

SECTORAL

UPDATES

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ESG

SEBI to Issue ESG Disclosure Guidelines for Listed Companies

SEBI (Securities and Exchange Board of India) plans to issue new guidelines to promote better ESG disclosures by listed companies in India. Regulator SEBI is in “active discussions” with various stakeholders to bring in greater granularity in disclosures by listed companies in environmental, social and corporate governance (ESG) space.

SEC Announces Enforcement Task Force Focused on Climate and ESG Issues

The Securities and Exchange Commission announced the creation of a Climate and ESG Task Force in the Division of Enforcement. Consistent with increasing investor focus and reliance on climate and ESG-related disclosure and investment, the Climate and ESG Task Force will develop initiatives to proactively identify ESG-related misconduct. The task force will also coordinate the effective use of Division resources, including through the use of sophisticated data analysis to mine and assess information across registrants, to identify potential violations.

Arabesque Launches ESG Resource Hub on New Financial Markets Disclosure Rules

Sustainable finance technology provider, Arabesque announced the launch of the ESG Regulatory Resource hub, aiming to provide clarity on what new ESG disclosure rules mean for Europe's financial market participants.

Featured on the company's website, the new guide was established in response to the EU's Sustainable Finance Disclosure Regulation (SFDR), which came into effect on March 10th. Arabesque stated that the launch comes as it looks to build a new range of data and reporting solutions to meet growing EU regulatory requirements and increasing client demand.

Midland National Introduces ESG Index for Fixed Annuity Marketplace

Insurance and annuity company, Midland National Life Insurance Company, announced the launch of the BlackRock ESG US 5% Index ER, the first index its kind to be available with fixed index annuity (FIA) products in the independent insurance agent channel.

The new index aims to help consumers take advantage of growing interest in financial products that employ socially responsible crediting strategies. The index is available on 2 existing products, the MNL IncomeVantage Pro and MNL RetireVantage fixed index annuities, and will also be available on the new MNL Accelerate 5, a short-term FIA offering five-year guaranteed participation rates.



BMO targets net zero emissions in lending by 2050, cautions against 'abrupt' change

The Bank of Montreal is targeting net zero emissions in its lending portfolio by 2050 and will double its sustainable financing commitment to C\$300 billion (\$237 billion) by 2025, but stressed the need to avoid "abrupt" change. The move follows similar commitments by rivals Royal Bank of Canada and Toronto-Dominion Bank.

BMO will set an intermediate target for 2030 and is also targeting a 30% reduction in greenhouse gas (GHG) emissions in its operations by 2030 from a 2019 baseline. BMO's Global Asset Management unit will also aim to have only net zero assets under advisement by 2050. The bank is also creating a climate institute to find solutions to climate change.

Air Liquide announces ambitious ESG objectives to ACT for a sustainable future

Leading industry and healthcare-focused gases, technologies and services company, Air Liquide announced the launch of ACT, a new set of sustainability initiatives covering a range of environmental, social and governance commitments.

The new sustainability strategy is based on the three key elements of abatement of CO₂ emissions, care for patients, and trust regarding engagement with employees and corporate governance. On the decarbonization front, Air Liquide is aiming to begin reducing absolute emissions around 2025 and has set goals to reduce Scope 1 and 2 emissions by 33% by 2035 (vs 2020 emissions).

AM Best becomes signatory to the ESG-Related Principles for Sustainable Insurance (PSI); first CRA to make this commitment

AM Best became a signatory of the United Nations Environment Programme's (UNEP) FI Principles for Sustainable Insurance (PSI). AM Best believes the insurance industry plays an important role in supporting sustainable economic and social development. In addition, management of environmental, social and governance (ESG) efforts will strengthen the insurance industry's contribution to building a resilient, inclusive and sustainable society. AM Best's PSI membership is a significant step in this direction.

GRI Looks to Improve Human Rights Transparency in Sustainability Reporting Standards

The Global Reporting Initiative (GRI), announced the launch of a new survey, seeking views on the priority human rights issues that could be included in the future in revised or new GRI Standards, in an effort to improve transparency on the issue.

GRI Sustainability Reporting Standards are the most commonly accepted global standards for sustainability reporting by companies, developed to enable consistent reporting across companies and industries, providing clearer communication to stakeholders regarding sustainability matters. The standards are available for reporting across a wide range of ESG-related topics, ranging from anti-corruption practices to biodiversity and emissions.





SUSTAINABLE FINANCE

HSBC and IFC emerging market green bond fund raises \$538m

HSBC Asset Management and IFC, a member of the World Bank Group, announced the final closing of the HSBC Real Economy Green Investment Opportunity GEM Bond Fund (REGIO), boosting access to climate finance and helping further develop the market for green bonds. REGIO, the first green bond fund focused on well-diversified climate-smart investments in "real economy" issuers in emerging market countries, closed with total investor commitments of \$538 million following further investment from two European investors.

