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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 International Auditing and Assurance Standards Board (IAASB) rolled out a new global sustainability assurance standard. Meanwhile, the European Commission (EC)'s adoption of the European Sustainability Reporting Standards (ESRS) is broadening sustainability reporting mandates for over 50,000 companies.

Singapore celebrated the inauguration of its first smart, clean energy-fueled service stations. OceanWell and Las Virgenes Municipal Water District (LVMWD) forged a partnership to establish California's pioneer Blue Water farm to address water scarcity and reliability. The Australian Sustainable Finance Institute (ASFI) took steps to develop a standardized

framework for green and transition finance by appointing the Taxonomy Technical Expert Group (TTEG) to oversee the Australian sustainable finance taxonomy.

MSCI and Google Cloud deepened their collaboration to advance generative AI solutions for the investment sector, facilitating climate risk evaluation and the identification of environment-friendly investment opportunities. On a different note, the U.S. Securities and Exchange Commission initiated an investigation into Tesla regarding the misuse of funds for a project rumored to involve Elon Musk's residence.

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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.

The ASFI announces the TTEG to spearhead the Australian sustainable finance Taxonomy



The Australian Sustainable Finance Institute (ASFI) appointed the Taxonomy Technical Expert Group (TTEG) to oversee the development of the Australian sustainable finance taxonomy. This collaborative effort between the government and industry aims to create a standardized framework for green and transition finance. The goal is to make it easier to invest in sustainable projects and support Australia's net-zero objectives.

► Source: Australian Sustainable Finance Institute

The UK seeks input on greenwashing, private investment for nature recovery



British lawmakers are assessing the UK government's policies on natural capital, biodiversity investment, and greenwashing risks. They are exploring methods to encourage private finance in accordance with the upcoming biodiversity net gain laws. The UK's 'Environmental Audit Committee' is seeking input to evaluate how private capital can aid nature recovery. It aims to determine if existing policies can establish trustworthy markets, draw private investments, and mitigate greenwashing and environmental trade-offs in the UK.

► Source: Carbon Pulse

ASIC files a lawsuit against Active Super over ESG investing claims



The Australian Securities & Investments Commission (ASIC) initiated legal action against the superannuation fund Active Super, alleging that the fund made false claims related to ESG matters. Active Super claimed to eliminate risky environmental and community investments like tobacco, nuclear weapons, oil tar sands, and gambling but failed to do so. The fund also claimed to exclude Russia post its Ukraine invasion.

► Source: ESG Today



Biden administration unveils new sustainable procurement guidelines for federal government

The Biden administration proposed a Sustainable Products and Services procurement regulation. It requires federal buyers to prioritize sustainability by broadening the application of Environmental Protection Agency (EPA) Ecolabel standards to some new sectors. This rule is a key element of the Federal Sustainability Plan, which aims to achieve net-zero emissions for the U.S. federal government by 2050, including net-zero emissions from federal procurement.

► Source: ESG Today

The UK government to simplify green taxonomy's DNSH criteria



The UK's Green Technical Advisory Group (GTAG) proposed simplifying the 'Do No Significant Harm' (DNSH) concept in the country's green taxonomy. Currently, there are over 700 DNSH criteria, creating complexity. GTAG suggests consolidating similar criteria while preserving the scientific foundation and the overall ambition. It also recommends that the government clarifies DNSH's purpose, approach, and definition in the taxonomy to aid investors and align with other international taxonomies.

► Source: IPE

SBTi faces criticism for its inflexible approach toward SMEs



The Science Based Targets Initiative (SBTi) is under scrutiny for its net-zero definition, which is seen as disadvantageous for small- and medium-sized enterprises (SMEs). Critics say SMEs are less flexible, having to follow the 'absolute contraction' approach, mandating a 90% emission reduction by 2050 with offsetting as an option. SBTi defends its standards, citing scientific backing and alignment with global climate objectives.

► Source: ESGCLARITY



Governor Newsom launches a new strategy for advancing California's future hydrogen economy

Governor Gavin Newsom instructed the Governor's Office of Business and Economic Development (GO-Biz) to craft a Hydrogen Market Development Strategy in alignment with the Zero-Emission Vehicle Market Development Strategy. This initiative aims to advance California's clean hydrogen market to achieve climate goals, such as a clean electric grid, net-zero carbon emissions, and reduced air pollution.

► Source: State of California



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.

OXY acquires Carbon Engineering for USD1.1bn



Occidental Petroleum (Oxy) acquired Carbon Engineering, a carbon removal provider, for USD1.1bn. This strategic move displays OXY's commitment to carbon capture and removal technologies in the fight against climate change.

