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ESG NEWS YOU CAN USE November 20, 2022

Environment

According to a report released by the International Energy Agency (IEA), \$9.5 trillion in energy sector investments will be needed by 2050 to fund the transition away from coal to achieve net-zero goals. If all net-zero pledges by governments are met, by 2030, 75% of coal demand will have to be replaced by wind and solar; by 2050, demand for coal-fired power will have to decline by 90%. It is expected that the vast majority of investments will involve low-emissions generation and renewables, but nuclear power, energy storage, and expansion/development of electrical grids will need to be included as well.

<https://www.esgtoday.com/iea-nearly-10-trillion-investments-needed-to-replace-coal-to-hit-global-climate-goals/>

https://www.iea.org/reports/coal-in-net-zero-transitions?utm_source=SendGrid&utm_medium=Email&utm_campaign=IEA+newsletters

Regulation & Reporting

The European Financial Reporting Advisory Group (EFRAG) -- which has been charged with coming up with reporting standards for reporting under the EU's new Corporate Sustainable Reporting Directive (CSRD), approved and released the initial European Sustainability Reporting Standards (ESRS) to be submitted to the European Commission. The draft covers: (1) general requirements, (2) general disclosures, (3) climate change, (4) pollution, (5) water, (6) biodiversity, (7) circular economy, (8) business conduct, (9) workers, (10) affected communities, and (11) consumers. Finpublica will be working on putting together a summary of these standards for our membership.

<https://www.esgtoday.com/efrag-approves-european-sustainability-reporting-standards/>

<https://www.efrag.org/Meetings/2211141505388508/EFrag-SRB-Meeting-15-November-?AspxAutoDetectCookieSupport=1>

Three European Supervisory Authorities (ESA) launched a joint review to map out the prevalence of greenwashing in the financial industry, acting on a May 2022 mandate by the European Commission. The “call for evidence” aims to gauge the scale of exaggerated environmental, social and governance investing statements and find out how well existing regulations are working. Firms are expected to provide examples of greenwashing, but the examples would only be used to provide possible remedies. The authorities plan to unveil an initial report of findings by May 31, 2023.

<https://www.bloomberg.com/news/articles/2022-11-15/eu-s-financial-watchdogs-launch-joint-review-of-greenwashing?leadSource=uverify%20wall>

A coalition of leading alternative credit managers launched, earlier in November, the “ESG Integrated Disclosure Project Template” to provide “harmonisation and consistency of disclosure of key ESG indicators by borrowers in private credit and syndicated loan transactions.”

<https://www.esgidp.org/>

Investing

According to an EY report released last week, alternative asset investors” are scrutinizing their managers talent management programs, with a focus on DEI, as well as their ESG policies, reporting, and investment criteria. Indeed, ESG policy and reporting requirements are becoming increasingly important, with 26% of investors declining to invest in a manager because of inadequate ESG policies.

https://www.ey.com/en_gl/wealth-asset-management/global-alternative-fund-survey

Energy Impact Partners’ (EIP) Frontier Fund, oversubscribed with investor support, closed at \$485 million. The fund invests in revolutionary climate technologies, focusing on companies with early technical validation who have not fully matured yet. They have currently invested in 12 companies, including those focused on multi-day energy storage, zero-carbon fertilizer), low-cost renewable H2.

<https://www.businesswire.com/news/home/20221115005506/en/Energy-Impact-Partners%E2%80%99-Frontier-Fund-Closes-Oversubscribed-at-485-Million>

Some Good News

While many details remain to be hammered out, after 30 years of deadlock, nearly 200 countries have signed on to an UN climate agreement to establish a fund to assist poorer countries cope with climate disasters made worse by the pollution from wealthy nations.

<https://www.nytimes.com/2022/11/19/climate/un-climate-damage-cop27.html>

Additional Finpublica Tools

A reminder that the Finpublica website keeps adding new information and tools. We are now updating ESG news on a weekly basis. Our website collates news articles by category: (1) Environmental, (2) Social, (3) Governance, (4) Investing, (5) Regulation, and (6) Reporting.

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