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The Elements

The unprecedented Environmental, Social, and Governance (ESG) impact of businesses on the environment, community, and stakeholder groups has accelerated the pace of ESG investing. To capitalize on the opportunities in this space, corporates and investor groups are integrating ESG elements into their business strategies and investment principles. The July issue of Tattva brings to you a recap of the events in the ESG market – from GRI partnership with EFRGA for EU sustainability reporting standards to Moody’s forecast on sustainable bonds.

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MARKET TRENDS

Trends driving positive environmental and social change

Businesses, financial institutions, and regulatory bodies have realized the significance of addressing the ESG risks and capitalizing on the underlying opportunities to adopt sustainability. Catch the latest developments in the industry from government mandates to revolutionary initiatives in this section.

SEC plans to mandate climate reporting in 10-K

Securities and Exchange Commission (SEC) will put forward rules for corporations to disclose climate change-related risks in their 10-K filings covering GHG reporting, financial impact of global warming, and a few other topics. SEC Chair Gary Gensler has said that upcoming proposals will mandate companies to report on both qualitative and quantitative metrics for climate change.

► Source: Bloomberg

Moody's forecast of rapid growth in sustainable bond issuance

Moody's expects that sustainable bonds will account for a total of 8–10% of global debt issuance this year. Moody's global sustainable bond issuance reached USD 189 billion in Q2 2021, indicating an increase of 66% over previous year's quarters.

► Source: ESG Today

SBTi rolls out new strategy for raising the corporate target from 2°C to 1.5°C

The new strategy will focus on high-emission sectors across G20 countries. It will focus on driving exponential growth in adoption and execution of the new target, 1.5°C through a new governance structure and technically strong operational models. Furthermore, it will include a more structured, adaptable project management approach to support sustainable and exponential growth.

► Source: SBTi

Net Zero Asset Managers Initiative was joined by 41 new global investors

The Net Zero Asset Managers Initiative announced that 41 new signatories, such as Amundi and Franklin

Templeton joined the initiative. The initiative was undertaken by asset managers in December 2020 to promote GHG emissions reduction to net zero by 2050 or before. The coalition now consists of 128 members managing USD 43 trillion in AUM globally.

► Source: ESG Today

Financial Services Task Force (FSTF)

designed “Sustainable Infrastructure Label”

Financial Services Task Force (FSTF), part of the Sustainable Markets Initiative developed a new “Sustainable Infrastructure Label”. The label will identify sustainable infrastructure projects and boost the capital flow toward them.

► Source: ESG Today



COLLABORATION

Companies joining forces to shape sustainable solutions

ESG issues continue to grow in relevance, be it employee health & safety or climate change, and the impact is multi-fold in current times. Investor groups and corporates are increasingly collaborating to address such issues and drive sustainability. Follow the major coalitions in the ESG space.

GRI to work as co-constructor on the new EU sustainability reporting standards

Global Reporting Initiative (GRI) and the European Financial Reporting Advisory Group (EFRAG) Project Task Force have announced a statement of cooperation. Under its terms, both organizations intend to share technical expertise to co-construct new EU sustainability reporting standards. These standards are included in the European Commission's proposal for a Corporate Sustainability Reporting Directive (CSRD) and will help enhance global convergence.

► Source: IPE

Util and V.E. join Manaos, the ESG Marketplace of BNP Paribas

Util and V.E. were onboarded as partners by Manaos, the Securities Services' ESG marketplace of BNP Paribas. Util's machine learning (ML) models measure the degree to which each listed company will impact (positively or negatively) the 17 UN SDGs and associated 169 targets. V.E, as a leading provider of ESG investing data, scores, and assessments, assists investors in better understanding of their ESG risk and opportunity exposure.

► Source: Finextra

FE Fundinfo partnered with MSCI for ratings of ESG funds

FE Fundinfo entered a partnership with MSCI for the use of its ESG fund ratings and data, which will now be included in the products of FE Fundinfo. Some of these products are FE Analytics, Trustnet, and fundinfo.com. Their users will have access to a broader range of ESG data, from a fund's overall ESG score to more comprehensive metrics, including social and governance measurements.

► Source: FT Adviser

RepRisk and B3 S.A. collaborate to offer ESG risk data for B3 Corporate Sustainability Index

Leading ESG data science firm, RepRisk has collaborated with B3, South America's premier stock exchange to update the B3 Corporate Sustainability Index (ISE B3). RepRisk identifies ESG risk by combining human intelligence and ML, and the enhanced ISE B3 index algorithm will use this ESG risk criteria to deploy more impactful passive investing strategies.

