



Monthly ESG Newsletter

October 2023

**ARWIN &
PARTNERS**

Sustainability matters!

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ESG Regulatory updates

September 2023



EU Commission – considers requiring sustainability-related disclosures for all financial products

- The EU Commission announced the launch of a consultation on its sustainable financial disclosure practices, including questions asking for feedback on introducing sustainability-related disclosure requirements for all financial products offered in the EU, even if those products have not made any sustainability claims
- The Commission's consultation is focused on the Sustainable Finance Disclosure Regulation (SFDR), which sets out how financial market participants, such as asset managers have to communicate sustainability information to investors, regarding the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products
- Timing: 15 December 2023

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European Central Bank – results of its second economy-wide climate stress test

- The European Central Bank (ECB) published the results of its second economy-wide climate stress test. The results show that the best way to achieve a net-zero economy for firms, households and banks in the euro area is to accelerate the green transition to a rate that is faster than under current policies
- The stress test analyses the resilience of firms, households and banks to three transition scenarios, which differ in terms of timing and ambition:
 1. an "accelerated transition", which frontloads green policies and investment, leading to a reduction in emissions by 2030 in line with the goals of the Paris Agreement;
 2. a "late-push transition", which continues on the current path, but does not speed up until 2026 (and is still intense enough to achieve Paris-aligned emission reductions by 2030);
 3. a "delayed transition", which also starts only in 2026, but is not sufficiently ambitious to reach the Paris Agreement goals by 2030.
- Timing: 2023 ongoing

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ESAs – publish second report on PAI under SFDR

- Following on from their first annual report to the European Commission in July 2022, the European Supervisory Authorities (ESAs) recently published their second annual joint report on the extent of voluntary disclosure of principal adverse impact (PAI) under the Sustainable Finance Disclosure Regulation (SFDR)
- The report provides an overview of good examples of best practice on disclosures and areas for improvement, as well as including a set of recommendations for National Competent Authorities (NCAs) to ensure appropriate supervision of Financial Market Participants' (FMPs) practices
- Timing: 2023 ongoing
 - Note: In 2024 the third iteration of the Report will likely include an additional assessment of product level voluntary disclosures under Article 7(1) SFDR

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Analysis of Best Practices in Environmental Disclosure Policies

- There is a growing focus on the need to shift capital effectively and rapidly toward environmentally sustainable solutions to innumerable challenges
- Key questions remain, however, as to how investors, stakeholders, and decision-makers can best assess what companies, activities, or financial products are truly sustainable
- Much of the common practice in sustainability reporting has been reached through voluntary disclosure requirements. However, the detailed, comparable, enforceable, and decision-useful information needs of investors and decision-makers has made it clear that we have reached the next step in the journey of environmental disclosure policies

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Bonds to finance the sustainable blue economy

- The Blue Economy encompasses economic activities that rely or impact on the use of coastal and marine resources. Like the broader concept of the Green Economy, of which the Blue Economy forms a part, it advocates sustainable use of these resources to minimize negative impacts on the marine environment
- Investing in the Sustainable Blue Economy (SBE) recognizes the criticality of the ocean and its resources, and the increasing threats to the marine environment from climate change, overexploitation, and marine pollution
- With traditional marine investments facing rising physical, regulatory, and reputational risks, the transition to an SBE is an opportunity for public, private to enhance asset value and increase resilience and economic productivity. In the last 5 years, a series of "blue bond" issuances (green bonds focused on the sustainable use of maritime resources and the promotion of related sustainable economic activities) demonstrate a growing appetite for ocean-themed bonds

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Banks and the net-zero transition

- Investors, governments and wider society are increasingly considering the role of the financial sector in the transition to net zero. Several initiatives have emerged in support, most notably the Glasgow Financial Alliance for Net Zero (GFANZ) and sub-sector alliances such as the Net Zero Banking Alliance (NZBA)
- The TPI (Transition Pathway Initiative) assessed the Net-Zero Banking Assessment Framework from which 26 of the world's major global banks have disclosed their results. The key areas analysed were:
 1. Net-Zero commitments
 2. Target analysis
 3. Emissions disclosure
 4. Emissions performance
 5. Decarbonisation strategy
 6. Climate solutions
 7. Climate policy engagement
 8. Climate governance
 9. Just transition
 10. Financial statement disclosure

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TNFD updated recommendations

- This document provides the final TNFD (Taskforce on Nature-related Financial Disclosures) recommendations. It includes a set of general requirements for nature-related disclosures and a set of recommended disclosures structured around the four pillars of governance, strategy, risk and impact management, and metrics and targets
- Central banks and financial supervisors are increasingly recognizing nature loss as a source of systemic risk to financial systems and economies. For this reason, the TNFD recommendations help organisations meet this challenge. In details, the TNFD recommendations include 14 recommended disclosures covering nature-related dependencies, impacts risks and opportunities
- To support the adoption and the provision of consistent useful information, the Taskforce has developed (i) a set of recommended indicators and metrics for assessment the disclosure and; (ii) a suite of additional guidance covering global policy goals and targets

