



Monthly ESG Newsletter

October 2024

**ARWIN &
PARTNERS**

Sustainability matters!

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EU Commission - Draghi's report on EU competitiveness & key sustainability issues

- Mario Draghi, the former European Central Bank President, delivered a Report on the future of European competitiveness to the President of the European Commission. The Report comprises two parts: Part A (a competitiveness strategy for Europe) and Part B (in-depth analysis and recommendations). The analysis calls for a "new industrial strategy for Europe", urging on the EU to raise investments by €800bn a year to fund radical and rapid reform and avoid "a slow agony".
- Ursula von der Leyen, the president of the European Commission who commissioned the Report about a year ago, expressed her support for the fundamental principles of the report
- Some of the current key sustainability issues raised in the report are the sustainability reporting burden and the complexity of the steps required to obtain permits/approvals from regulatory authorities. The report also highlights the importance of increasing investments in decarbonisation, as well as the importance of having a coordinated strategy covering the entire value chain, from critical raw materials to the final products
- Timing: September 2024

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UK FCA - temporary flexibility for firms on "naming and marketing"

- The FCA (Financial Conduct Authority) has given limited temporary flexibility - until the 2nd April 2025 - for firms to comply with 'naming and marketing' rules related to sustainability products
- It has become clear that it has taken longer than expected for some firms to make the required changes to ensure compliance with the 'naming and marketing' and disclosure rules, which come into force from 2 December 2024. Some firms wishing to use an investment label, or which need to change the names of their products, require more time to meet the higher standards and prepare the disclosures needed for the FCA's approval. As such, with a view of "getting SDR right" for investors, the FCA is seeking to take a pragmatic and outcomes-based approach, granting firms a restricted period of temporary flexibility
- For firms to gain access to this flexibility, they have to submit to the FCA by October 1 2024 a completed application for approval of amended disclosures, that must be in line with ESG 5.3.2R for that fund. Furthermore, they have to be currently using one or more of the terms 'sustainable', 'sustainability' or 'impact' (or a variation of those terms) in the name of that fund
- Timing: 2024-2025 ongoing

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The Italian Government - has transposed into domestic law the CSRD

- The Italian Government has officially adopted Legislative Decree no. 125 of 6 September 2024, which marks a crucial step towards the implementation in the Italian law of the European Directive known as CSRD. This measure aims to strengthen transparency and reporting obligations on companies' ESG performance
- The new regulation, eagerly awaited by the business world and investors, introduces significant changes to the previous legal framework. Indeed, it replaces and expands the scope of the previous Directive 2014/95/EC. The regulation's aim is to align corporate reporting practices with the challenges of climate change and international sustainability standards, while strengthening market and stakeholder confidence
- This new decree comes with several novelties. Together with an extension in the scope of the decree, an obligation to use the European ESRS standards has been introduced. In addition, more rigorous controls have been implemented, and a single electronic format has been adopted
- Timing: 2024 ongoing
 - Note: the decree was published in September 2024

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ECB - legal implications of nature-related risks for financial institutions

- Mr Frank Elderson, a Member of the Executive Board and Vice-Chair of the Supervisory Board of the European Central Bank (ECB), delivered an important keynote speech at the European System of Central Banks (ESCB) Legal Conference. He highlighted two growing legal ramifications of nature degradation for the financial sector: nature-related litigation and the impact on central banks' and supervisors' mandates. Mr Frank Elderson underscored the necessity for central banks and financial institutions to address these pressing risks in light of the ECB's stepped-up climate supervision work
- Mr Elderson had already flagged the risks of climate litigation in the banking sector during last year's ESCB Legal Conference, in his keynote speech "Come hell or high water". These keynote speeches follow the ECB's 2022 reforms aimed at decarbonising its corporate bond holdings
- Mr Elderson concluded by stressing the urgency of addressing nature-related risks, alongside climate-related risks, by stating that Financial institutions must recognise the legal implications of nature degradation, ensuring robust governance and proactive management of these emerging risks
- Timing: keynote speech in September 2024

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TISFD

TISFD - launch of the Taskforce on Inequality and Social-related Financial Disclosures

