

**SECTORAL**

**UPDATES**

**APR 2021**





## ESG

### World Bank revises climate policy but stops short of halting fossil fuel funding

The largest provider of climate finance to developing countries, the World Bank is working towards a 5 year climate action plan amid growing political momentum to cut public funding for carbon-intensive fossil fuel projects. While, the revised policy on climate change commits to making financial decisions that are aligned with net-zero efforts, it stops short of committing to completely halt funding of these projects.

### Endesa links its entire bank debt to ESG performance

Spanish utility group, Endesa has linked its debt (about EUR 2.7 billion) with banks to ESG criteria. It negotiated a commitment with lenders to produce 55% of the electricity that is produced in Spain with renewables by the end of 2022.

### Citi Incorporates ESG Scores into Citi VelocitySM Clarity

Citi has incorporated ESG scores into its securities services data platform, Citi VelocitySM Clarity. This would allow clients to analyse their ESG risk exposure at a portfolio and security level. This comes following the push for stakeholders across the financial sector looking for greater transparency and understanding of what ESG risk and exposure entails. Citi Velocity Clarity will offer clients the ability to build better understanding of all risks from a sustainability perspective.

## U.S. companies boost sustainability scores according to Refinitiv data

Refinitiv data shows that 137 US companies' sustainability ratings saw a boost in 2020, following investor pressure on corporate boards to enhance their ESG performance, and stricter disclosure policies. Average ESG scores in 2020 were 44.2, rising by ~2 points since 2019. Companies in consumer discretionary, industrials and technology sectors had some of the highest ESG scores, whereas those in the mining sector lagged behind. This being said, US companies have not overtaken European ones as European companies, on average, scored 58 points in 2020.

## S&P Global unveils new ESG and sustainability organization: S&P Global Sustainable

S&P Global announced the launch of S&P Global Sustainable, an ESG and sustainability organization. This group will represent S&P Global's integrated sustainability offerings and will offer a dedicated team that will provide comprehensive views on sustainability, including key ESG and climate topics. Sustainable brings together S&P Global's resources and full product suite of benchmarking, analytics, evaluations, and indices that provide clients with a 360-degree view aimed at achieving their sustainability goals.



## Infosys forms ESG committee with Kiran Mazumdar-Shaw as its head

Infosys has formed an ESG committee of its board, with Biocon's Kiran Mazumdar-Shaw chairing it. This committee will meet regularly and provide guidance to the board in discharging its responsibility of oversight on ESG initiatives, priorities, and leading ESG practices. In 2020, Infosys also emphasised its commitment to ESG issues by announcing its ESG Vision 2030.

## EMEA Utilities' Business Mix Drives ESG Vulnerability Scores

Fitch Ratings assigned 100 utilities in Europe, Middle East and Africa (EMEA regions) ESG Vulnerability Scores (ESG.VS) for 2025 to 2050. Utilities with greater exposure to high-risk activities particularly, thermal generation and coal scored higher ESG.VS. Transition to a low-carbon economy was the principal cause of ESG vulnerability in the utilities sector.

## McKinsey launches sustainability platform to help clients with Net Zero Transformation

McKinsey launched a new sustainable platform with the aim of helping clients cut emissions by half by 2030 to eventually get to net-zero by 2050. This platform will help build new green businesses, repurpose carbon-intensive assets, encourage the uptake of nature-based solutions and scale carbon markets.





**SUSTAINABLE FINANCE**

## Financial Sector Net Zero Initiatives Unite Under New Industry-Wide Alliance

The UN Race to Zero campaign launches a global alliance to bring existing and new net-zero finance initiatives into a sector-wide strategic forum, The Glasgow Financial Alliance for Net Zero (GFANZ). This initiative was put together by Mark Carney, the UK Prime Minister’s Finance Advisor for COP26 and the UN Special Envoy for Climate Action and Finance, in partnership with the UNFCCC Climate Action Champions.

Further, the Net Zero Banking Alliance launched with 43 banks from 23 countries working towards aligning emissions from their portfolios with pathways to net-zero by 2050, or potentially sooner. The coalitions under the GFANZ will include the Net Zero Asset Managers Initiative, the UN-convened Net-Zero Asset Owner Alliance, and the newly launched Net Zero Banking Alliance.

The Net Zero Asset Managers initiative launched in late 2020, with a group of asset managers committing to support the net zero race by 2050 or sooner. The initiative has rapidly grown, reaching 87 members managing \$37 trillion in AUM.

## State Street Global Advisors Joins Net Zero Asset Managers Initiative

State Street Global Advisors (SSGA) has joined the Net Zero Asset Managers initiative. SSGA joined the coalition with 13 other new signatories, representing close to US \$5 trillion in assets. Other new signatories include asset managers such as Alquity Investment Management, BankInvest, Colony Capital, Coutts & Co, EcoFin, Insight Investment, Quinbrook Infrastructure Partners, Ridgewood Infrastructure, Russell Investments, Sage Advisory, Trillium Asset Management, Valo Ventures, and Vert Asset Management.