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Morgan Stanley

Morgan Stanley: launches wind energy infrastructure platform

Morgan Stanley Infrastructure Partners (MSIP) and logistics, marine and energy solutions company Crowley announced the launch of Crowley Wind Services Holdings, forming a new joint venture aimed at advancing offshore wind energy solutions for the US market. The joint venture will focus on repurposing and operating existing US port facilities and offshore wind developers

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Hong Kong Central Bank: net zero transition planning

The Hong Kong Monetary Authority (HKMA), Hong Kong's central banking institution released a series of principles for banks on planning for the transition to a net zero economy, including ensuring that setting objectives aligned with a net zero transition, and embedding transition considerations into internal processes

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BlackRock

Blackrock: clients want to increase green investments

Larry Fink shows the results of the global Transition investor Survey 2023 where, 56% of investors who participated in Blackrock's questionnaire said they plan to increase transition allocations, and 46% said transition is the most important investment priority in the next 1-3 years. The transitional investment portfolio goal is zero emissions by 2050

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Allianz

Allianz: \$20bn USD in climate & cleantech solutions

Leading insurance and investment group Allianz announced a series of new climate-focused commitments and targets, including a goal to invest \$20 billion in climate and cleantech solutions by 2030. The new goals were released with the publication of Allianz's first comprehensive net-zero transition plan, outlining the company's strategy to achieve its climate goals

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S&P Global

G20: targets of energy transition by 2023

G20 leaders announced an agreement to target tripling renewable energy capacity by 2030. The summit, convened under the theme "One Earth, One Family, One Future," with wide range of topics, including Russia's war in Ukraine and its impact on food and energy security, economic growth, progress on the Sustainable Development Goals, and climate and the environment, among other issues

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Deutsche Bank

Deutsche Bank: under greenwashing penalty

The U.S. Securities and Exchange Commission (SEC) has charged Deutsche Bank's investment arm DWS, one of the largest asset managers in Europe, over misleading statements the firm made regarding its ESG investment process. DWS has agreed to a \$19 million fine to settle the charges, marking the largest-ever greenwashing penalty imposed on an asset manager by the SEC

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SBTi: climate target standard and validation

The Science Based Targets initiative (SBTi), announced the launch of a major transformation aimed at improving governance, boosting integrity and increasing capacity, including revealing that it is separating its standard-setting and validation activities into distinct entities with a series of key governance changes strengthening its standard setting processes

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LLOYDS BANK

Lloyd's and Moody's: GHG accounting solution

Lloyd's, the world's leading marketplace for insurance and reinsurance, today announces a new collaboration with Moody's Analytics to develop a solution that will help to quantify greenhouse gas (GHG) emissions* across managing agents' underwriting and investment portfolios. The solution being adopted will aid managing agents in meeting expected regulatory reporting requirements

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ESG & Sustainability upcoming event

October 2023



ESG Investment North America 2023 – 2-3 October

A pass to Reuters Events: ESG Investment North America 2023 entitles you to full live attendance of our ESG Investment sessions, along with optional attendance of sessions from our co-located Sustainability Reporting USA and Net Zero USA events (also being held on 2-3 October in our New York venue)

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Virtual/New York

ECONOMIST
IMPACT

Sustainability Week: COP28 – 2-5 October

COP28 is the critical climate event of the year. In the run-up, companies are preparing announcements, tightening their emission-reduction targets and planning new investments. Ultimately, preparing your business to stay ahead of climate commitments at this time is vital to its long-term survival

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London, United Kingdom



The Future of ESG Data EMEA – 16 October

Building on the enormous popularity of last year's event, The Future of ESG Data conference returns as a central source of discussion and learning for the rapidly evolving ESG data industry. This one-day event, filled with practical use cases, will offer unrivalled insight from industry leading experts on the challenges, opportunities and emerging innovations in ESG data

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London, United Kingdom



Climate Change & Sustainability – 16-18 October

The World Conference on Climate Change & Sustainability (Climate Week 2023) is the annual gathering of climate leaders from the academic, business, public and nonprofit sectors, runs with this year's theme: "Advancing Nature and Positive Solutions for Net Zero and Sustainable Future"

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Rome, Italy



Sustainable Brands 2023 – 16-19 October

Sustainable Brands is the global event for regenerative brands and leaders. Join at SB'23 San Diego, Oct. 16-19 as we focus on Regenerating Local. Find a unique mix of inspiration, thought leadership, unparalleled community and connections

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San Diego, USA



VERGE: The Climate Tech Event – 24-26 October

This year's theme is "The Midpoint of the SDGs: Global VERGE 23 is the leading climate tech event accelerating solutions to the most pressing challenges of our time. It is the center of gravity for the climate community — leaders from business, government, solution providers and startups — working together to address the climate crisis.

