



FINPUBLICA
Finance Leaders For The Public Good

ESG NEWS YOU CAN USE December 11, 2022

Environment

The first-ever **US floating wind auction** closed this week at over \$750 million for five leases across more than 370,000 acres off California waters. It is expected that this project will produce enough electricity to power more than 1.5 million homes.

<https://www.rechargenews.com/wind/undeniable-momentum-flagship-us-floating-wind-auction-closes-at-over-750m/2-1-1369564>

Regulation/Reporting

The **U.S. Federal Reserve** recently released a series of **proposed principles for large banks** with over \$100 million in assets to manage climate-related risk, stating that “[w]eaknesses in how financial institutions identify, measure, monitor, and control potential climate-related financial risks could adversely affect financial institutions’ safety and soundness, as well as the stability of the overall financial system.” The guidance highlights two key sources of risk: (1) physical risks, such as damage from rising sea levels or hurricanes; and (2) transition risks, related to policy, sentiment, and technology changes in the realm of climate change. The Fed’s principles were drafted in consultation with the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC), and are consistent with the proposals they each recently released. The proposed principles cover six specific areas including: (1) governance, (2) policies, procedures, and limits, (3) strategic planning, (4) risk management, (5) data, risk measurement, and reporting, and (6) scenario analysis. The Fed is inviting public comment on the proposal over the next 60 days.

<https://www.esgtoday.com/fed-launches-climate-risk-management-proposals-for-big-banks/>

<https://www.federalreserve.gov/newsevents/pressreleases/other20221202b.htm>

EU lawmakers agreed to ban the import of products that contribute to deforestation around the world (subject to formal adoption by the EU parliament). The preliminary agreement would require companies to verify that the goods sold in the EU have not led to deforestation or forest degradation, and that their imports comply with rules of the country of origin (including on human rights and the protection of indigenous people).

<https://www.usnews.com/news/news/articles/2022-12-06/eu-agrees-deal-to-ban-products-which-fuel-deforestation>

GRI has issued a revised biodiversity reporting standard for public comment (through February 28, 2023). Biodiversity concerns a company's impact on a location's wildlife and ecosystems. Key proposed revisions to the GRI standard include: (1) a focus on the most significant impacts on biodiversity (rather than all impacts); (2) facilitating reporting across the supply chain; (3) an emphasis on location-specific impacts; and (4) reporting on the direct drivers of biodiversity loss (*e.g.*, climate change, invasive species, overexploitation of resources).

<https://www.globalreporting.org/news/news-center/global-standard-for-biodiversity-impacts-one-step-closer/>

Investing

Vanguard announced their withdrawal from the Net Zero Asset Managers initiative (NZAM), the world's largest climate-finance alliance. The Firm stated that it is leaving the initiative "due to 'confusion about views of individual investment firms' and to ensure Vanguard's views on climate-related risks are clearly their own...." Kirsten Snow Spalding from Ceres, a founding partner of NZAM, responded that "[i]t is unfortunate that political pressure is impacting this crucial economic imperative and attempting to block companies from effectively managing risks—a crucial part of their fiduciary duty."

<https://www.planadviser.com/vanguards-defection-net-zero-group-clouds-esg-investment-commitments/>

Some Good News

A Deloitte Survey of 300 senior leaders found that 99% of public companies expect to invest in ESG reporting and tech next year. The survey also highlighted four main trends: (1) companies are starting to shift from commitment to action; (2) ESG is rising in priority (with nearly 60% of executive reporting having implemented ESG working groups); (3) executives anticipate business benefits to integrating sustainability into business strategy; and (4) access and quality of ESG data remains a top concern amongst executives.

<https://esgnews.com/deloitte-report-99-of-public-companies-expect-to-invest-in-esg-reporting-and-tech-by-next-year/>

Finpublica Resources

We've recently updated our website's exploration of **ESG Regulation in the United States** to discuss:

- 1) the details of the Inflation Reduction Act's historic environmental initiatives (<https://www.finpublica.org/ira>); and
- 2) the final Department of Labor rule allowing retirement fiduciaries to consider ESG issues (<https://www.finpublica.org/esg-executive-orders>).

Finpublica Membership

Finpublica has **launched its membership portal**. If you are interested in joining a community of finance leaders focused on ESG and ways to implement initiatives inside their organizations and across the industry, we invite you to apply for membership at: <https://www.finpublica.org/membership>

You may also contact us at: <https://www.finpublica.org/contact>

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