- A new taskforce has been launched: The Taskforce on Inequality and Social-related Financial Disclosures (TISFD). Its aim is to bring attention to the financial risks to companies and financial institutions of global inequality
- The TISFD will develop a global framework for companies and financial institutions to include within their public reports more effective disclosures about impacts, dependencies, risks, and opportunities related to social issues, including inequality
- The Taskforce has the support of more than 100 organisations from across business, finance, labour, civil society and international organisations, and will be chaired by global leaders: Peter Bakker, Sharan Burrow, Arunma Otey, and Gabriela Ramos. The Co-Chairs will lead the Taskforce's Steering Committee to deliver on its goal of incentivizing business and financial practices that create fairer, stronger societies and economies
- Timing: 2024 ongoing

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IFRS
Foundation

IFRS - launches guide to help companies voluntarily apply ISSB sustainability reporting

- The IFRS Foundation announced today the publication of a new guide aimed at helping companies to voluntarily apply the recently issued climate and sustainability-related disclosure standards (published by the ISSB) and communicate their progress to investors
- The IFRS Foundation's International Sustainability Standards Board was launched in November 2021, with the goal to develop IFRS Sustainability Disclosure Standards to provide investors with information about companies' sustainability risks and opportunities. The IFRS released the inaugural general sustainability (IFRS S1) and climate (IFRS S2) reporting standards in June 2023
- Since the release last year, several regulators globally have announced plans to utilize the standards, with the IFRS reporting in May 2024 that more than 20 jurisdictions have decided to use the ISSB standards, or are taking steps to introduce the standards in their own frameworks, with the jurisdictions representing nearly 55% of global GDP, more than 40% of global market capitalization, and over half of global greenhouse gas emissions
- Timing: September 2024

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CMA
Competition & Markets Authority

CMA - new greenwashing guidance for the fashion industry in the UK

- The ambitious approach to tackle greenwashing in the fashion industry taken by the UK Competition and Markets Authority (CMA) continues, with the launch of a new practical compliance guide for fashion businesses, and a word of warning for 17 unnamed fashion brands to review their business practices. The CMA has made it clear that the new example-based practical guide "means there's no excuse for using misleading claims" and reminded businesses that failure to ensure practices that are aligned with consumer protection rules could carry a risk of up to 10% global turnover of the Digital Markets Competition and Consumers Act
- The guidance makes clear that all stakeholders in the supply chain for the supply of clothes, footwear, fashion accessories and related services (such as packaging, delivery and returns) are responsible for ensuring their claims are accurate and substantiated
- The guidance adopts a new example-based approach which helps businesses understand what practices the CMA is likely to consider more 'misleading' than others, in order to build compliance infrastructure within their business models
- Timing: September 2024

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European
Commission

EU Commission – new Commission's mandate (2024-2029)

- European Commission President Ursula von der Leyen announced the list of Commissioners-designate for her new Commission. We expect the new Commission to start on 1 December, but delays are possible. Ursula von der Leyen presented to the European Parliament her Political Guidelines for the next Commission's mandate (2024-2029). This defines the key priorities for the new Commission in the next five years, with a new plan for Europe's "sustainable prosperity and competitiveness".
- In ESG, the Political Guidelines proposed the creation of a new Clean Industrial Deal in the first 100 days of the new Commission which will include an Industrial Decarbonisation Accelerator Act and a new Circular Economy Act, a review of the existing EU Climate Law through a proposal for a 90% emissions reduction target for 2040, a potential review of the 2035 CO2 standards for cars and vans to include technology-neutral options, a review of the REACH chemicals regime, an EU water resilience strategy, and a new gender equality strategy for post-2025
- Timing: December 2024

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The CSDDD explained by CDP

- CDP has published a Corporate Sustainability Due Diligence Directive (CSDDD) policy explainer, an explanation outlining a selection of essential aspects and implications of the CSDDD, with a focus on companies climate governance along their value chains
- The CSDDD is an EU Directive aimed at addressing adverse human rights and environmental impacts where they most often occur: global supply chains. The Directive imposes a set of requirements on large companies active in the EU (6,000 EU-based & 900 non-EU based) to holistically address the most significant impacts within their value chains
- Key takeaways from the policy explanation:
 - The CSDDD is a crucial piece of the EU Green Deal and the EU's ambition towards limiting global warming to 1.5°C, in line with the Paris Agreement
 - The CSDDD requires companies to have a transition plan in place, ensuring that their business model and strategy are compatible with the transition to a sustainable economy