► Source: Reuters

Morrow Sodali acquires HXE Partners to expand its ESG advisory reach



Morrow Sodali, a global corporate governance and ESG consulting firm, acquired ESG strategy advisory firm HXE Partners. This acquisition strengthens Morrow Sodali's position in the ESG advisory space, enhancing its capabilities to support clients in sustainable and responsible business practices.

► Source: ESG Today

Lufthansa inks deal for eco-friendly aviation fuel



Lufthansa signed an agreement to purchase Sustainable Aviation Fuel (SAF) derived from biogenic residue. The move reflects the airline's commitment to reducing carbon emissions and promoting environment-friendly aviation practices.

► Source: Smart Energy Decisions

OceanWell and LVMWD partner to pioneer California's first Blue Water farm for sustainable aquaculture



OceanWell and Las Virgenes Municipal Water District (LVMWD) joined forces to launch California's first Blue Water farm, promoting sustainable aquaculture. The partnership aims to combat water scarcity, reduce environmental impact, and diversify local water resources, especially crucial after years of drought in the region.

► Source: ESG News

LG Energy Solution and Huayou Recycling form a battery recycling joint venture



LG Energy Solution formed a pioneering battery recycling partnership with Huayou Recycling. This collaboration plans to build two plants in China to advance sustainable practices in the battery industry, addressing the critical need for recycling in the growing electric vehicle market.

► Source: PR Newswire

Vargrønn and Energia Group partner to propel Ireland's offshore wind ambitions



Vargrønn collaborated with Energia Group to develop offshore wind projects in Ireland, aiming to generate up to 1.8 GW of clean energy capacity by 2030. This partnership signifies a significant step toward Ireland's renewable energy goals.

► Source: ESG News



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.

MSCI hires Hiro Mizuno as Special Advisor to the CEO



MSCI appointed Hiro Mizuno as Special Advisor to the CEO with a focus on climate and sustainable investing. He will provide strategic counsel, thought leadership, and industry engagement. He will ensure the company empowers investors with data-driven insights to navigate the complexities of investment risks and opportunities, particularly climate and other sustainability issues facing long-term investors.

► Source: ESG Today

Stafford Capital Partners welcomes Marta Jankovic as the Sustainability Head



Stafford Capital Partners hired Marta Jankovic as the Sustainability Head. She will be working with the firm's investment committees to ensure Stafford's sustainable investing strategy and fostering engagement with clients and industry stakeholders. She was also a director in BlackRock's investment stewardship team.

► Source: ESG Clarity

Fidelity appoints Tan as the Chief Sustainability Officer



Fidelity welcomed Jenn-Hui Tan as the Chief Sustainability Officer. He is responsible for overseeing the sustainability approach across all arms of Fidelity, including advisory, investment management, personal investment platform services, and retirement solutions. He is also accountable for the firm's strategy and execution of governance.

► Source: ESG Clarity

Nuveen hires Ted Maa as the MD of Private Equity Impact Investing



Nuveen appointed Ted Maa as the MD of Private Equity Impact Investing. He will be responsible for identifying, executing, and managing direct private equity investments in key thematic impact sectors.

► Source: ESG Today

KKR appoints a new leadership team for global climate strategy



KKR welcomed Charlie Gailliot as Co-Head of the firm's global climate strategy, following the recent appointments of Co-Heads Emmanuel Lagarrigue and Neil Arora. Gailliot will work along with climate Co-Head Lagarrigue in New York.

► Source: ESG Today

Barclays onboards James Edmonds as the Global Head of Sustainable Project Finance



Barclays appointed James Edmonds as the Global Head of Sustainable Project Finance in its Corporate and Investment Bank. In his new role, he will partner across the firm to provide project financing solutions for clients globally. He works closely with Barclays' existing Sustainable Finance teams to enhance their capabilities in providing integrated and innovative debt and equity solutions.

► Source: Barclays

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, Google partner on AI solutions to manage climate risk for investors



MSCI and Google Cloud strengthened their partnership to advance generative AI solutions for the investment sector. These solutions will enable investors to evaluate climate risk in their portfolios and identify 'low carbon investment' prospects. This enhanced partnership will harness Google

Cloud's Vertex AI and climate tech like BigQuery Geospatial and Earth Engine. It will deliver in-depth insights into portfolio and enterprise risks, streamline analysis, and introduce a conversational AI tool for portfolio and risk management, thus enhancing data-driven decision-making for investors.

► Source: ESG Today

FinTech Global introduces the ESG FinTech Market Map as an essential resource



FinTech Global launched an innovative ESG FinTech Market Map, serving as a crucial resource for financial institutions seeking ESG solutions. The map provides comprehensive information about ESG technology companies, their sectors, and regions of operation, aiding users in identifying relevant solutions. It covers various areas, including climate risk, ESG assessment and reporting, ESG Intelligence & Data Analytics, supply chain screening, banking products, and regulatory change management.

