



Monthly ESG Newsletter – Corporate

Milan, December 2021

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Section 1

Regulatory Updates

November 2021 – ESG Regulatory updates



ESMA publishes its preliminary report on the EU carbon market

- The report responds to the request made by the EU Commission to ESMA in its Communication on energy prices for a **preliminary analysis of European emission allowances (EUAs) and derivatives on EUAs**.
- The Report presents an **overview of the financial regulatory environment for the carbon market** under MAR, MiFID II and EMIR and the tools available to securities supervisors to fulfil their responsibilities.
- The Report, based on commercial data, also provides an analysis of price evolution and volatility in EUAs and derivatives on EUAs.

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Information regarding regulatory technical standards under the Sustainable Finance Disclosure Regulation 2019/2088

- The ESMA informs the Commission that the draft RTS could not be adopted by the Commission within the three-month period, given their length and technical detail, which requires additional time in the adoption process.
- Furthermore, the ESAs envisage that financial market participants, which publish the statement referred in Article 4(1), point (a), of the SFDR, or paragraphs 3 and 4 of Article 4 of that Regulation **will have to comply** with the disclosure requirements on principal adverse impacts on sustainability matters the first time **by 30 June 2023**, and the **first reference period under the RTS to be 1 January 2022 to 31 December 2022**.

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New ISSB standard to be introduced to unify and homogenize all the different sustainability disclosure standards

- The IFRS Foundation is responsible for setting global accounting standards plans to create a **new International Sustainability Standards Board**. The new ISSB will guide companies on what sustainability disclosures ought to be made to investors to supplement financial statements.
- **The ISSB wants to pull all the different standards together** in an unique comprehensive format resembling an IFRS standard. The board will also seek to create **"a presentation standard"** that would comment more generally on what sustainability information for investors should look like, whether it's climate-related or on other topics," she said.

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Section 2

November 2021 - New ESG reports

November 21 – New documentation on ESG issues for Corporates



Circular economy for a sustainable future

- The findings identify urgent ly needed actions that organizations must take to **enable the circular economy**.
- Organizations must radically **rethink their business models** to define alternative revenue channels that are not driven solely by product sales, while also embracing circular design principles in their production processes.
- In the long run, the circular economy is capable of benefiting organizations, consumers, the environment, and society at large, and it is imperative that companies take action today to make it possible

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2021 ESG Survey Report

- The mainstream adoption of ESG considerations in investing is reflected in the survey results. More investors are allocating ESG-focused strategies and **devoting more resources to ESG** toward ESG in their analysis, investment and reporting processes.
- In general terms, **85%** of respondents have **a greater focus on ESG** than 2 years ago.
- This is reflected in asset allocation decisions. **61% investors surveyed have increased their allocations** to investment strategies or investment managers that target specific ESG outcomes.

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Trends of ESG disclosure policy measures across IPSF jurisdictions

- Internationally **aligned ESG disclosure requirements** can lower costs for information providers while increasing the usefulness of the information stakeholders.
- This report provides a structured description and comparison of the status of ESG disclosure policy measures in 19 jurisdictions.
- It examines policy measures for non-financial corporations, banks, asset managers and institutional investors

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Corporate ESG in focus – An overview of ESG and its impact on companies

- ESG factors are no longer treated as trivial issues confined to a company's CSR department - they are becoming central to a company's financial performance and reputation.
- With increased scrutiny of ESG issues, companies need more than ever to understand and leverage their ESG performance
- However, **many companies aren't sure how their ESG performance will affect the business**. This guide serves to decode the complexities surrounding ESG and provide an overview of key ESG concepts.

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The European ESG market in Q1 2021 – Introducing the SFDR

- This report breaks down the size of the European ESG market, reviewing the asset under management of funds using the SFDR framework.
- The implementation of SFDR has, in practice, split the EU fund universe into three categories.
- Each category is named after the relevant Article in SFDR:
 - **Article 6** are funds that integrate sustainability risks,
 - **Article 8** are funds with sustainability characteristics
 - **Article 9** are funds that have sustainability objectives.