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UN Global Compact Network UK: Good Practice Case Studies in Scope 3 Data Collection

- Of the three scopes of carbon emissions outlined by the Greenhouse Gas Protocol, Scope 3 is by far the most complicated for businesses to measure and reduce. While Scopes 1 & 2 account for emissions in the company's own operations, Scope 3 encompasses all other emissions in the value chain. This means that substantial internal and external collaboration is required to coordinate the retrieval of huge amounts of data across the business' operations. Thanks to this information, the organisation can understand, to subsequently reduce, its full carbon footprint
- So how are companies doing this? To tackle this question, in February 2024 the UN Global Compact Network UK hosted a 'Collecting Scope 3 Data' webinar series. Across four webinars, leading organisations shared their insights, methodologies, and tools for collecting emissions data across a variety of areas, including how they collaborate with suppliers and employees to do this
- The article highlight some of the learnings shared by the guest speakers from large companies such as AstraZeneca and Vodafone UK

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McKinsey: Global Energy Perspective 2024

- As the global energy landscape changes, businesses and politicians need to grasp the future trajectory. To address this challenge, McKinsey is offering the Global Energy Perspective 2024, an extensive report on the energy transition with a data-driven perspective. This perceptive study explores the major themes influencing the energy industry and provides analytical viewpoints on the obstacles and possibilities that lie ahead
- While significant progress has been made in the nine years since the landmark Paris Agreement, the global energy transition is entering a new phase, marked by rising costs, complexity, and increased technology challenges. To successfully navigate this next phase, urgent action is needed and the pace of change must accelerate
- The Global Energy Perspective 2024 is intended to serve as a fact base grounded in the best currently available data to help global stakeholders meet decarbonization goals. The report offers a detailed demand outlook for 68 sectors and 78 fuels across a 1.5° pathway, as set out in the Paris Agreement, as well as three bottom-up energy transition scenarios

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European Commission: State of the Energy Union Report 2024

- Energy policy is critical for European competitiveness, security and decarbonisation towards climate neutrality by 2050, as well as for the achievement of zero pollution, biodiversity protection and circular economy objectives. Under the European Green Deal, the EU has put in place a stable and ambitious energy policy framework, reflecting the fact that energy accounts for around 75% of greenhouse gas emissions
- Russia's war of aggression against Ukraine and its weaponisation of energy, have threatened Europe's energy security and, in turn, its economic security. In response, the EU launched the REPowerEU plan to phase out dependence on Russian fossil fuels and took the emergency actions needed to achieve energy security and stabilise markets
- The European industry faces a significant challenge to its competitiveness due to rising competition from China, high energy prices differentials compared to other industrial competitors like the US, and potential strategic dependencies on clean energy technologies

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Eni-Socar: Deal on energy security & cutting emissions

Eni and the Azerbaijani state energy company SOCAR, as part of the visit of the President of the Republic of Azerbaijan, Ilham Aliyev, have signed three Memorandums of Understanding regarding energy security, the reduction of greenhouse gas emissions, and the production chain of biofuels. The first of the three memorandums aims to enhance cooperation in the production of hydrocarbon

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CGC: Launches the first US national green bank

The US-based Coalition for Green Capital (CGC) has launched the first national green bank, announcing it is open for business proposals. With a \$5 billion federal grant that CGC received under the Inflation Reduction Act, the landmark climate bill passed in 2022, CGC and its network are constructing a clean power platform to guarantee a better future to all Americans

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AGCM: Greenwashing fine to Shein

The Italian Competition Authority has launched an investigation into global fashion online retailer Shein's website operator Infinite Styles Services Co over possibly misleading advertising claims made on the site regarding the environmental sustainability of Shein branded clothing. The investigation comes as EU regulators and lawmakers have taken a series of actions aimed at addressing greenwashing

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HSBC to discount lending for sustainable farming

HSBC, in partnership with the sustainable farming charity Linking Environment and Farming (LEAF), is offering discounts to businesses that obtain the LEAF Marque certification or complete a LEAF Sustainable Farming Review. Eligible businesses can receive reduced fees on term lending, from £25,001 to £25m, depending on several factors, including credit status

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G20: New principles for a 'global bioeconomy'

The G20 nations have introduced an Initiative on Biodiversity, with principles to promote the development of a global 'bioeconomy'. The initiative is based on three topics: science, technology and innovation; the sustainable use of biodiversity; and the role of bio economy in promoting sustainable development