► Source: BusinessWire



PEOPLE MOVEMENTS



Thought leadership through key hires



Companies across the globe are demanding analysts, strategists, and knowledgeable professionals to understand and drive their ESG data, strategies, and solutions for a range of stakeholders. This section brings to you the latest movements of such highly skilled professionals in the ESG sector.

Arabesque AI appointed new Head of Business Development

Arabesque AI welcomed Llyod Reynolds as Head of Business Development. As an expert in client service, business development, sustainable investing, and sub-advisory, he will help the organization in scaling up its client solutions for customizable, sustainability, and artificial intelligence (AI) technology-driven solutions.

► Source: Arabesque

BlueBay made new hires for ESG investing team

BlueBay Asset Management added a Senior ESG Analyst and ESG Institutional Portfolio Manager to its ESG investing team. Emma Whiteacre, appointed as Senior ESG Analyst, will oversee the organization's ESG investment efforts, focusing on climate change. Elena

Koycheva, appointed as ESG Institutional Portfolio Manager, will contribute by showcasing evidence of growing ESG integration and engagement across the firm's strategies.

► Source: ESG Today

Erin Leonard joined HSBC Asset Management as Global Head of Sustainability

Erin Leonard joined HSBC Asset Management as Global Head of Sustainability to lead its new sustainability office. He will be responsible for business-wide transition to sustainable investing, delivery of its sustainable strategy, and people-focused initiatives including Diversity, Equity, and Inclusion.

► Source: ESG Clarity

Lazard Asset Management welcomed Robert Hall as Head of Sustainable Private Infrastructure

Robert Hall joined Lazard Asset Management as Head of Sustainable Private Infrastructure to build a team for managing a sustainable investment strategy focused on private infrastructure companies. Formerly, he was a partner and member of the infrastructure investment committee at Federated Hermes.

► Source: ESG Investing

Guillaume Mascotto joined Jennison Associates as Managing Director, Head of Environmental, Social & Governance (ESG) Strategy

Asset Management firm Jennison Associates hired Guillaume Mascotto as Managing Director, Head of Environmental, Social & Governance (ESG) Strategy. He will play a crucial role in setting strategic directions and the daily management of the firm's ESG activities.

► Source: BusinessWire

GFI appointed Emma Howard Boyd as Interim Chair

Green Finance Institute (GFI) appointed Emma Howard Boyd as Interim Chair following Sir Roger Gifford's demise in May. She will supervise GFI's work ahead of the COP26 climate summit this November in Glasgow and will help the organization to appoint someone to a permanent position, likely to be finalized in early 2022.

► Source: Green Finance Institute

FINTECH

Innovation in sustainable investing

The fintech section captures the various innovations in the data analytics, software solutioning, and technology space that benefit both investors and data providers. Learn about the most groundbreaking technologies leading their way in ESG.

Arabesque announced the launch of its business data solutions suite for assessing net zero and regulatory alignment

Arabesque introduced a new suite of Climate and Regulatory Solutions designed to help investors and businesses to capitalize on net-zero possibilities, comply with new regulatory requirements, and fulfil rising climate obligations. The suite contains a variety of data and insight solutions organized around its primary services of Validated and High-Quality Company Data, Climate Alignment Solutions, and Regulatory Solutions.

► Source: ESG Today

RIMES broadens its managed data services with an ESG solution

RIMES, a strategic data partner to various financial institutions has released its ESG data management

solution. The innovative, cost-effective, and adaptable solution enables asset management organizations to immediately access high-quality data to assess the long-term viability of any asset for enterprise-wide use.

► Source: finance.yahoo

Moody's launched a unique ESG score predictor for transparency in ESG risk and opportunity evaluation for SMEs worldwide

The new strategy will focus on high-emission sectors across G20 countries. It will focus on driving exponential growth in adoption and execution of the new target, 1.5°C through a new governance structure and technically strong operational models. Furthermore, it will include a more structured, adaptable project management approach to support sustainable and exponential growth.

► Source: SBTi



PRODUCTS & SERVICES



Industry demands met with sustainable investment products and ESG data & services

As businesses work toward getting ESG compliant and investors channel their funds into ESG products, the market is gearing up to facilitate all forms of products and services. In this section, you will find news on key products and services including the launch of climate change-targeted funds as well as ESG data and services.

KPMG ramped up its ESG services under KPMG Impact

As more accounting firms opt for ESG disclosure, KPMG has expanded its efforts in the field with a new initiative called KPMG Impact. It collaborated with various other standard setters through the World Economic Forum to form a disclosure method of 21 core ESG area metrics for businesses. The company will also use this method to report its own ESG commitments.

