



Monthly ESG Newsletter

January 2024

**ARWIN &
PARTNERS**

Sustainability matters!

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ESAs – final report on draft Regulatory Technical Standards

- The document "Joint Committee 2023 55" represents the final report on Regulatory Technical Standards ("RTS") related to the disclosures review on Principal Adverse Impacts ("PAI") and financial products in the Delegated Regulation SFDR. The report has been developed by the European Supervisory Authorities (ESAs) through the Joint Committee
- The final report proposed changes as extending PAI social indicators, improvements to PAI disclosures, and new information on decarbonization targets. Additional minor technical amendments to the SFDR Delegated Regulation are mainly related to:
 - Enhanced disclosure of how sustainable investments comply with the "do not significantly harm" ("DNSH") principle; and
 - Revision of the provisions for products with investment options such as multi-option products (MOPs)
- Timing: 2024 ongoing

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Council and European Parliament – strike deal to protect environment and human rights

- The Council and the European Parliament agreed on the Corporate Sustainability Due Diligence Directive (CSDDD) for large companies. This imposes obligations to assess negative impacts on human rights and the environment along the supply chain
- The directive sets rules on sanctions, liability and requires companies to align with the Paris Climate Agreement. It covers companies with more than 500 employees and a worldwide turnover of €150 million. The Commission will have to publish a list of non-EU companies that fall under the scope of the directive. The financial sector is temporarily excluded
- For companies that fail to pay fines imposed on them in the event of violation of the directive, the provisional agreement includes several injunction measures, and takes into consideration the turnover of the company to impose pecuniary penalties (i.e. a minimum maximum of 5% of the company's net turnover)
- Timing: end of 2023 and come into force in 2024

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Draft report & call for feedback on EU taxonomy-aligning benchmarks

- The Sustainable Finance Platform published for feedback a draft report containing proposals for EU taxonomy alignment benchmarks (TABs)
- The report presents two proposals for voluntary benchmarks (TABex and TAB), with the aim of initiating a discourse on the central role that taxonomy could play in setting climate and environmental benchmarks
- This feedback process is neither an official consultation of the Commission nor an official position of the Commission. The feedback process does not commit the Commission and does not preclude any potential policy outcome
- Timing: feedback open until 13 March 2024

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ESMA – update on the guidelines on funds' names using ESG or sustainability-related terms

- ESMA launched a consultation on guidelines on funds' names using ESG or sustainability-related terms. The consultation closed on 20 February 2023. ESMA received 125 responses, mainly from asset managers and their industry associations, NGOs and consumer representatives
- Following the consultation, ESMA considers it more appropriate that sustainability-related terms in funds' names should be used along the following lines: the fund should (1) apply the 80% minimum proportion of investments used to meet the sustainability characteristics or objectives, (2) apply the Paris-aligned Benchmark (PAB) exclusions¹, and (3) invest meaningfully in sustainable investments defined in Article 2(17) SFDR, reflecting the expectation investors may have based on the fund's name
- Timing: approval date and publication Q2 2024

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European Commission – invests another EUR 2 billion in clean energy real estate projects

- The Modernisation Fund disbursed €2.17 billion to nine EU Member States, supporting 19 projects aimed at modernizing energy systems. This brings the total disbursement to €9.68 billion since the fund's launch in 2021, utilizing revenues from the EU Emissions Trading System (EU ETS)
- These investments contribute to meeting 2030 climate and energy targets, reducing greenhouse gas emissions in energy, industry, and transport, and enhancing energy efficiency. In 2023, €4.66 billion has been allocated for 50 projects across Bulgaria, Croatia, Czechia, Estonia, Latvia, Lithuania, Poland, Romania, and Slovakia
- Projects include grid modernization, renewable energy production, energy efficiency improvements, and transitioning from coal to lower carbon intensity fuels. The Modernisation Fund supports the green transition in EU countries with lower incomes, aligning with the REPowerEU Plan and [Fit For 55 package](#)
- Timing: 2024 ongoing

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IFRS Foundation – launches knowledge hub in support of global drive to build capacity for the ISSB Standards

