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Finance Leaders For The Public Good

ESG NEWS YOU CAN USE February 26, 2023

Environment

The Department of Energy (**DOE**) is funding **\$2.5 billion** for two **carbon capture management programs** – focusing on carbon capture, carbon transport, and carbon storage technologies. These programs aim to reduce carbon dioxide emissions from electricity generation and hard-to-abate industrial operations, while offering good-paying jobs, reducing pollution, and driving clean energy technologies.

<https://esgnews.com/biden-harris-announces-2-5-billion-to-cut-pollution-and-deliver-economic-benefits-to-communities-across-the-nation/>

Governance

There has been a growing trend towards private **climate change litigation** against companies and their directors. This includes a recent suit against the directors of Shell in the UK for allegedly failing to prepare the company for climate transition, as well as a suit this week in France by three NGOs against BNP Paribas for allegedly breaching a duty to ensure the activities do not harm the environment. Although predating the most recent litigations, the Climate Governance Initiative and the Commonwealth Climate Law Initiative have put together a useful **primer on Climate Change Litigation: What Board Directors Need to Know** that summarizes these trends.

Primer: <https://climate-governance.org/climate-change-litigation-what-board-directors-need-to-know/>

Recent Lawsuits: <https://www.theguardian.com/environment/2023/feb/09/shell-directors-personally-sued-over-flawed-climate-strategy>

<https://www.cnn.com/2023/02/23/business/eurozone-biggest-bank-climate-lawsuit/index.html>

Regulation/Reporting

The Securities and Exchange Board of India (SEBI) released a new **Consultation Paper on ESG Disclosures, Rating, and Investing**. Under the proposed rules, large companies would be required to provide assurance on select KPIs for their ESG reporting. Such companies would also be required to provide supply chain-level ESG disclosures and assurances. Additionally, the consultation paper includes multiple proposals to expand ESG fund disclosures aimed to prevent greenwashing.

https://www.esgtoday.com/india-proposes-supply-chain-esg-disclosure-esg-investing-rules/?utm_source=rss&utm_medium=rss&utm_campaign=india-proposes-supply-chain-esg-disclosure-esg-investing-rules

https://www.sebi.gov.in/reports-and-statistics/reports/feb-2023/consultation-paper-on-esg-disclosures-ratings-and-investing_68193.html

The U.S. **Securities and Exchange Commission (SEC)** is considering **adjustments to its proposed climate risk disclosure rule**, after receiving nearly 15,000 comments. While Chairman Gensler did not go into any details regarding what those changes might be, some issues that received the most comments included Scope 3 disclosures and independent assurance requirements.

<https://www.cnbc.com/2023/02/10/sec-weighs-making-adjustments-to-controversial-climate-risk-disclosure-rule-chairman-gensler-says.html>

Investing

Allianz Global Investors (an investment manager with more than \$600 billion in AUM) has announced that it will **vote against the directors** of European large cap companies that **do not consider ESG performance as part of executive pay**. It also announced that, starting 2024, it will vote against the directors of high-emitting companies that lack sufficient net zero strategies or climate related disclosure.

<https://www.esgtoday.com/allianzgi-to-begin-voting-against-companies-that-dont-link-exec-pay-to-esg-performance/>

Morningstar announced a **nine new equity indexes incorporating UN Sustainable Development Goals** (SDGs). To be included in the indexes, companies must pass strict ESG screenings and have significant revenue aligned with at least one impact theme. The index weightings are tilted toward companies with the greatest percentage of revenue generated from SDG-aligned activities. The indexes focus on such themes as climate action, human development, and basic needs.

<https://newsroom.morningstar.com/newsroom/news-archive/press-release-details/2023/Morningstar-Introduces-Global-Sustainable-Activities-Involvement-Indexes/default.aspx>

Industry Focus: Insurance

ESG and sustainable finance do not involve monolithic, one size fits all strategies. Different industries will naturally need to focus on different specific issues. Insurance Asset Risk and JP Morgan have put together a comprehensive **report on transitioning insurers' portfolios** that shares ESG issues that insurers are facing and solutions they are exploring. Topics include transitioning fixed income portfolios, climate change investing beyond decarbonization, and ramping up social investing.

<https://www.insuranceassetrisk.com/content/partnered-content/sustainable-investing-focus/transitioning-insurers-portfolios.html>

Some Good News

According to a study released by Deloitte, **M&A activity is shifting** away from oil and gas and **toward clean energy** instead. The report shows that hydrocarbon-focused M&A fell sharply in 2022, declining 35%, while clean energy M&A grew to a record \$32 billion -- up roughly four times over the prior year.

https://www.esgtoday.com/clean-energy-deals-grow-to-a-record-share-of-oil-gas-sector-ma-activity-deloitte/?utm_source=rss&utm_medium=rss&utm_campaign=clean-energy-deals-grow-to-a-record-share-of-oil-gas-sector-ma-activity-deloitte

<https://www2.deloitte.com/us/en/pages/energy-and-resources/articles/oil-and-gas-mergers-and-acquisitions.html>

ESG Opportunities

Ladies Who Launch is sponsoring a small business **grant and mentorship program** for 20 women- and non-binary-owned consumer packaged goods businesses —selling items like food and beverages, household goods, apparel, and more —with an annual gross revenue between \$100,000 and \$499,000. Applications are accepted through March 31. You can learn more and spread the word at <https://www.ladieswholaunch.org/launch-program>

Finpublica Membership

Finpublica's **membership portal** is live!

If you are interested in joining a community of finance leaders focused on sustainable finance and ways to implement initiatives inside their organizations and across the industry, we invite you to register at:

<https://finpublica.wildapricot.org/join-us>

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