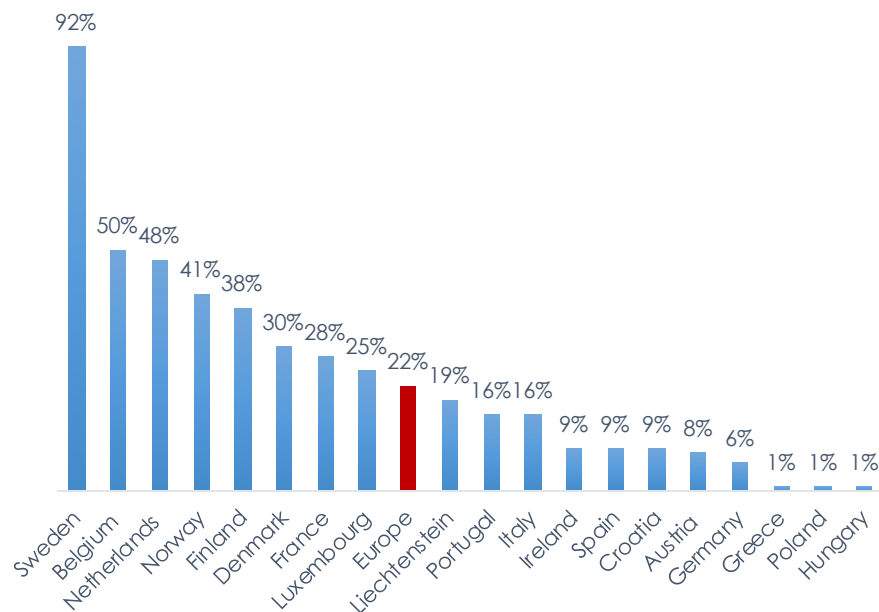
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Section 3

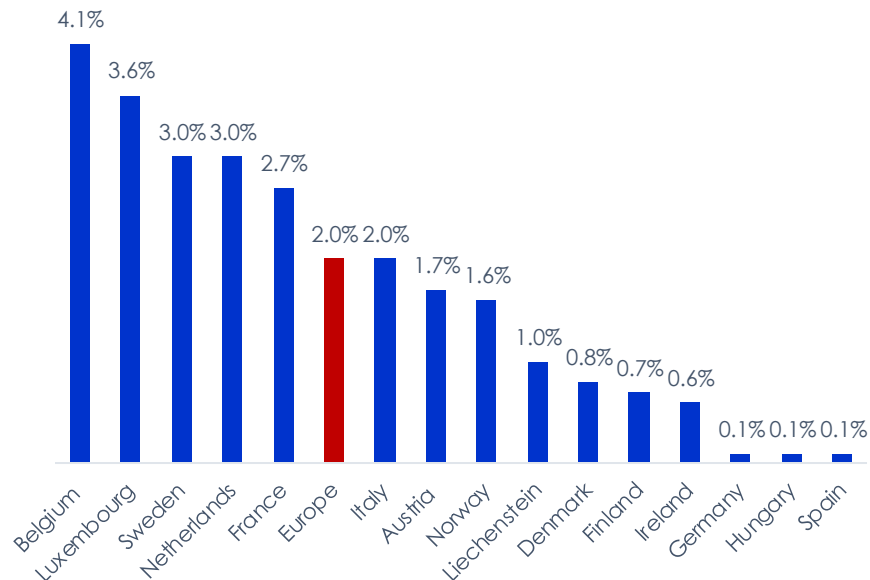
Market Share of European Sustainable Funds – focus on Art. 8 and Art. 9 of SDFR

Article 8 funds represent 22% of the market share in Europe, Article 9 funds only 2%.

Domestic market share of art. 8 funds per domicile
% of total assets of UCITS and AIFs, end of 1Q21



Domestic market share of art. 9 funds per domicile
% of total assets of UCITS and AIFs, end of 1Q21



Source: EFAMA

- **Art. 8**, European average at 22% vs Italy at 16%, **Art 9**, European average at 2% vs Italy at 2%.
- Nordic countries dominate, underpinning investors focus on ESG and ESG maturity of investment industry.
- Both in terms of Art 8. and Art 9. there is substantial room for improvement for the Italian fund management industry.

