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# TATTVA

The Elements



2022 began with key framework providers for sustainability disclosure upgrading their frameworks to enable better ESG disclosure and many securities commissions making watertight norms to avoid greenwashing. The Science Based Targets initiative (SBTi) has developed scope 3 target setting while EU's expert advisors openly opposed the inclusion of gas and nuclear energy into the EU Taxonomy guidelines. Various organizations collaborated for forming the beta version of the Taskforce on Nature-related Financial Disclosures (TNFD) framework. The Securities and Exchange Board of India (SEBI) proposed stricter ESG rules to minimize greenwashing. Important hires were made across the industry. Network for Greening the Financial System (NGFS) hired new Chair and Vice-Chair while Marisa Drew joined Standard Chartered as Chief Sustainability Officer. The fintech space witnessed startups taking the lead. Boston-based WeSpire launched a new employee carbon management solution and California-based startup Engine No. 1 launched a tool called VOTE to show real-time boardroom voting behavior. ETF issuance increased as Invesco Canada and Wahed Inc. floated new ESG ETFs. Furthermore, Apple Inc. was caught up in legalities for their Netherlands market and several UK fashion brands were charged for greenwashing.



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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 ESG risks and capitalizing on the underlying opportunities to adopt sustainability. Catch the latest developments in industries from government mandates to revolutionary initiatives in this section.

### EU's expert advisors oppose inclusion of gas and nuclear energy in the EU Taxonomy

The EU Platform on Sustainable Finance, an expert group, has advised the European Commission against the proposal of classifying nuclear and gas energy under green economic activities in the EU Taxonomy. The platform further warned that the proposal would risk undermining the sustainable framework and would not be aligned with Europe's environmental goals.

► Source: ESG Today

### SEBI proposes tighter ESG rules on concerns over the risk of greenwashing

SEBI has proposed stricter ESG rules as it seeks to minimize the risk of greenwashing and misuse of ratings by companies. SEBI is pursuing to regulate

ESG ratings providers. It has also sought to mandate disclosures and compel listed companies, registered funds, and index-providers to use only these accredited ESG raters. With growing climate change risks, SEBI expects higher demand for ESG products and ratings.

► Source: The Print

### ECB launches climate stress test for banks

The European Central Bank (ECB) has launched the climate stress test to assess how prepared banks were in dealing with financial and economic shocks due to climate risk. The test would focus on exposures and income sources. The results of the exercise would be announced in July 2022.

► Source: Reuters

## SBTi's 2022 climate action plan includes sector-specific guidance and scope 3 target setting

SBTi, a collaboration between the Climate Disclosure Program (CDP), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), has announced its climate action plan for 2022. SBTi expanded the range of its guidance and resources for specific sectors, set out a framework to track progress against targets, and developed scope 3 target setting. SBTi would also continue to implement and strengthen its Country Activation Project in developing nations for bridging the regional gap.

► Source: Science Based Targets

## Denmark announces 100% green aviation target by 2030 and taxes carbon emitting firms

Denmark's Prime Minister, Mette Frederiksen, has announced new climate initiatives for the country, which included making all Danish domestic flights green by 2030. The PM has not shared any details on how the goal would be achieved in this short period. However, researchers and businesses are already working on a solution. The PM also emphasized being open to introducing tax on carbon dioxide gas emissions.

► Source: Know ESG

## Environmental contracts traded in 2021 on ICE surged to USD1tn in notional value

Intercontinental Exchange (ICE), a global provider of data, technology, and market infrastructure, has announced that trading of environmental contracts in 2021 surged to record volumes. 18bn tons of carbon allowances were traded during the year. This was equivalent to an estimated USD1tn in notional value, also comparable to more than half the annual global energy-related emissions footprint.

► Source: Business Wire

## Moody's forecasts sustainable bond issuance to accelerate to USD1.35tn in 2022

According to Moody's ESG Solutions, bond issuance grew by 64% to about USD1tn in 2021. Sustainable bond volumes are expected to soar further to USD1.35tn in 2022 with the issuance of green, social, sustainability, and sustainability-linked bonds. Despite the growth in volume, Moody's anticipated growth rates of the sustainable bond market to reduce due to the maturing market and tightening monetary policies pressurizing the larger bond market.

► 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. The impact is multi-fold in current times. Investor groups and corporates are increasingly collaborating to address such issues and drive sustainability. Following are the major coalitions in the ESG space.

### TNFD expands its knowledge partners while preparing to launch a nature-related risk disclosure framework

Taskforce on Nature-related Financial Disclosures (TNFD) has announced the collaboration of several organizations as knowledge partners in its effort to build a unified risk management and disclosure framework for nature-related risks. The structure will be based on the expertise of new collaborators and their current knowledge. The partners are already aiding the working groups in forming the beta version of the TNFD framework, which will be launched in March.