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EIB & DBSA: Supporting the renewable energy sector

EIB and DBSA have increased their support for private sector renewable energy projects, with combined financing currently reaching €600 million. Both banks have added €100 million to their initial investment launched at COP27 in 2022. This funding aims at developing solar photovoltaic and onshore wind projects especially

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SBTi: Aligning building's sector to Net-Zero Targets

The SBTi launches a framework with specific criteria for companies in the building sector to align with net-zero targets. These companies must commit to no new fossil fuel installations, and halve emissions by 2030. The framework also includes guidelines to limit the environmental impact of new buildings, to achieve limiting temperature rises to 1.5°C

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UK Government: New state-owned National Grid

The SBTi UK Government has announced the establishment of the National Energy System Operator (NESO), a state-owned organisation to ensure energy security. As part of the new NESO organisation, the National Grid's Electricity System Operator (ESO) will be bought by the UK government for an agreed fee of £630m

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ESG & Sustainability upcoming events

October 2024



ESG Summit Europe 2024: 1-2 October

Gain valuable perspectives on the most recent trends from professionals including those from the European Commission, Securities Regulatory Authorities, World Economic Forum, United Nations, industry pioneers, the banking sector, rating agencies and consulting firms, among others

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Madrid,
SP

ECONOMIST
IMPACT

4th annual Sustainability Week: 7-8 October

Gain practical ideas on how to move faster toward net zero and prepare for COP29. Discover how companies can deliver effective transition plans by learning from case studies and success stories

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Amsterdam,
NL

FT LIVE

Moral Money Summit Americas: 15-16 October

The debate around sustainability in business and finance has never been more intense – or more urgent. Corporate leaders face pressure to respond to climate risks and an accelerating energy transition, and to support progress on social and economic justice

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New York City,
NYC



EU Paris-aligned Climate Transition: 17 October

The aim of the event is to hold a general exchange on successes and shortcomings of the EU Paris-aligned Benchmarks and EU Climate Transition Benchmarks after four years since their entry into application

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Brussels,
BE



World Sustainability Congress 2024: 23-24 October

In an era marked by environmental degradation and social disparities, the World Sustainability Congress emerges as a crucial platform for meaningful discussions, collaboration, and decisive actions

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Amsterdam,
NL

VERGE

Climate Tech 2024: 29-31 October

VERGE is the center of gravity for professionals catalyzing transformative, profitable change through decarbonizing their operations and supply chains. Join more than 6,000 leaders from across functions, industries and sectors to discover what it takes to deploy climate tech at scale

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San Jose,
CA

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ESG Conferences organized by Investment Banks and Brokers

Annual list

Organiser	Event Name	Mode	Location	Date	Hyperlink (if any)
 REUTERS	USA Sustainable Summit 2024	In attendance	New York	7-8 October 2024	Reuters
 Earth System Governance	2024 ESG Forum	Virtual	-	14-18 October 2024	ESG
 UBS	UBS ESG and Sustainability Symposium 2024	In attendance	London	14-19 October 2024	UBS
 ESMA	Environmental risks and ESG investing	In attendance	Paris	15 October 2024	ESMA
LOYENS L LOEFF	ESG Conference 2024	In attendance	Amsterdam	15 October 2024	LoyensLoeff
ISS STOXX ▶	The Future of ESG Data	In attendance	London	17 October 2024	ISS
J.P.Morgan	Global Energy Conference	In attendance	London	4-5 November 2024	JPMorgan
 MORNINGSTAR	Sustainable Investing Summit 2024	In attendance	Amsterdam	7-8 November 2024	Morningstar
 UniCredit	ESG Day 2024	In attendance	Milan	14 November 2024	Unicredit
United Nations Climate Change Global Climate Action	UN Climate Change Conference	In attendance	Baku	11-22 November 2024	UN Climate Change
 MOODY'S RATINGS	State of Nations 2024	Virtual	-	19 November 2024	Moody's
Jefferies	Energy Transition Conference	In attendance	New York	21 November 2024	Jefferies
J.P.Morgan	European Financials Conference	In attendance	London	21-22 November 2024	JPMorgan
 Kepler Cheuvreux	IR Summit 2024	In attendance	London	10-11 December 2024	Kepler Cheuvreux

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