Section 4

November ESG News and December events

ESG News Highlights: November 2021

NORTON ROSE
FULBRIGHT

Commission proposal establishing a European single access point

On 25 November 2021, the European Commission published a proposal for the Regulation establishing a European single access point (ESAP) providing centralized access to publicly available information of relevance to financial services, capital markets and sustainability.

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ESG Today

Euronext's ELITE, Eni Unveil New SDG Sustainable Finance Tool Targeting the Energy Supply Chain

Euronext private market-focused company ELITE, and Italian energy company Eni announced today the introduction of the "Basket Bond – Sustainable Energy" program.

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ESG
NEWS

Pension plans: 62.5% integrate ESG criteria in their investment choices

Pension providers are increasingly inclined to integrate ESG criteria into their investment decisions. This is what emerges from the study on SRI policies: among the 88 pension plans that participated in the study, in fact, 55 make sustainable investments.

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ESG360

ESG Standards: good news coming from COP26

Initial evaluations related to the IFRS Foundation's decision to create a new ESG standards setting board, the ISSB) that will consolidate three previous initiatives: SASB, IIRC and CDSB.

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ESG
NEWS

Bank Foundations : 2 out of 3 choose sustainable investments

Among medium- to large-sized banking foundations, two in three choose sustainable investments, and of those, 60 percent will increase them as a result of the pandemic.

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Expansión

Amundi (255M Art. 8 AuM) and BlackRock (228M Art. 8 AuM) battle to be the largest sustainable investor

The entry into force of the latest European ESG investment regulations has brought light to the asset management industry in terms of sustainability.

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ESG News Highlights: November 2021



Sustainability wins the Oscar di Bilancio

The award promoted by FERPI (Federazione Relazioni Pubbliche Italiana) together with Borsa Italiana and Università Bocconi confirmed the **primacy of sustainability issues** and saw a growing participation of unlisted, large and medium-sized companies..

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Mediobanca: membership of the Net-Zero Banking Alliance for the fight against climate change

Mediobanca Group renews its commitment to fight climate change through two important achievements: the adhesion to **the Net-Zero Banking Alliance and the neutralization of its direct Scope 1 and 2 emissions**.

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Enel accelerates investments to reach net zero by 2040

Time is running out for Enel, which in the new Strategic Plan 2022-2024 has announced **an acceleration of investments** to anticipate the target net zero to 2040.

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Snam: new 2021-2025 Plan with acceleration towards Net Zero

Snam has presented today the new **2021-2025 Plan**, in which it foresees investments for 8.1 billion euros for "H2 ready" infrastructure and green projects, with an overall increase of about 700 million compared to the 7.4 billion euros of the 2020-2024 plan.

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The first Italian Esg rating of managed savings arrives

It is called **Fida ESG Rating** and it is the first sustainability rating at Italian level of the asset management sector. Realized with a specific evaluation system and in line with the new European regulations.

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This is how Msci sets the criteria for obtaining the ESG rating

The company that creates financial indices aims to create transparency in the market by indicating the criteria for a financial product to be defined as sustainable.

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ESG Events Highlights: December 2021

Creating Custom ESG Reports with Morningstar: December 7, 2021

Webinar to learn how Morningstar's sustainable framework and reporting capabilities can help tell the ESG story to clients and perform due diligence through a sustainability lens.

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GLIO Virtual Conference Week: December 9, 2021 – December 14, 2021

Topics on the Agenda: Reflections on COP26, Ensuring accountability for ESG action, ESG data in investment decision making, A adoption of ESG in infrastructure investment.

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UK Climate Financial Risk Forum: deep dive on data, metrics and legal risks: December 13, 2021

In the UK, the Prudential Regulation Authority and the Financial Conduct Authority has established the UK Climate Financial Risk Forum (CFRF) to provide industry advice on current and emerging best practice.

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GFMA's 2nd Annual Global Capital Markets Sustainable Finance Virtual Conference: December 14, 2021

In the UK, the Prudential Regulation Capital markets experts, policymakers, and innovators discuss the latest viewpoints on establishing a well-functioning and at-scale market structure for climate aligned finance at GFMA's annual conference on sustainable finance.

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