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Regulation and Reporting

The EU's Energy Performance of Buildings Directive has been adopted by the EU's member states. The directive requires a 16% reduction in residential building energy use by 2030 and a 20-22% reduction by 2035. Each member state will also be required to renovate the 16% worst-performing non-residential buildings by 2030 and 26% by 2033. Additionally, the directive generally requires the deployment of solar in public and non-residential buildings, as well as all new residential buildings, by 2030. And, by January 1, 2028, all publicly owned new residential and non-residential buildings must have zero on-site emissions from fossil fuels. All other new buildings must meet this standard by January 1, 2030.

The Science Based Targets initiative (SBTi), a certifier of companies' net zero plans, has announced its intention to allow the use of carbon offsets and credits in net zero plans to reduce a company's Scope 3 emissions. This decision has caused backlash from the SBTi staff and advisors who report not being consulted on the decision, are calling for the decision to be withdrawn, and are pushing for the resignation of SBTi's CEO and board members who supported the decision.

Texas local leaders at a Bond Buyer conference spoke out against two Texas anti-ESG laws restricting the banks with whom municipal issuers can do business due to the banks' purported energy and firearm policies. Houston's Controller stated that the decreased competition "drives up costs for taxpayers and it makes the work that we have do to dig our city out of a financial hole even harder. . . . " The Deputy Executive Director of Harris County's Office of Management and Budget discussed how the legislation has led to increased inefficiencies – such as hiring two dealers on each bond deal in case one is added to the state's do-not-do-business list. A recent study by the Texas Association of Business found that the state's bank boycott laws will result in nearly $40 million in lost tax revenue, more than $650 million in lost economic activity, and more than 3000 lost jobs.

Investing

A study by KPMG of 100 CEOs with from companies with revenues larger than $500 million found that most CEOs expect significant returns from their sustainability initiatives. Nearly 20% of CEOs expect such returns in 1-3 years; 55% of the respondents anticipate the payoff in 3-5 years; and 25% believe the returns will take 5-7 years. The survey further revealed that 42% of CEOs are focusing sustainability efforts on operations, 24% on products, and 16% on governance models and transparency protocols. The most common operational priority for CEOs is the execution of ESG initiatives (17% of CEOs).

European investor demand for ESG investments remains steady, resisting the anti-ESG pushback seen in the United States. Fund flow in Europe remains strong with European investors having seven times more capital in sustainable fund assets than US investors. Such investment strength can be attributed to the stronger regulatory framework in Europe -- including 20 rules and 25 voluntary ESG guidelines in the EU versus two rules and five voluntary guidelines in the U.S. (according to an analysis by ESG Book). Additionally, EU public pension funds continue to drive investor demand for sustainable investments – with 73% of European pensions saying climate change is an investment priority compared with 53% of US pensions.

The Monetary Authority of Singapore has allocated S$35 million to enhance the skills of specialists in sustainable finance, partnering with the Institute of Banking and Finance to introduce a new Sustainable Finance Jobs Transformation Map (JTM). This will include developing a variety of sustainable finance courses and establishing an industry benchmark to evaluate sustainable finance skills. A recent JTM study estimates that more than 50,000 finance professionals will have new sustainability-related tasks added to their jobs.

Robeco has announced new climate transition investing strategies to support global sustainability goals. In particular, Robeco is focused on transition investing in Asia, emerging markets, the public markets, and across all industries including carbon-intensive ones. According to the firm, its approach will contrast with traditional transition investing, which Robeco believes focuses on private markets and real estate.

The Development Bank of Austria has invested EUR 19.8 million in the Green for Growth Fund (GGF), marking its fifth transaction with GGF. The GGF invests in energy efficiency, CO_2 emissions reduction, and resource efficiency across various regions -- including Southeast Europe, the Caucasus, Ukraine, Moldova, the Middle East, and North Africa -- supporting renewable energy projects, corporates, municipalities, and financial institutions.

Research

Finpublica was honored to provide a forward to a fascinating new white paper on Best Practices for Stakeholder Engagement in Plant-based Innovation & Diversified Proteins by VegTech Invest and Harvard University's Great Food Systems Transformation Course. Read the paper to learn about the impact our reliance animal-based foods and materials has on the environment, the latest advances in plant-based innovations and how they can combat climate change, an analysis of winning corporate stakeholder engagement practices, and more.

Upcoming Finpublica Events

Join Finpublica on May 9th (12pm ET) for a webinar on Planning for Multiple Futures – Sustainable Investing for Retirement. Our experts will discuss how retail investors, retirement plan sponsors, pension funds, and other key players are (and are not) working to incorporate sustainable investing into the trillion-dollar retirement industry. Topics will include the federal and state regulatory framework, different approaches to incorporating sustainability into retirement investments, ways to educate plan sponsors and participants on the benefits of sustainable retirement options, and more. We look forward to hosting Marina Severinovsky (Head of Sustainability – Americas at Schroders); Brian Mizoguchi (Senior Financial Advisor & Portfolio Manager at Merrill Lynch); Mary Cerulli (Executive Director of Climate Finance Action); and Chris Walker (Senior Advisor – Retirements & Manager of the Sustainable Retirements Initiative at the Intentional Endowments Network).

Finpublica has been invited to host a panel discussion at GreenFin 24 on How to Maintain Momentum on Diversity, Equity, and Inclusion. We hope you can join us in NYC (June 17-19) at this premier event that convenes more than 1,000 professionals across institutional investors, corporate finance and sustainability executives, financial institutions, and sustainable finance and investing policymakers.

Membership

Are you interested in joining a community of sustainable finance leaders – if so, click here to apply to join Finpublica. Benefits to membership, which is still complimentary, include:

- Active participation in a community of more than 300 current and emerging global finance leaders interested in sustainability and impact investing;
- Invitations to a variety of exclusive expert panels on such topics as the Intersection of ESG and Blockchain, Making an Impact with Impact Investing, Navigating between Pro- and Anti- ESG Regulatory Actions, and Public-Private Clean Energy Partnerships;
- Admittance to members-only salons, discussions, and networking sessions;
- Access to the newest curated sustainability research and news; and
- The opportunity to participate in member-led initiatives and working groups.

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