In Attendance/Virtual	Zurich	July	<a href="#">Credit Suisse</a>

Note\*: To be confirmed

## ESG Conferences organised by Investment Banks and Brokers in 2022 | 2

Organizer	Event Name	Mode	Location	Date	Hyperlink (if any)
 <b>BNP PARIBAS</b>	ESG Conference	In attendance	Paris	27-29 September	
 <b>SOCIETE GENERALE</b>	ESG/SRI Conference	In attendance	Paris	15-16-17 November	
 <b>BARCLAYS</b>	Green Frontiers*	tbd	tbd	November	
 <b>MEDIOBANCA</b>	ESG Conference*	tbd	tbd	November	
Morgan Stanley	ESG Insights European	tbd	tbd	1 December	

Note\*: To be confirmed