► Source: ESG Today

### Over 100 global GPs and LPs commit to ESG Data Convergence Project

Leading general partners (GPs) and limited partner (LPs) have committed to the ESG Data Convergence Project, making it the first-ever partnership in the

private equity industry. Since September 2021, more than 1,400 such private companies representing USD8.7tn in AUM have shown their commitment to the Project. The ESG Data Convergence Project was started to consolidate the otherwise fragmented ESG reporting system.

► Source: Carlyles

### S&P Global acquires The Climate Service, a provider of climate risk analytics solutions

The Climate Service, a provider of climate risk analytics solutions and technologies, was acquired by S&P Global, a global financial information and analytics company. The acquisition will expand the S&P Global's supply of ESG data and solutions to its customers. The company will be able to provide more accessible, reliable, and comprehensive climate data, models, and analytics to its clients.

► Source: Know ESG

## IBM acquires Envizi, a provider of sustainability data and analytics solutions

IBM has acquired Envizi, an Australian analytics company that automates the collecting of emissions data, bolstering its artificial intelligence efforts to help businesses become more sustainable and socially responsible. Envizi will be incorporated into IBM's physical asset management and supply chain software, allowing firms with ESG ambitions to track their progress on sustainability reporting obligations.

► Source: Bloomberg Quint

## Major North American banks join forces to create climate risk management guidelines

The RMA Climate Risk Consortium was formed by a group of 19 major North American banks with the goal of creating climate risk management standards that banks may use across their processes. Its goal

is to improve climate risk management practices for member banks and the general sector by analyzing current efforts and providing unified frameworks and standards.

► Source: ESG Today

## Aavishkaar Capital and KfW to launch a USD250m ESG First Fund for improving mid-cap companies' ESG standards

Aavishkaar Capital has announced the launch of a USD250m ESG First Fund with KfW, a German investment and development bank. The fund will help mid-cap companies to improve their ESG practices while also providing funding to expand into new markets. Their focus of investment will be in Africa and Asia to ensure capitalization on rising consumer demand for environmentally aware, gender-equal, and purpose-driven enterprises.

► Source: Business Standard



# 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 you the latest movements of such highly skilled professionals in the ESG sector.

### IFRS appoints Vice-Chair and Special Advisor for recently launched ISSB

The International Financial Reporting Standard Foundation (IFRS) has appointed Sue Lloyd as Vice-Chair and Janine Guillot as Special Advisor to the Chair of International Sustainability Standard Board (ISSB). In their new role, Lloyd will look after the technical standard setting issues and development of ISSB's work, and Guillot will be responsible for providing strategic advice and counsel to the Chair.

► Source: ESG Today

### Helge Muenkel joins DBS as Chief Sustainability Officer

Helge Muenkel has joined DBS as Chief Sustainability Officer to expand its sustainability-related advisory services regionally and sustainable finance

transactions across products. He will step down from his current position of Head of Asia Pacific, Sustainable Finance and Global Capital Markets in ING to take up this new position.

► Source: DBS

### Franklin Templeton welcomes Anne Simpson as Global Head of Sustainability

Franklin Templeton has hired Anne Simpson as Global Head of Sustainability to guide the firm's overall strategic direction on sustainability, ESG, and stewardship, globally. She will join the firm on February 22, 2022 and will report to the President and Chief Executive Officer, Jenny Johnson.

► Source: Franklin Templeton

## NGFS hires new Chair and Vice-Chair, and expands its Steering Committee with two new members

Network for Greening the Financial System (NGFS) has hired Mr. Ravi Menon (Managing Director of the Monetary Authority of Singapore) as new Chair and Ms. Sabine Mauderer (Member of the Executive Board of the Deutsche Bundesbank) as Vice-Chair for a two-year term starting January 2022. It has also expanded its Steering Committee by adding two new institutions Banca d'Italia and Banco Central do Brasil as members for a two-year term beginning January 2022.

► Source: NGFS

## Marisa Drew joins Standard Chartered as Chief Sustainability Officer

Marisa Drew has joined Standard Chartered as Chief Sustainability Officer to guide the bank's sustainability

strategic teams, sustainable finance, and net-zero commitments. She will also Chair the Standard Chartered Group's Sustainability Forum and join the Commercial & Institutional Banking Management Team.

► Source: ESG Today

## Schroders announces Tim Goodman as Head of Corporate Governance

Schroders has announced Tim Goodman as Head of Corporate Governance to direct its engagement and voting on corporate governance matters globally. Prior to joining Schroders, Tim worked at Federated Homes for 14 years, most recently as Director of Engagement where he focused primarily on energy, technology, consumer goods, and retail sectors.

