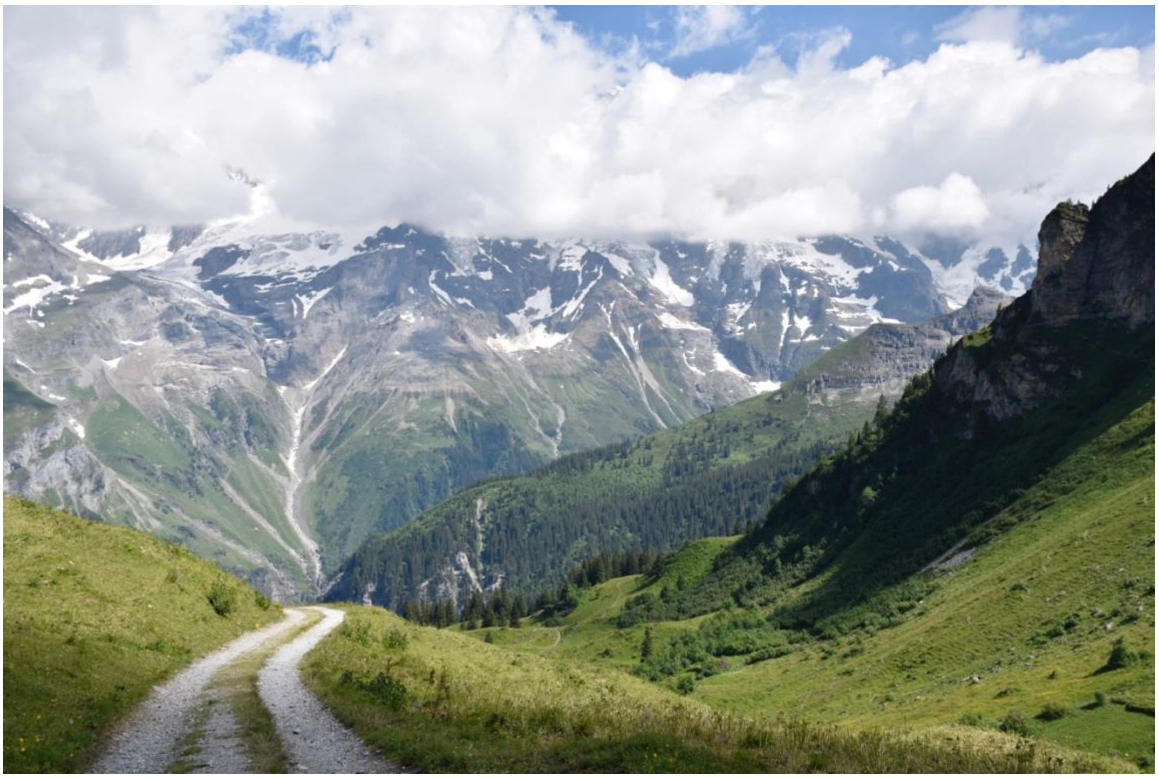
FINPUBLICA NEWS YOU CAN USE

March 24, 2024



Environmental

In what has been called one of the most significant U.S. climate policies ever, the Biden administration announced a new rule greatly restricting emissions from gas cars. The new rule will require a 56% reduction in average fleetwide carbon emissions from new cars and light trucks by 2032, which is projected to dramatically increase electric vehicle (EV) sales from less than 8% today to 35-56% of the market by that year. The rule has been hailed as a historic step for the United States in tackling the climate crisis and reducing toxic air pollution, though some critics claim it was weakened from initial proposals due to automaker pressure.

Regulation and Reporting

After an initial setback earlier this month, the European Union has backed a proposed law requiring large companies to check their supply chains for forced labor or environmental damage after Italy changed its stance to support the corporate sustainability due diligence directive (CSDDD). With Italy's switch to support the CSDDD, a qualified majority of 15 EU countries making up 65% of the EU population was reached, allowing the law to proceed to the European Parliament where it is expected to pass. The law will require large EU companies to identify and address supply chain issues like forced labor, child labor, and environmental damage like deforestation. In order to obtain approval, compromises were made including limiting the application of the rules to larger companies that have more than 1000 employees and 450 million euros in revenue (up from 500 employees and 150 million euros in revenue).

The SEC's new climate disclosure rule for public companies is expected to increase demand and competition for services from the Big Four accounting firms as well as more specialized emissions assurance providers. While the rule faces legal challenges, accounting executives anticipate more companies will seek their help preparing required emissions data and attestation reports, potentially intensifying a rivalry between traditional auditors and firms specializing in sustainability reporting and assurance.

Investing

Texas announced they are terminating $8.5 billion in investments with BlackRock as a result of its ESG policies. The state claims that the asset manager's supposed “boycott” of energy companies through its ESG policies which they say harms its oil and gas economy that funds public schools. Rather than focusing on whether Blackrock’s funds bring the best risk-adjusted returns, Texas’s State Board of Education Chair stated that it is trying to protect its energy companies: “BlackRock’s destructive approach toward the energy companies that this state and our world depend on is incompatible with our fiduciary duty to Texans." However, BlackRock has countered: **"We DO NOT boycott the energy industry"** and have invested $170 billion in U.S. energy companies on behalf of clients. **A recent report by the Texas Association of Business has found that the state’s anti-ESG laws have cost Texans more than $700 million in the last fiscal year.**

Constellation Energy has issued the first nuclear-focused green bond in the U.S., raising $900 million that will be used to finance investments in its nuclear power generation aimed at reducing carbon emissions. While including nuclear power in the eligible use of proceeds from green bonds is relatively rare, it is an increasing trend with Canada being the first country to update its green financing framework to add nuclear energy expenditures. And, while potentially controversial, nuclear activities have been included in the EU's Green Taxonomy.

BNP Paribas has announced the launch of a Global Net Zero Transition Equity Fund. The Fund will offer a sustainable and decarbonization focused strategy focusing on companies that are both adopters and solution providers. According to BNP, the fund, which will be classified as Article 8 under the EU's SFDR, is one of the first to focus on achieving net zero using a just transition lens.

Resources & Membership

Columbia Business School's 2024 Climate Business & Investment Conference -- Climate Tech for Net Zero -- will offer insights from investors, businesses, and researchers on emerging climate technologies and policies to efficiently drive decarbonization. Hear from the frontiers of economically strategic climate innovation. This strategic mix of experts has been curated to help navigate the climate tech landscape for smarter investment and business decisions toward an efficient net zero future. You can reserve your spot for this event live on April 19, 2024 in NYC (or register to receive a recording) **here**.

You can join the Harvard U.S. – Asia Sustainable Development Summit on April 13th. The summit, hosted by the U.S.-Asia Sustainable Development Foundation, aims to foster cross-border collaboration between the U.S. and Asia for a sustainable future. Leaders across nations and sectors will explore sustainable development technologies, academic research, and youth empowerment to strengthen ties, share knowledge, and pioneer policy solutions. Sign up **here** to attend virtually or in person.

Click here to apply to join Finpublica. Benefits to membership, which is currently complimentary, include:

- Active participation in a community of more than 300 current and emerging global finance leaders interested in sustainability and impact investing;

- Invitations to a variety of exclusive expert panels on such topics as the Intersection of ESG and Blockchain, Making an Impact with Impact Investing, Navigating between Pro- and Anti- ESG Regulatory Actions, and Public-Private Clean Energy Partnerships;

- Admittance to members-only salons, discussions, and networking sessions;

- Access to the newest curated sustainability research and news; and

- The opportunity to participate in initiatives and working groups on environmental, social, governance, equity, impact of interest to members.

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