- The IFRS Foundation has launched the IFRS Sustainability knowledge hub to support use of the ISSB Standards from 2024 onwards. The hub went live at COP28's Climate Action Day and is a key component of the IFRS Foundation's capacity building programme
- The hub has been designed to help companies preparing their ISSB disclosures, it will also be a useful repository for auditors, investors, regulators and other stakeholders seeking to advance their understanding of the ISSB Standards
- Resources on the hub include an introduction to the ISSB Standards, a guide for transitioning from TCFD recommendations to ISSB Standards and a set of Frequently Asked Questions (FAQs)
- Timing: 2024 ongoing

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4 Note¹: exclusions for EU Paris-aligned Benchmarks are contained in Article 12(1)(a)-(g) of [Commission Delegated Regulation \(EU\) 2020/1818](#).

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Conducting advanced scenario analysis

- As outlined in the TNFD guidance on scenario analysis, scenarios are a useful tool for organisations to explore the potential implications of uncertainties, assess risks, set targets and transition plans, and develop and test the resilience of their strategies
- Nature scenarios, like climate scenarios, can incorporate changes in the physical environment and changes in policy or consumer behaviour to avoid and reduce negative impacts on nature and/or conserve or restore nature. They support a range of business decisions, including strategic planning, risk assessment and target setting
- This discussion paper outlines approaches to more advanced scenario analysis that can be used across a range of scenario types and use cases. The target audience for this discussion paper referred to financial institutions and corporates that want or need to undertake advanced approaches to scenario analysis

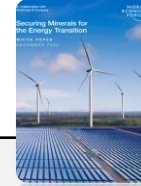
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The 2023 state of Corporate ESG

- This report and its findings follow a customer research project conducted over the spring and summer of 2023 focused on North America and Europe and aimed at understanding the state of corporate ESG agendas, the awareness and adoption of third-party ESG tools, key decision makers and contributors to the selection process, amongst other research objectives
- To gain a well-rounded perspective, the research spanned both an online survey and in-depth executive interviews. The survey component tallied 183 respondents in C-suite and functional leadership roles who are involved in the selection, implementation, and use of third-party market intelligence, information-enabled software solutions and/or managed service providers, or are involved in the vendor selection or vendor compliance processes, including ESG vendors
- 73% of companies surveyed were over \$1B in global revenues

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Securing minerals for the energy transition

- The world is on an ambitious path to decarbonize and achieve net-zero emissions. However, critical minerals essential for key emissions-reduction technologies may be in short supply by 2030
- It is crucial to identify and understand key supply chain risks to manage the minerals-related obstacles for the energy transition. Two types of risks are associated with the supply-demand gap of critical minerals: (i) risks associated with the inability to close the supply-demand gap and (ii) risks associated with the efforts to close the supply-demand gap
- This report identifies 10 high-priority risk management strategies for these key minerals. These strategies are essential for creating a more resilient and sustainable mining industry that can meet the growing demand for critical minerals in a responsible and equitable manner

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What matters most? Eight CEO priorities for 2024

- What matters most? It's a question we've been investigating for a few years now (here are reports from 2022 and 2021). This year McKinsey research decided to focus on what matters most including family, friends, values, principles, and commitments
- McKinsey research conducting a survey analyzing CEOs priorities in 2024 and those are the key topics that come to light:
 - Generative AI goes from proof of concept to scale
 - How to outcompete with technology
 - The biggest capital reallocation in our lifetime
 - The road to growth
 - What's your superpower?
 - Learn to love your middle managers
 - Geopolitics: Beating the odds
 - A new lens on the macroeconomy

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ESG NEWS

COP28 the eginning of the End of the Fossil Fuel Era

The United Nations Climate Change Conference (COP28) concluded with an agreement that includes a global budget to improve climate action, with the goal of limiting global warming to 1.5 °C. The conference addressed loss and damage, climate finance and resilience, emphasising the urgency for nations to turn commitments into tangible results and prepare for the crucial milestones of COP29 and COP30

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Monetary Authority of Singapore

Singapore: Taxonomy for Sustainable Finance

The Monetary Authority of Singapore (MAS) announced the launch of the Singapore-Asia Taxonomy for Sustainable Finance, aimed at defining green and transition economic activities contributing to a series of environmental and climate-related objectives, enabling the identification and allocation of capital to sustainable projects and initiatives