► Source: Accounting Today

German government pension funds to be invested through Euronext V.E ESG World 75 fund

Euronext, a pan-Europe exchange platform, launched Euronext V.E ESG World 75 fund with the aim to invest in 75 companies located in six countries based on

their sectoral representation and ESG performance. This fund will help the German government in aligning its pension investment with its sustainable finance strategy.

► Source: ESG Today

BCG launched Green Ventures to assist corporates to achieve net-zero target

The newly launched BCG Green Ventures is the group's climate investment wing will enable corporates to achieve their target of "net-zero emission" by 2030. The move comes as a part of the USD 400 million commitment toward sustainability investing. BCG had previously collaborated with a few companies to launch climate data analytics software applications such as Utopus and Unifrax.

► Source: Consulatncy.uk

ASI Climate Range introduced three climate funds targeting net-zero global emissions

The Climate Range by Aberdeen Standard Investments (ASI) is in line in with the 9th article of EU's Sustainable Finance Disclosure Regulations that applies to products targeting sustainable investments. The three funds – the Global Climate and Environment Equity fund, Climate Transition Bond fund, and the Multi-Asset Climate Opportunities fund – will draw a high EU Taxonomy scores.

► Source: FTAdviser

Multinational banks teamed up to launch a carbon marketplace for corporate customers

NatWest, ITAU, NAB, and CIBC have teamed up to launch a blockchain-based carbon marketplace, namely Project Carbon. This will help corporate

customers reduce their carbon footprints by creating a global carbon offset market. More banks are expected to join the platform.

► Source: Finextra

RobecoSAM US Green Bonds launched amid expected increase in green bond issuance in the US

Robeco partnered up with Quintet Private Bank to launch the RobecoSAM US Green Bonds, aiming for an initial commitment of EUR 125 million. After thorough screening, the fund will invest in US green bonds issued by government-related agencies, governments, and corporates. Biden government's focus on climate action is ramping up corporate interest in the US sustainable debt markets.

► Source: ESG Today



LAWS, POLICIES, & REGULATIONS



Major policies that pave the way for disclosure in the industry



Policy reformation and amendments in the ESG reporting space are at all-time high. What started as a voluntary disclosure is now making its way to becoming mandates. Be it on sustainable investments standards or climate change reporting mandates and transparency in governance practices, we bring you the latest regulatory updates in this section.

IOSCO issued recommendations to address risks from ESG rating and data providers

The International Organization of Securities Commissions (IOSCO) Board has suggested 10 recommendations to reduce the risks and challenges from ESG ratings by third-party data providers. IOSCO recommended that market participants should undertake due diligence, and the service providers should follow legal and regulatory procedures.

► Source: Regulation Asia

FCA published a guidance letter for sustainable investment funds

The Financial Conduct Authority (FCA) published a guidance letter on ESG disclosures and greenwashing practices. The letter focused on how fund managers should create, deliver, and disclose ESG data for

sustainable investment funds.

► Source: Akin Gump

HKMA issued draft guideline on climate risk management for banks

The Hong Kong Monetary Authority (HKMA) published a draft guideline on climate risk management to be followed by financial institutions. The draft provided comprehensive guidance on disclosures, risk management, and governance for local as well as international banks.

► Source: Regulation Asia

ESMA issued a clarification on SFDR Article 8 scope and its application

The European Securities and Markets Authority (ESMA) clarified the application of the Sustainable

Finance Disclosure Regulation (SFDR) and the scope of Article 8. According to ESMA, SFDR also applies to non-EU managers, and investment funds with ESG characteristics will always fall under the Article 8 of the regulation.

► Source: Mondaq

SEC adopted recommendations on ESG disclosures

The ESG Sub-committee recommendations regarding ESG disclosures have been accepted by SEC's Asset Management Advisory Committee. Practices for ESG products and their disclosures along with a framework for ESG-related disclosures to be followed

by insurers are among the recommendations adopted.

► Source: Natlaw review

The Advisory Committee of SEC approved ESG and diversity proposals

The SEC Asset Management Advisory Committee (AMAC) approved diversity and ESG proposals. The panel consists of financial officials, administrators, and experts and the proposals focused on the disclosures of gender and racial diversity at workplace to be made by registered investment advisors.

► Source: Investment News



Global sustainability watchdogs chasing wrongdoers

Do companies follow their ESG commitments? Tracking corporate controversies helps in investment decisions and enables stakeholders determine whether the companies are being fair to their commitments or merely greenwashing. We bring you the top controversies in this section.

Shareholders of Hungarian airline urge investors to vote against CEO bonus

The shareholders of the Hungarian airline Wizz Air urged investors to vote against the proposal of a GBP 100 million bonus for the CEO, Jozsef Varadi if he meets certain share price and other ESG related targets. Although the company stated that it was necessary to retain the CEO, the shareholders consider it unreasonable and "excessive payouts".