► Source: Schroders

# FINTECH



## Innovation in sustainable investing

The fintech section captures 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 to ESG.

## WeSpire unveils a new employee carbon management solution

WeSpire has introduced a new employee carbon management solution. A one-of-a-kind provider for capturing employees' ESG footprints, WeSpire emerges with a new technology solution to measure a company's indirect carbon emissions. Companies can track its indirect carbon emissions through its workforce's activities and take measures to reduce it. This data-driven solution containing a suite of tools will also be an effective employee engagement tool.

► Source: WeSpire

## Arabesque to deliver real-time ESG data via Snowflake

Well-known ESG service provider Arabesque has joined forces with the data cloud company Snowflake to enable centralized access to all its ESG data. According to the President of Arabesque, Kieran Kennedy, the purpose of this collaboration is to provide its customers with accessible, comparable, and real-time sustainability data.

► Source: Finextra

## Deutsche Börse launches an ESG information hub

Deutsche Börse has introduced an ESG information hub for issuers and investors, a platform for issuers listed on the Frankfurt stock exchange to publish their ESG data. It also offers an ESG KPI report based on recognized platforms and frameworks. The platform is launched to provide increased investor visibility toward small and medium-sized companies and to enhance bid transparency by offering information for individual sustainability aspects.

► Source: Know ESG

## California-based startup introduces a novel tool to show real-time boardroom voting behavior

California based startup, Engine No. 1, has launched a tool called VOTE to show real-time boardroom voting behavior, which will enable shareholders to

have a greater voice in the companies in which they invested. This tool enables shareholders to see how the companies in which they invested vote on important matters of ESG. Many mutual funds and ETFs continue to vote against a majority of ESG proposals and only disclose their votes to their investors long time after being cast.

► Source: BusinessWire

## Util announces the launch of its sustainability analytics platform

Util has launched a sustainability analytics platform whereby users can explore and compare the impact of SDGs on underlying products and services of almost 50,000 companies. This platform enables users to detect if the companies are meeting specific criteria pertaining to environment and social factors of SDGs and generates a portfolio performance report based on this.

► Source: ESG Today

## RightShip introduces a carbon accounting reporting tool for ocean shipping

Rightship has introduced a carbon accounting reporting tool designed to measure, monitor, and benchmark GHG emissions related to shipping. It also provides vessel performance metrics and vessel, cargo, and route-type filters. It can also identify key emission hotspots. This will enable users to make informed and strategic decisions pertaining to emission reduction and accommodate the growing requirements of supply chain decarbonization and ESG reporting.

► Source: Oilreview Middleeast



# 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.

### Wahed launches a Shariah law-compliant ETF on Nasdaq

Wahed Inc., a US-based fintech firm, has launched the Wahed Dow Jones Islamic World ETF (UMMA) that complies to the Islamic Shariah laws with a blend of ESG norms. This one-of-a-kind fund will provide investors with international and ex-US investments. The screening process will consider Shariah laws and halal constituents along with filtering based on ESG values.

► Source: The Armchair Trader

### Denmark's central bank premieres its first green bond worth USD570m

Danmarks Nationalbank, the central bank of Denmark, has issued its inaugural green bond raising USD570m. Issued under Denmark's Green Bond Framework, the fund will look to invest government's investments and

expenditures that target renewable energy and green transportation. The bond has been oversubscribed 5x creating an order book of approximately USD2.6bn.

► Source: ESG Today

### HSBC AM unveils a bond fund to invest in Asian companies with good ESG scores

HSBC Asset Management (HSBC AM) has unveiled the HSBC GIF Asia ESG Bond Fund that will invest in Asian companies following ESG norms and working toward carbon intensity reduction. The bond is classified as Article 8 under EU Sustainable Finance Disclosure Regulation (SFDR). The fund will invest in green bonds, social bonds, transition bonds, and sustainability-linked bonds.

► Source: Investment Week

## Vanguard to introduce an impact mutual fund targeting positive environmental and social impact

Vanguard will launch an impact mutual fund designed for investors to achieve positive environmental and social impact through their investments. The company has filed an initial registration statement with the SEC for the fund, which will be called Vanguard Baillie Gifford Global Positive Impact Stock Fund. The fund will be publicly available in the third quarter of the year.

► Source: ThinkAdvisor

## Invesco Canada adds 8 new ESG funds into its ETF lineup

Invesco Canada Ltd. has added 8 new ETFs to its ESG line of offerings. The new funds will track ESG Indexes from S&P Dow Jones Indices and aim to deliver growth potential and interest income through ESG

fixed income allocations. With the addition of these new 8 funds, a total of 13 ESG ETFs are now being offered by Invesco in their Canadian market.

