FINPUBLICA

Finance Leaders For The Public Good

ESG NEWS YOU CAN USE

May 21, 2023

Environmental

Forecasters at the World Meteorological Organization (WMO) announced that **global temperatures are likely to soar to record highs over the next five years**. The recorded hottest year was 2016, but human-driven warming and El Niño are almost certain to push temperatures to exceed the past few years, exacerbating the dangers from heat waves, wildfires, drought and other extreme weather events. According to the WMO, there is a 98% chance that the five-year period will be the warmest on record, and a 66% likelihood that temperatures will be more than 1.5°C above pre-industrial levels for at least one year.

The Environmental Protection Agency (EPA) proposed ambitious carbon emissions standards for power plants that would push many to either install carbon capture equipment (CCS) that can siphon CO2 from a plant's smokestack or use super-low-emissions hydrogen. These would put the US's power sector on track to achieve net-zero by 2035. However, industry representatives are pushing back with questions regarding the legality and feasibility of the standards.

Regulation/Reporting

The European Parliament voted to clamp down on greenwashing and misleading consumer label claims. The proposed directive would ban the use of generic environmental claims such as "environmentally friendly," "natural," "biodegradable," or "eco" if they are not supported by evidence. It would also prohibit making green claims regarding the whole product when only a portion is sustainable.

A judge ruled that **greenwashing claims against energy giant TotalEnergies will be permitted to proceed** in the Paris judicial court. The lawsuit, filed in March 2022 by a group of environmental organizations, argued that TotalEnergies' "reinvention" campaign falsely portrayed the company as being on track to address the climate crisis.

Investing

Norway's $1.4 trillion oil fund will increase its shareholder proposals on ESG topics to US companies after quietly testing them out at annual meetings. This year, they filed shareholder proposals in climate at four US companies but did not publicize them until now. Owning on average 1.5% of every public company in the world, the fund is one of the most influential investor voices in ESG.

Morgan Stanley raised $500 million for its new climate private equity strategy, 1GT. Investors include public and private pension funds and an insurance company in the UK, Germany, and Nordic region. The fund is focused on growth-stage companies that will seek to collectively avoid or remove one gigaton of carbon dioxide-equivalent (CO_2e) emissions.

Asset managers Mirova and Robeco, along with 11 other financial players, **launched a call for expressions of interest (CEI) to develop a global database of avoided emissions factors and associated company-level avoided emissions**. Avoided emissions include products and services (like low-temperature detergents or fuel saving tires) that enable emissions reductions or provide low-emission versions of already existing products.

Resources, Opportunities & Membership

ShareAction's **Point of No Returns 2023** report ranks the responsible investment policies and practices of 77 of the world's largest asset managers. This three-part series assesses the ambition, scope, and transparency of these firms' approaches to responsible investment to help determine how far they are safeguarding against key social and environmental risks. Click here for **Part 1 (Rankings and General Findings)**, **Part 2 (Stewardship and Governance)**, and **Part 3 (Social)**.

The Center of Innovation for Diversity, Equity, and Inclusion in Finance (IDiF), a non-profit driving equitable access to capital to accelerate economic justice, power, and influence is looking for an Executive Director. If you or someone you know might be interested, check out their job description **here.**

Finpublica's **membership portal** is live. If you are interested in joining a community of 150 finance leaders focused on sustainable finance and ways to implement initiatives inside their organizations and across the industry, we invite you to apply.

***