► Source: Reuters

USD 886 million fined on Amazon over data privacy violations

Amazon.com Inc was fined for USD 886.6 million by the Luxembourg National Commission for Data Protection (CNPD) for processing the personal data

of customers. The act is a violation of the European Union's General Data Protection Regulation (GDPR) guidelines.

► Source: Livemint

Chilean environmental authority charged Canada-based Lundin over mine blasting operations

The Environmental Superintendent or SMA charged Lundin for violating the terms defined under blasting operations and exceeding the operational continuity permit for its Candelaria copper mine. The local residents complained about the company's operations and its failure to adhere to the environmental guidelines.

► Source: WHBL



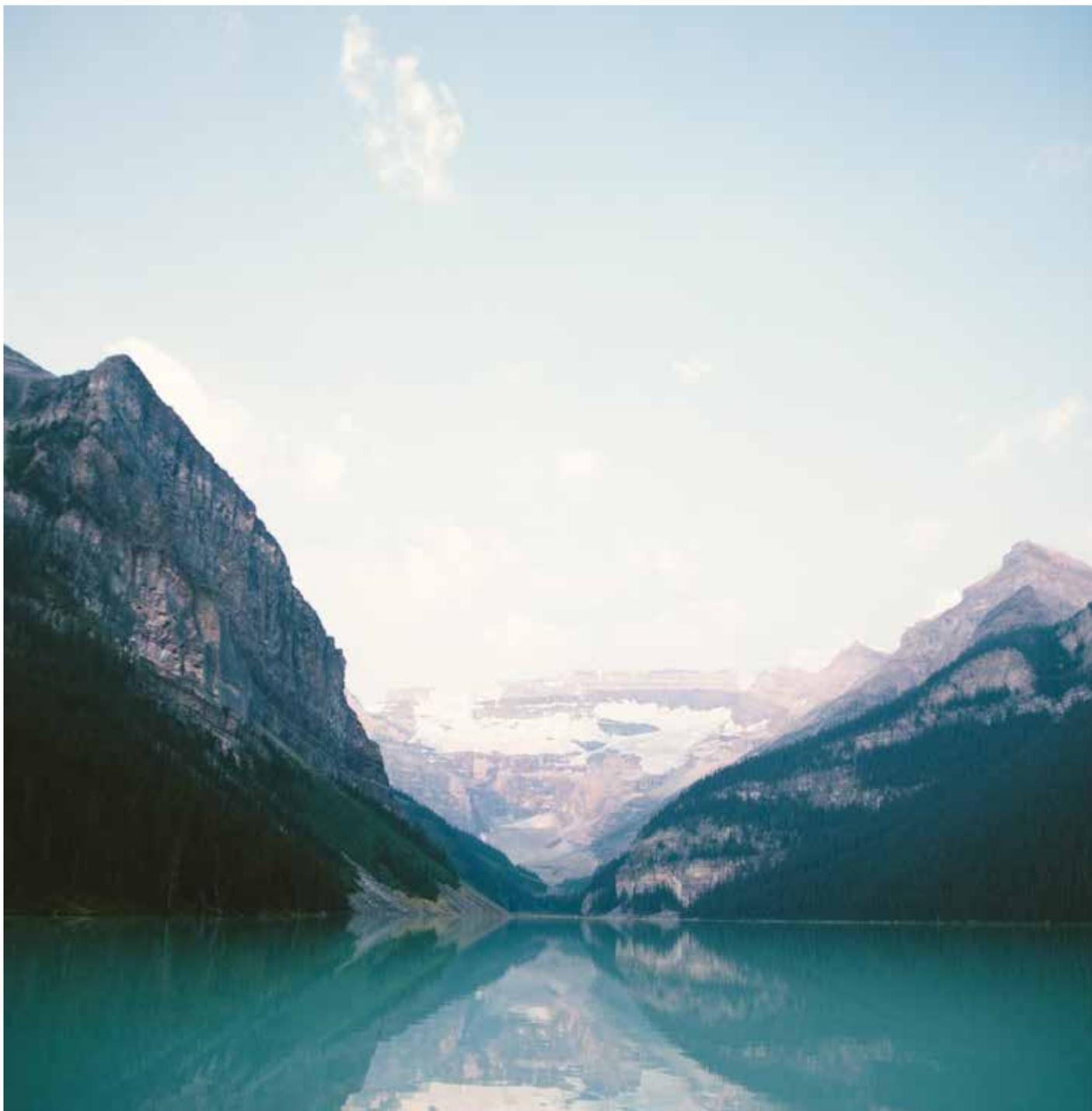
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