



FINPUBLICA
Finance Leaders For The Public Good

ESG NEWS YOU CAN USE March 19, 2023

Regulation/Reporting

The **European Parliament** adopted a revised **Effort Sharing Regulation requiring all member states to reduce greenhouse gas emissions by 2030** and raising the EU's overall 2030 emissions target to 40% compared to 2005 levels. The new member state requirements call for GHG reductions of 10%-50% based on GDP per capita and cost.

<https://www.esgtoday.com/eu-lawmakers-vote-to-require-all-member-states-to-cut-emissions-by-2030/>

The European Supervisory Authorities (ESAs) and the European Central Bank (ECB) announced **efforts to encourage climate change-related disclosures for structured finance products**. According to the announcement, securitized transactions (such as real estate mortgages and auto loans) are often backed by assets that could be exposed to direct physical or transition climate-related risks. The ESAs are developing templates for voluntary sustainability-related securitization disclosures, and both organizations are asking originators to collect the data necessary to assess climate related risks to the underlying assets – even absent mandatory disclosure requirements.

https://www.eiopa.europa.eu/ecb-and-esas-call-enhanced-climate-related-disclosure-structured-finance-products-2023-03-13_en

According to a new **CDP report**, in 2022 **most companies did not report on any Scope 3 emissions**, despite the increased regulatory focus on such disclosures. While 70% of nearly 19,000 respondents reported on Scope 1 and 2 emissions, only 41% of companies reported on at least one Scope 3 category. For those that did, the most frequently disclosed category was business travel, followed by purchased good and services, employee commuting, and operational waste.

https://www.esgtoday.com/nearly-60-of-companies-not-disclosing-any-supply-chain-emissions-as-reporting-regulations-approach-cdp/?utm_source=rss&utm_medium=rss&utm_campaign=nearly-60-of-companies-not-disclosing-any-supply-chain-emissions-as-reporting-regulations-approach-cdp

https://www.cdp.net/en/research/global-reports/scoping-out-tracking-nature-across-the-supply-chain?utm_source=d365&utm_medium=email&utm_campaign=ser-23&utm_content=report-page

Florida Governor Ron DeSantis announced a **coalition of 19 states to oppose the use of ESG factors** in government investing. Legislative priorities include excluding ESG from investment decisions in connection with the management of state assets and the issuance of government bonds. Governors joining this coalition include those from Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Iowa, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Oklahoma, South Dakota, Tennessee, Utah, West Virginia, and Wyoming. These efforts persist despite increasing **evidence that anti-ESG legislation can cost state taxpayers hundreds of millions of dollars**.

<https://www.plansponsor.com/state-anti-esg-coalition-clarifies-policy-goals/>

<https://www.energymonitor.ai/policy/weekly-data-rise-in-us-anti-esg-policies-could-cost-taxpayers-hundreds-of-millions-of-dollars/#:~:text=Weekly%20data%3A%20Rise%20in%20US,potentially%20costing%20taxpayers%20%24700m.>

Investing

According to a new study released by NGO ShareAction, **more than 80% of the world's largest asset managers are linking responsible investment to compensation.** The study also shows increases in responsible investment training, transparency in proxy voting, and the establishment of voting policies on climate change.

<https://www.esgtoday.com/asset-managers-linking-pay-to-responsible-investment-increases-12x-since-2020-to-83-report/>

<https://shareaction.org/reports/point-of-no-returns-2023-part-ii-stewardship-and-governance>

Blackrock's **Larry Fink** published his **annual letter to investors.** Given the anti-ESG pushback by several states, it is not surprising that **the letter did not specifically reference ESG** and emphasized the need to serve each client's specific interests. However, the **letter still focused on core sustainable investment themes** – including articulating how climate risk is investment risk, emphasizing the need for climate data, and predicting that next herd of unicorns will include many sustainable energy startups.

<https://www.blackrock.com/corporate/investor-relations/larry-fink-annual-chairmans-letter>

A **Deloitte** poll found that **private equity investors** (PEI) could be early **leaders** in connection with **mergers and acquisition ESG efforts.** Nearly 50% of PEI respondents evaluated ESG during pre-deal due diligence (compared to 43% of corporates), and PEI respondents were nearly three times as likely to approach ESG due diligence “consistently and formally” compared to their corporate M&A counterparts (27% vs. 9%).

<https://www2.deloitte.com/us/en/pages/about-deloitte/articles/press-releases/private-equity-leads-corporate-deal-teams-on-esg-in-mna.html>

Some Good News

The **EU commission proposed the Net-Zero Industry Act** to scale the manufacturing of clean technologies and prepare for the clean-energy transition. Announced as a part of the Green Deal Industrial Plan, the legislation would help promote technologies that can make a significant contribution to decarbonization (including solar photovoltaic and solar thermal, onshore wind and offshore renewable energy, and batteries and storage). It would do this by, among other things, setting enabling conditions, accelerating carbon capture, and facilitating access to markets.

<https://esgnews.com/eu-proposes-net-zero-industry-act-to-scale-manufacturing-of-clean-technologies/>

Finpublica Events, Resources, and Membership

Please join us virtually on **March 29th at 11am ET for Between a Rock and a Hard Place: How to Navigate Between ESG and Anti-ESG Regulatory Actions**. Our panel of legal experts will discuss the current state of ESG enforcement globally and provide practical guidance on ways to reduce regulatory risk. You can register at:

https://aspeninstitute.zoom.us/webinar/register/8216777741341/WN_YtJauc-8TiG0a9mfRho3xw

Finpublica's **membership portal** is live. If you are interested in joining a community of more than 120 leaders focused on sustainable finance and ways to implement initiatives inside their organizations and across the industry, we invite you to apply at: <https://finpublica.wildapricot.org/join-us>

You can find **back-issues** of this newsletter, along with **news organized by topic**, on our website at: <https://www.finpublica.org/esg-news>

ESG Opportunities

A Finpublica member has asked that we circulate the following opportunity for an **SVP Environmental & Climate Programs** at the **Opportunity Finance Network**. OFN is looking for an “individual to develop, implement, and oversee our environmental and climate programs, manage day-to-day project coordination for our green financing strategy, and provide technical expertise related to greenhouse gas reduction.” <https://www.linkedin.com/jobs/view/3507083686>

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 being accepted through March 31. You can learn more at <https://www.ladieswholaunch.org/launch-program> and should feel free to spread the word.

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