► Source: Advisor

## Citi launches Sustainability-linked Supply Chain Finance program for MENA market

Citigroup Inc. (Citi) has launched its first Sustainability-linked Supply Chain Finance program for the Middle East and North Africa (MENA) market. The program has been introduced with the suppliers in Algeria to expand into more markets in the MENA region. The program aligns with the bank's ESG goals. As its first project, Citi has implemented the program for a German chemical and consumer goods company, Henkel, in Algeria.

► Source: PR Newswire

# LAWS, POLICIES, AND REGULATIONS



## Major policies that pave the way to disclosure in the industry

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

### EBA issues new reporting requirements

The European Banking Authority (EBA) has issued new reporting requirements for banks on environmental risks and carbon targets. The new reporting comprises a set of mandatory templates, tables, and instructions. It will provide investors with more transparent and comparable information. The European Commission is yet to adopt the reporting requirements.

► Source: Bloomberg Green

### CSA issues guidance on investment fund regulatory requirements and disclosures

The Canadian Securities Administrators (CSA) has published a guidance on investment fund regulatory requirements and disclosures. According to the

guidance, funds promoted to investors should be accurate and consistent with a fund's regulatory offering documents. The guidelines will help fund managers to enhance their respective fund's ESG aspects.

► Source: Mondaq

### SEC issues guidelines for investment companies

SEC has issued guidelines for investment companies qualifying as sustainable and responsible investment (SRI) funds. According to the guidelines, investment companies, as well as their sub-funds, should contain "one or more sustainability principles or considerations or ESG factors in their registration statement," to qualify as SRI funds.

► Source: BusinessWorld

## ESMA revises MiFID II suitability guidelines

The European Securities and Markets Authority (ESMA) published a consultation paper on January 27, 2022, proposing amendments to the current EU MiFID II suitability guidelines. The paper highlights upcoming changes to the EU MiFID II ESG and other MiFID II updates. According to the proposed changes, investment managers and financial advisers should incorporate their sustainability preferences while performing sustainability assessments of clients to make investment decisions for them.

► Source: Lexology

## AMF issues its 2022 priorities action plan

The French financial regulator, Autorité des marchés financiers (AMF), has set out an action plan for its 2022 priorities. Sustainability reporting standards development and the protection of investors from greenwashing risks are two of AMF's top priorities. Other priorities include contributing to European Union-led initiatives such as taxonomy implementation, label development, and financial product standards.

► Source: ESG Today



# CONTROVERSIES

## Global sustainability watchdogs chasing wrongdoers

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

## Teva decides on settling a suit at USD420m

Teva has agreed to settle a shareholder suit by paying USD420m to investors over allegations of price-fixing of generic drugs with other companies. In 2020, the US Justice Department accused the company of acting as a ringleader in the price-fixing scheme.

► Source: Fierce Pharma

## FINRA fines Credit Suisse for inaccurate research reports

A fine of USD9m is levied on Credit Suisse Securities (USA) LLC, a division of Credit Suisse Group AG, by the Financial Industry Regulatory Authority (FINRA) for publishing more than 20,000 inaccurate research reports during 2006 to 2017. It is alleged that the reports contained wrong information about potential conflicts of interest. The company, however, did not admit any wrongdoing.

► Source: Reuters

## Citi's subsidiary fined over misconduct in equities business

Citigroup Global Markets Asia Limited (CGMAL), a subsidiary of Citigroup Inc., is fined USD45m by the Securities and Futures Commission (SFC) for issuing wrong "indications of interest" in stocks to generating client inquiries. The authority has also taken a disciplinary action against few former senior managers of the company.

► Source: MSN

## Antitrust regulator fines Apple Inc. over compliance failure

The Authority for Consumers and Markets (ACM) charged a fine of EUR5m on Apple Inc. for failing to comply with an order given by the authority. The order was to allow dating app providers use alternative payment methods on Apple's app store in the Netherlands.

► Source: Nasdaq

## CMA investigates UK fashion brands for greenwashing

The Competition and Markets Authority (CMA) has launched an investigation under the new Green Claims Code against popular fashion brands such as ASOS, Zara, H&M, etc. over greenwashing practices. The regulator has given time until December 31, 2021 to these companies to either prove their credentials or to change their marketing materials.

► Source: Green Queen

## Risk management committee of PTC India to investigate corporate governance of PFS

The board of PTC India has asked its risk management committee to find out issues in the corporate governance of PTC India Financial Services (PFS) as three independent directors resigned in January 2022. The undisclosed reason of resignation of the directors have cited concerns in the company. The committee has been asked to submit the findings within 30 days to the board.

► Source: Economic Times

# SGA Blogs

“Buy a Decade of Climate Progress”: What Biden’s \$2T ‘Build Back Better’ Agenda Means for the U.S. [Read More...](#)





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