## JPMorgan Sets \$2.5 Trillion Sustainable Finance Goal

JPMorgan Chase has established ambitious sustainable finance targets, setting a goal to facilitate more than US \$2.5 trillion over 10 years, as part of a larger movement with major banks, in order to advance climate action and sustainable development. This would be the largest commitment yet among JP Morgan's Wall Street peers. This move comes following anticipation of substantial rise in climate and energy transition-related spending, and sustainable development expenditures, along with the fact that investors are increasingly looking to maximise the impact from the funds they deploy.

## AXA Issues Inaugural Green Bond in €1 Billion Offering

AXA launched its first inaugural green bond, successfully place EUR 1 billion of subordinated green bonds due 2041. The new bonds are being issued under AXA's recently launched Sustainability Bond Framework which details areas of proceed use. Eligible categories for funds may be used to finance green buildings, renewable energy, clean transportation, energy efficiency, natural resources and sustainable forestry, according to this framework.



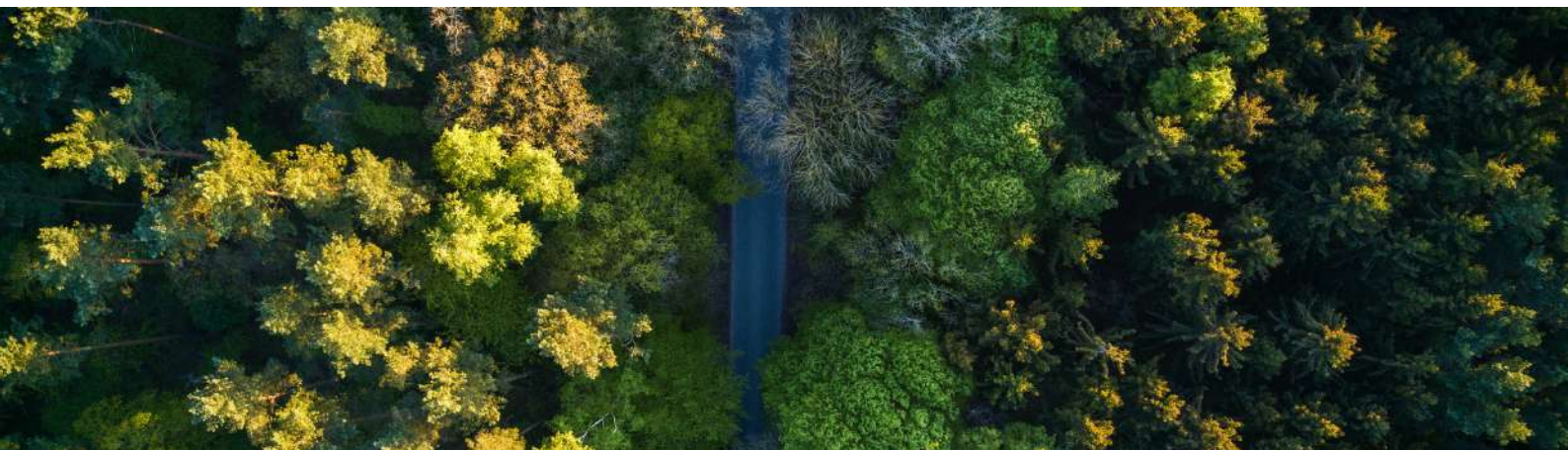
## Iberdrola Aims to Have Nearly Two-Thirds of its Debt as Green & Sustainable by 2025

As part of its financing structure strategy, global energy and electricity provider, Iberdrola, stated that it expects green and sustainable products to account for 63% its debt by 2025. ESG goals included in this new instrument are an environmental commitment for reduction of emission intensity by 2022, a social goal to raise the percentage of women in leadership positions in 2022, and governance pledges to apply 11 recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

## Scope Group Launches Green & ESG Bond Certification and Second Party Opinion Service

Scope Group, a European credit rating and financial analysis agency, announced the launch of a new ESG and sustainable finance-focused services including green and ESG bond certification and second-party opinions (SPO). Scope has been approved as verifier under the Climate Bonds Standard and Certification Scheme.

The new SPO service ranges across labelled debt instruments, including green, social, sustainability and sustainability-linked (KPI-linked) bonds. Scope's analysis is aligned with the core elements of the Green Bond Principles, the Social Bond Principles, the Sustainability-Linked Bond Principles and the Sustainability Bond Guidelines published in the sustainable finance section of the International Capital Market Association's website



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