► Source: Fintech Global

Google's newest APIs offer immediate insights into solar, air quality, and pollen data



Google launched three new APIs within its Google Maps Platform, which are aimed at streamlining the incorporation of solar, air quality, and pollen data into applications.

Utilizing AI, ML, aerial imagery, and environmental information, these APIs provide up-to-the-minute environmental insights. By making environmental data more easily usable, Google assists businesses, cities, and individuals in addressing environmental concerns. The Solar API supports solar policy development, the Air Quality API aids in air quality monitoring and enhancement, and the Pollen API allows allergy sufferers to track pollen levels effectively with hourly updates.

► Source: ESG Broadcast

Bayer, GenZero, and Shell Energy India join forces to tackle methane emissions in rice farming



Bayer, GenZero, and Shell Energy India collaborated to create a scalable model to reduce methane emissions in rice cultivation. This approach

will use Measurement, Reporting & Verification (MRV) mechanisms with remote sensing technology. It also includes training and support for smallholder rice farmers, demonstrating an effective way to mitigate methane emissions in this sector.

► Source: ESG Today



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 inaugurates first smart, clean energy-fueled service stations



Singapore's Energy Market Authority (EMA) and Shell unveiled the country's first smart and clean energy-powered service stations for electric vehicles (EVs). These stations are developed by Eigen Energy, a producer of renewable energy solutions, with support from EMA and Enterprise Singapore. These three Shell service stations in Tampines, Pasir Ris, and Lake View source power from solar panels installed on station rooftops.

► Source: ESG News

JPMAM introduces US and global active ETFs



JP Morgan Asset Management (JPMAM) launched two Paris-Aligned Benchmark (PAB) ETFs, tracking US and global equities, thereby expanding its sustainable investment offerings, which now provide 10 ETFs. These ETFs adhere to strict sustainability criteria, including a focus on reducing greenhouse gas intensity and excluding controversial sectors, while seeking to generate alpha through an active investment approach.

► Source: ETF Stream

Iberdrola unveils Carbon2Nature for nature-based carbon reduction projects



Iberdrola unveiled Carbon2Nature (C2N), which is a company dedicated to nature-based solutions for carbon reduction and biodiversity enhancement. C2N aims to capture 61 million tons of CO2 through conservation projects, primarily in Latin America, aligning with Iberdrola's sustainability goals.

► Source: ESG Broadcast

Mitsubishi to establish an eco-friendly bottle supply chain



Mitsubishi, in partnership with Suntory Holdings and Eneos, is creating a sustainable supply chain for PET bottles using biomass-based materials. Neste will provide bio-based feedstock to replace fossil naphtha, with Mitsubishi overseeing production. This pioneering initiative aims to reduce carbon emissions and promote bio-based plastics, initially producing bio-PET bottles for Suntory's products in 2024.

► Source: Environmental Leader

Hyundai Motor and Kia unveil a CO2 emission monitoring system



Hyundai and Kia launched a Supplier CO2 Emission Monitoring System (SCEMS) on the Hedera network. This AI-powered blockchain system accurately measures carbon emissions across the supply chain, helping to meet environmental regulations and establish sustainable supply chains. It enhances climate change mitigation by predicting future carbon emissions and ensuring transparency and accuracy in reporting.

► Source: PR Newswire

Cogo and NewDay collaborate for Aqua card carbon tracking



Cogo extended its partnership with NewDay to enhance the Aqua credit card, allowing users to monitor their purchase-related carbon footprints. Cogo's system categorizes transactions and calculates emissions, while NewDay previously integrated this tool into Bip, its digital credit card, showing strong user engagement. This collaboration reflects the growing consumer environmental awareness and the demand for sustainable financial solutions.

► Source: Fintech Global

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.



IAASB introduces Global Sustainability Assurance Standard

The International Auditing and Assurance Standards Board (IAASB) unveiled its proposed International Standard on Sustainability Assurance (ISSA) 5000, aimed at enhancing trust in sustainability reporting. The standard, compatible with various reporting frameworks, will be available in multiple languages. This profession-agnostic guideline assists both professional accountants and non-accountant assurance practitioners in performing high-quality sustainability assurance engagements.

► Source: ESG Broadcast



The EU Commission reveals sustainability reporting standards

The European Commission (EC) adopted the European Sustainability Reporting Standards (ESRS), increasing the requirement for over 50,000 companies to provide sustainability disclosures. The ESRS is an update to the 2014 Non-Financial Reporting Directive (NFRD), focusing on environmental, human rights,

social standards, and sustainability-related risks. The EU Parliament and Council will scrutinize the ESRS for two months.

