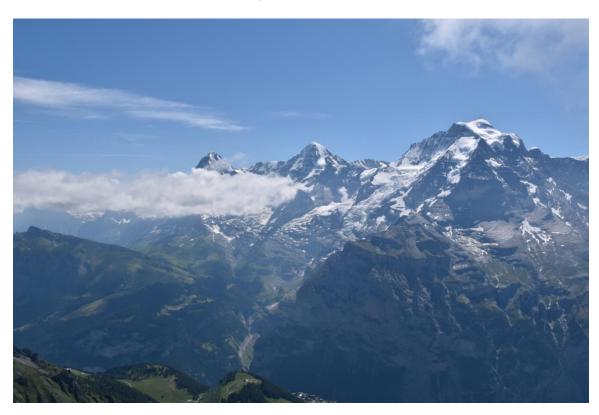


ESG NEWS YOU CAN USE

August 27, 2023



Environmental

The Biden Administration reinstated Obama-era offshore drilling safety rules that were created in the wake of the 2010 Deepwater Horizon catastrophe, which killed 11 people and released more than three million barrels of oil off the Louisiana coast. The revived rules (which had been weakened by the Trump Administration) require that all third-party contractors working on offshore facilities be accredited by the Federal Safety Bureau. Furthermore, any blowout-preventer failure must be reported immediately and an investigation of the failure should start within 90 days of the incident. Deb Haaland, the Interior

secretary, explained that the safety measures applied to offshore drilling could also apply to offshore wind farms.

The Department of Energy (DOE) has pledged up to \$30 million to help lower the costs to meet the growing demand for critical minerals in the U.S. Critical minerals are essential to the domestic production of clean energy technologies, like wind turbines, solar panels, and electric vehicle. The funding, from the Bipartisan Infrastructure law, aims to reduce America's dependence on offshore critical minerals – 80% of which are imported.

Social

The World Bank Board of Directors approved \$650 million to fund two new projects for Argentina. The first project focuses on increasing access for financing MSMEs (micro, small and medium enterprises) to create sustainable jobs for women and vulnerable groups. The second will focus on food security and benefit more than 4.2 million Argentinians. Marianne Fay, of the World Bank, emphasized that social inclusion should be the foundation of Argentina's development path.

Regulation and Reporting

The Australian Securities & Investments Commission (ASIC) announced it has launched court action for greenwashing against superannuation fund Active Super. ASIC alleges that the fund engaged in greenwashing by investing in companies from sectors that it had pronounced eliminated from its holdings. Active Super had stated that it eliminated investments in nuclear weapons, gambling, tobacco, oil tar sands, and Russia (post its invasion of the Ukraine) from its portfolio. The lawsuit claims that, despite such statements, the fund held more than 25 holdings that exposed members to these areas.

Investing

According to a report by S&P, numerous pension funds from states that enacted anti-ESG laws remain invested in firms like BlackRock who have been attacked for their ESG policies. The report stated that large advisors like Blackrock usually offer lower fees and reliable returns, making it difficult for state leaders to justify moving their investments. North Carolina found that replacing BlackRock with a firm that does not consider ESG risks would cost taxpayers \$8.4 million a year in higher fees. And, despite Texas' bank boycott list, its largest pension system (Texas Teachers, with \$185 billion AUM) continues to invest with BlackRock and even states that it "will consider ESG factors that are

material to long-term returns and levels of risk" so long as the investments are made "prudently and in accordance with fiduciary and ethical standards."

According to a recent report from Morgan Stanley Institute for Sustainable Investing, sustainable funds had a median return of 6.9% in the first half of 2023, compared to 3.8% of traditional funds. Europe is the base for the majority (89%) of total sustainable funds, with 10% based in North America and less than 2% based other regions. The report states that sustainable funds should continue to perform well if prevailing market conditions continue in the latter half of 2023 as their positioning is more growth-oriented and longer-term, but could be adversely impacted if the market returns to favoring value or shorter-term assets.

According to a new survey by Bloomberg and Adox Research, the demand for ESG data is increasing with 90% of executives surveyed planning to increase their ESG data spend. Firms plan to prioritize ESG benchmarks and indices, company reported data, and sustainable debt – looking for offerings that provide data quality and a breadth of coverage. Ninety-nine percent of executives surveyed stated that their organizations value ESG data – citing the importance of keeping up with their peers (45%), achieving a competitive advantage (44%), and complying with regulations (10%).

Resources & Membership

Check out Finpublica's website for the latest information on ESG topics. Just added include pages summarizing: (1) <u>Carbon Capture Technology</u>; (2) <u>Clean Hydrogen</u>; and (3) <u>the first two standards recently released by the International Sustainability Standards Board (ISSB).</u>

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