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San Jose, USA

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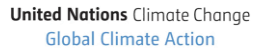




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ESG Conferences organized by Investment Banks and Brokers

Annual list

Organiser	Event Name	Mode	Location	Date	Hyperlink (if any)
	World Sustainability Congress	In attendance	Amsterdam	18-19 October 2023	Sustainability Congress
	Competing for Growth	In attendance/virtual	Madrid	31 October 2023	Santander
	8 th Asia Conference on Environment and Sustainable Development	In attendance	Japan	3-5 November 2023	ACESD
	Global Energy Conference	In attendance/virtual	London	6-7 November 2023	J.P.Morgan
	2023 Société Générale European ESG-SRI Conference	tbd	Paris	7 November 2023	Société Générale
	ESG Integration Forum	In attendance	London	21 November 2023	IR Magazine
	Investment Management Forum Impact	In attendance	Brussels	23-24 November 2023	EFAMA
	UN Climate Change Conference	In attendance	United Arab Emirates	30 Nov – 12 Dec 2023	UN Climate Change
	Sustainable Innovation Forum	In attendance/virtual	Dubai	4-5 December 2023	Sustainable Innovation Forum
	Climate Tech Conference	virtual		5-6 December 2023	Credit Suisse
	Sustainable Finance Conference	virtual		14 December 2023	EIOPA
	Sustainable Investment Strategy Summit	In attendance	London	21 March 2024	PMI Live

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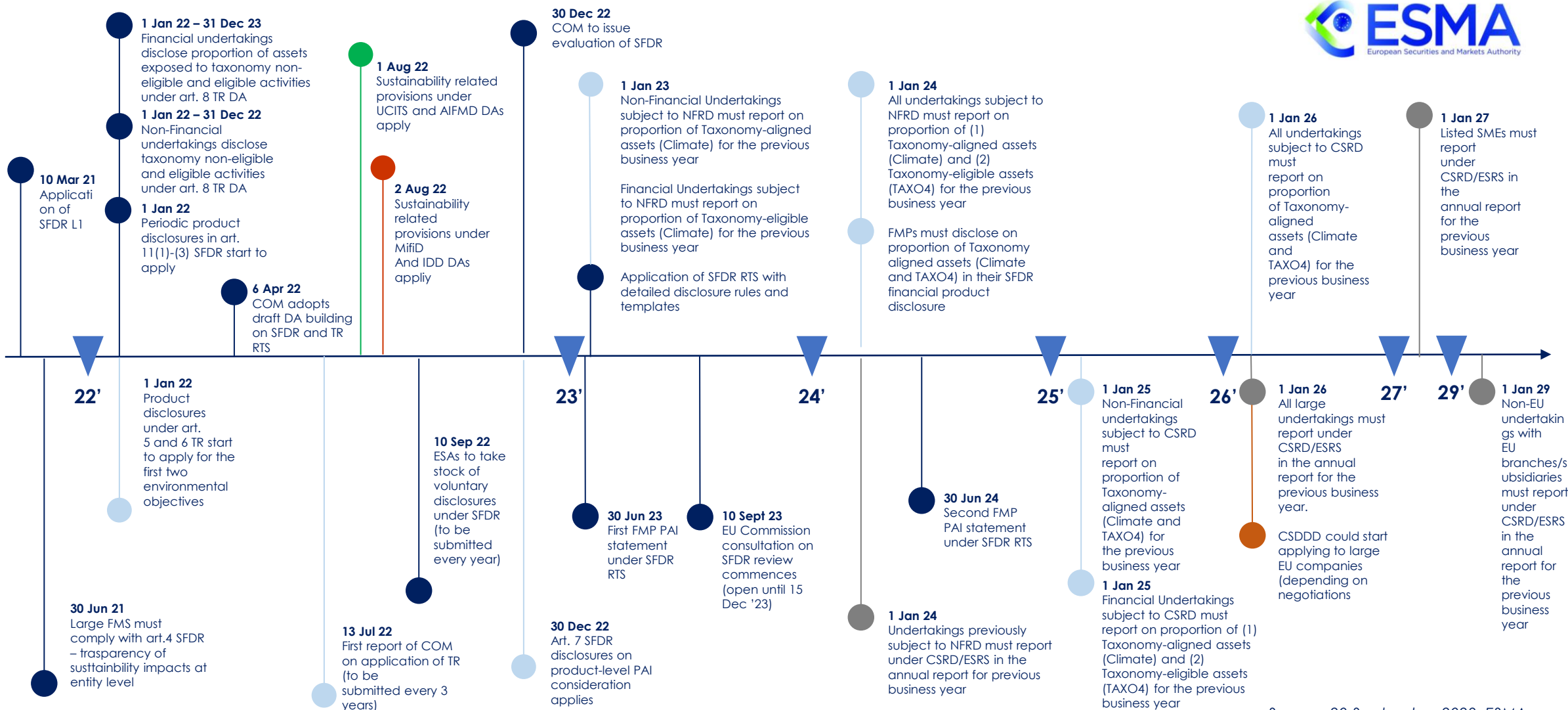
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ESMA – Sustainable Finance Timeline

Already implemented and upcoming regulation



Source: 20 September 2023, ESMA

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