HSBC toughens stance on fossil fuel funding after shareholder heat

HSBC will phase out its support for the coal industry in the developed world by 2030 and in the developing world by 2040, bowing to investor pressure to toughen its stance on fossil fuel financing. The new goals from HSBC also include short and medium-term targets on aligning its financing with the goals of the landmark Paris agreement on climate change.

Apple Inc spending from 'green bonds' hits \$2.8 billion

Apple Inc allotted \$2.8 billion raised from green bonds that funded for 17 projects last year that will generate 1.2 gigawatts of renewable energy. The projects will avoid an average of 921,000 metric tons of carbon emissions each year, which it said is equal to removing nearly 200,000 cars from the road. The projects will generate 1.2 gigawatts of renewable energy globally, with Apple adding over 350 megawatts of newly installed renewable energy over the last year in Nevada, Illinois, Virginia, and Denmark.

Toyota to raise US\$4.7B in ESG debt to fund futuristic hub

Toyota Motor Corp. plans to sell as much as 500 billion yen (\$4.7 billion) in yen and foreign currency sustainability bonds, in what would be one of the biggest offerings globally in the booming market to fund environmental and social projects.

The proceeds from the sale of what Toyota is calling “Woven Planet Bonds” will be used for projects such as the development of zero emission and assisted mobility vehicles, and increased use of renewable energy. The funds that Toyota raises will also be used for its Woven City project: a 175-acre high-tech, sensor-laden metropolis at the base of Mount Fuji in Japan.

DHL Commits €7 Billion to Sustainable Supply Chain, Links Exec Comp to ESG

Logistics giant Deutsche Post DHL announced the launch of its new Sustainability Roadmap, representing a significant ramp in the company’s decarbonisation and environmental sustainability commitments. In addition to introducing more ambitious climate targets, the new plan aims to link executive compensation to performance on these ESG efforts. As part of its new commitments, DHL is committing investments of €7 billion in opex and capex over the next ten years in measures to reduce its CO2 emissions, with a focus on alternative aviation fuels, the expansion of the zero-emission e-vehicle fleet and climate-neutral buildings.

Italy raises €8.5bn in Europe’s biggest-ever green bond debut

Italy opened its first green bond offering and raised more than €8 billion, in what was the biggest debut sovereign green bond from a European issuer to date. The banks running the issuance chalked up around €80 billion in orders for €8 billion of debt. The bond, which matures in 2045, was issued with a yield of 1.547 per cent. The underwriters were able to reduce the premium against a normal Italian government bond maturing in 2041 to 0.12 percentage points, a slimmer premium than the 0.15 points initially mooted.

UK to Launch First Green Bond, BOE Gets Green Mandate

U.K. Treasury Chief Rishi Sunak announced the sale of the U.K.'s first-ever green bond and updated the Bank of England's mandate to include climate change, as part of the nation's latest push to create a net-zero-carbon economy by 2050. Two inaugural green bonds for a total size of at least 15 billion pounds (\$20.88 billion) will be issued in 2021, as the country looks to build out a green gilt curve.

Under the green upgrade, the Bank will support the government's strategy to level up opportunity in all parts of the UK and to transition to an environmentally sustainable and resilient net zero economy.

BMO Launches \$750 Million Sustainable Bond Aimed at Supporting Women-Owned Businesses

Canadian financial services provider BMO Financial Group announced the launch of a Women in Business Bond, with a CAD \$750 million 5-year bond offering. According to the company, proceeds from the issue will be allocated toward women-owned enterprises. Under the category of "Women-owned business lending," the framework defines eligible criteria as lending or financing to a micro-, small- and medium-sized enterprise (SME) where at least one of the owners of the enterprise is a woman, or lending/financing to a non-SME where at least one third of the owners are women. The Women in Business Bonds will bear interest at a fixed rate of 1.758%. The offering is expected to close on March 10, 2021, and the bonds will mature on March 10, 2026.





SUSTAINABLE FINANCE

Goldman Sachs to Invest \$10 Billion to Advance Racial Equity and Economic Opportunity for Black Women

Goldman Sachs announced the launch of One Million Black Women, a new initiative that will see the company directing billions of dollars of investments to Black women, to advance racial equity and economic opportunity. The company stated that it will commit \$10 billion in direct investment capital and \$100 million in philanthropic capital over the next ten years, in partnership with Black women-led organizations, financial institutions and other partners. The initiative is aimed at addressing the dual disproportionate gender and racial biases that Black women have faced for generations, which have been exacerbated by the pandemic.

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