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Allianz Global Investors

EBI-AllianzGI: EM Climate Action Fund

The European Investment Bank (EIB) and Allianz Global Investors (AllianzGI) announced new capital commitments to the Emerging Market Climate Action Fund (EMCAF). It provides catalytic early-stage equity financing to greenfield climate mitigation and adaptation projects as well as companies with a green business model in emerging and developing markets

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Linklaters

Whistleblowing Act in Belgium

Most provisions of the Whistleblowing Act already entered into force on 15 February 2023. By that date, legal entities in the private sector with more than 250 employees had to have an internal reporting channel in place. As from 17 December 2023, all legal entities with more than 50 employees, but less than 250 employees are also expected to have such internal channel and procedures in place

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CA CRÉDIT AGRICOLE

CA: ends financing oil and gas project

Paris-based international banking and investment group Crédit Agricole announced that it will no longer finance new fossil fuel extraction projects, and will end financing of independent producers focused exclusively on exploration or production of oil and gas. The new policies aimed at strengthening and accelerating its climate strategy, including targeting its business in the energy sector

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ESG NEWS

EU Council: mandate on ESG ratings

The Council reached an agreement on its negotiating mandate on a proposal for a regulation on environmental, social and governance (ESG) ratings, with the aim of boosting investor confidence in sustainable products. The new rules aim to strengthen the reliability and comparability of ESG ratings by improving the transparency and integrity of the operations of ESG ratings providers

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GRI

New EFRAG-GRI sustainability reporting

Following a successful partnership between EFRAG and GRI over the past three years, a new Memorandum of Understanding has been signed, which substantiates the benefits of the alignment achieved between the European Sustainability Reporting Standards (ESRS) and the GRI Standards and commits the organizations to continue working together to deliver technical support for reporting companies

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ESG NEWS

CSDDD for financial sector

Eurosif, IIGCC and PRI issued a paper on the EU proposal for CSDDD pointing out key issues. The paper explores unresolved issues, such as the inclusion of the financial sector in the scope and requirements for transition plans. While some fear negative impacts, the authors argue that a well-designed CSDDD can fill regulatory gaps, integrate transparency and sustainability, and set a high global standard

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ESG & Sustainability upcoming event

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Cleantech Forum North America – 22-24 January

Companies are under increasing pressure to meet current regulatory and social requirements. In a world increasingly characterised by environmental, social and governance (ESG) factors, integrating these aspects into companies will become a decisive success factor for risk management and corporate governance

San Diego, CA

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The EU Sustainable Investment Summit – 24 January

The EU Sustainable Investment Summit is the European Commission's flagship annual event on sustainable investment. It was inaugurated in 2021 following the launch of the European Green Deal, which sets the objective for Europe to become the first climate-neutral continent by 2050

Brussels, Belgium

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20th Conference on Environmental, Cultural, Economic & Social Sustainability – 24-26 January

Sustainability Innovation: Perspectives from Civil Society, Government and Business

Aveiro, Portugal

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2024 APAC ESG and Sustainable Finance Outlook – 29 January

Annual outlook webinar where Moody's analysts and leading experts will explore the pivotal ESG trends of 2024 and their effects on credit, along with the decisive elements that will mold the worldwide sustainable debt market

Virtual

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EY ESG Risk Conference – 31 January

The power and energy conference will cover a range of topics that are at the top of the agenda of many national and international leaders: air pollution, eco design, energy optimization, climate change, energy practices, waste management, and more

Basel, Switzerland

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World Environment Education Congress («WEEC 2024») – 29 January – 2 February

Aims to bring together universities, researchers, associations and public and private institutions to discuss, evaluate and stimulate environmental education, connect people, and create a better future in line with the United Nations 2030 Agenda's Sustainable Development Goals.

Virtual

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ESG Conferences organized by Investment Banks and Brokers

Annual list

Organiser	Event Name	Mode	Location	Date	Hyperlink (if any)
 BAFT	2024 BAFT Europe Bank to Bank Forum	In attendance	Frankfurt, Germany	15-17 January 2024	BAFT
 UBS	UBS ESG and Sustainability Symposium 2024	In attendance	London	14-19 October 2024	UBS

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