► Source: Fintech Global



The EC enforces product emissions reporting

The EC adopted reporting rules for importers of products under the Carbon Border Adjustment Mechanism (CBAM) to equalize the carbon price paid by European producers with those outside the EU. The rules 'require companies to start collecting data on embedded emissions' in October, with reporting beginning by January 2024. The transitional phase will run until the end of 2025.

► Source: ESG Today

Canada Releases Clean Electricity Regulations Targeting a Net Zero Grid by 2035

Canada sets a net-zero electricity goal

Canada released its proposed Clean Electricity Regulations, aimed at decarbonizing its electricity grid and supporting its net zero-emission climate goals. The regulations aim to reduce emissions from the electricity generation sector of over 340 million tons by 2050. While environmental groups welcomed the new regulations, critics criticized the government's continued support for fossil fuel-based power generation.

► Source: ESG Today

UK Government publishes guidance on its framework to create UK Sustainability Disclosure Standards

The UK releases guidance on Sustainability Disclosure Standards

The UK Government published guidance on creating the UK Sustainability Disclosure Standards (UK SDS), with the Secretary of State for Business and Trade considering endorsement of IFRS Sustainability Disclosure Standards by July 2024. The UK Government will determine disclosure requirements for UK-registered companies and limited liability partnerships, with the Financial Conduct Authority (FCA) being responsible for listed companies.

► Source: Deloitte



Singapore and Sri Lanka collaborate on carbon credits

Singapore and Sri Lanka signed a Memorandum of Understanding (MOU) to collaborate on carbon credits, aligned with the Paris Agreement principles. The MOU aims to establish a legally binding implementation agreement, enabling Singaporean companies to offset up to 5% of their taxable emissions by procuring carbon credits from eligible projects.

► Source: THE BUSINESS TIMES





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.



Federal prosecutors investigate Tesla's funds usage

The U.S. Securities and Exchange Commission opened a probe against Tesla over its use of funds on a secret project unofficially described as a house for Elon Musk. The journal reported that the Tesla board members had investigated if the funds were misused. The journal also added that the probe is in the early stage and might not lead to charges.

► Source: AOL



UBS and Inside Paradeplatz resolve lawsuit with amendments and dismissed claims

UBS (UBSG.S) and Inside Paradeplatz resolved a lawsuit originally filed against the well-known Zurich-based finance blog by Credit Suisse, as reported by the publication. Under the terms of the settlement, Inside Paradeplatz committed to removing or revising user comments and three specific sections from its posts. As a result of this agreement, the remaining claims have been dismissed.

► Source: Reuters



The Tribunal awards a Swiss Re employee over unfair dismissal

The Central London Employment Tribunal granted USD1.6mn to a Swiss Re worker after concluding that she was unfairly dismissed in 2021. According to the Tribunal, the claimant, Julia Sommer, would have received a bonus but was continuously discriminated against.

► Source: Insurance Business

McDonald's Must Face Antitrust Claims Over Worker 'Poaching,' Court Rules

McDonald's faces antitrust claims in the US

The 7th U.S. Circuit Court of Appeals in Chicago reopened allegations that McDonald's Corp violated the antitrust laws by prohibiting franchisees from hiring each other's employees. Previously, the judge deemed the agreements valid due to the protection of franchisees' investments in training workers, but the company was unavailable for comment.

► Source: Claims Journal



Whirlpool wins trademark appeal against Chinese manufacturers

The 5th U.S. Circuit Court of Appeals ruled in favor of Whirlpool, blocking two Chinese companies from selling a copied version of the company's famous KitchenAid stand mixer. The court's verdict stated that the blueprint of Whirlpool's "iconic" mixer was entitled to trademark protection. Whirlpool owns the trademark rights in the styling of its KitchenAid mixer.

► Source: Reuters

FDA Issues Warning Letters to Three Infant Formula Manufacturers



FDA sends warning letters to three infant formula producers

Infant formula manufacturers, ByHeart Inc., Mead Johnson Nutrition (Reckitt), and Perrigo Wisconsin, LLC, received warning letters from the U.S. Food and Drug Administration (FDA). These companies violated the Federal Food, Drug, and Cosmetic Act (FD&C Act) and the FDA's Infant Formula regulations. The FDA also issued inspectional observations to these companies and directed them to start recalling *Cronobacter sakazakii*-contaminated items from the market. These warning letters are part of the FDA's continuous commitment to enhance regulatory oversight.

► Source: PR Newswire



SGA BLOGS



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