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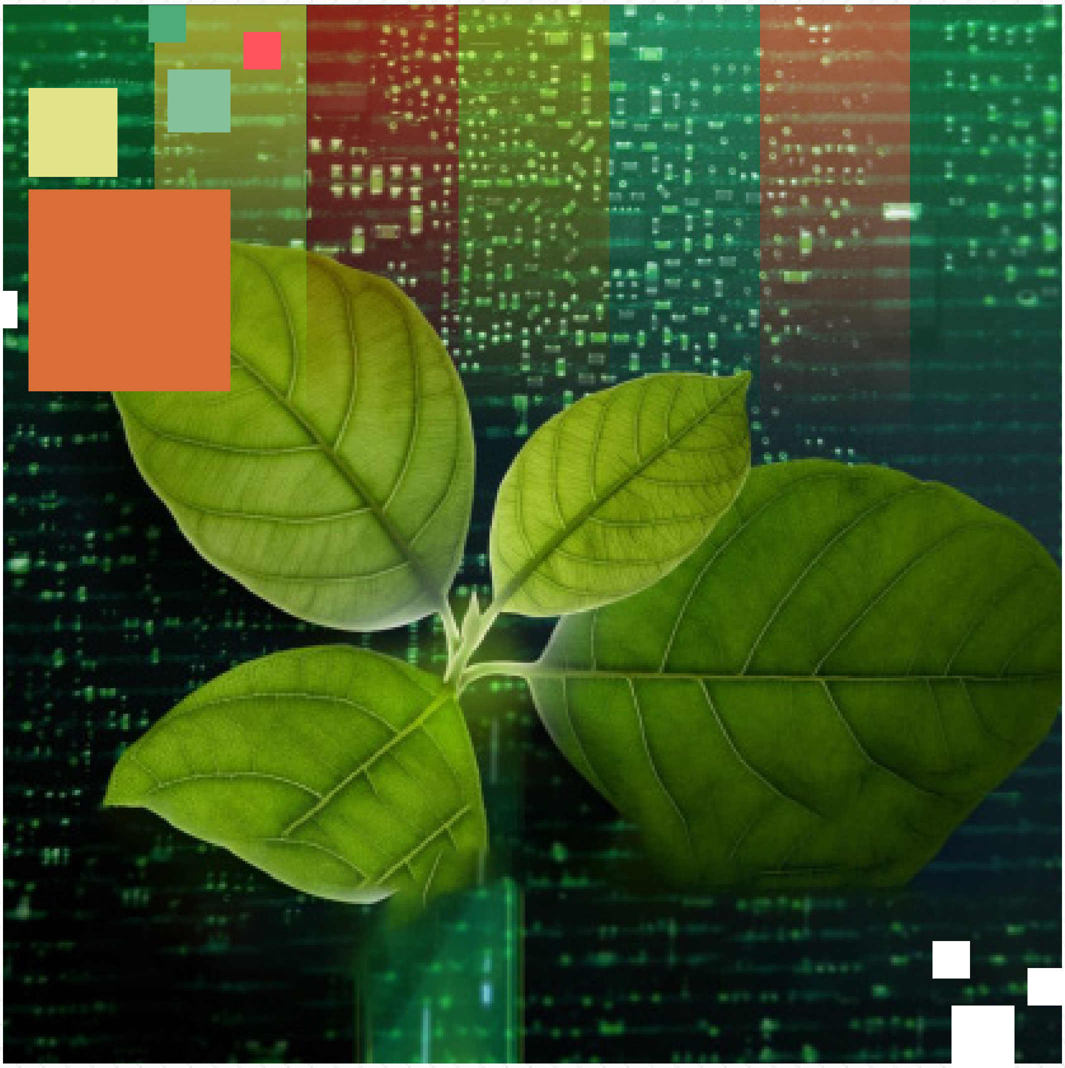
30 YEARS



REGULATORY AND POLICY DEVELOPMENTS

ESG 2022

JANUARY, 2022

ASIA

1. INDIAN REGULATOR SEBI RELEASED CONSULTATION PAPER ON ESG

The Securities and Exchange Board of India (SEBI) had released a consultation paper on Environmental, Social, and Governance (ESG) rating providers for securities markets in January, 2022. The aim of this paper was to provide a framework for the registration and regulation of ESG rating providers in India. It notes the growing demand for ESG information among investors and stakeholders, and the need for a standardization of ESG ratings in order to increase transparency and comparability. It also notes that the lack of regulation in the ESG rating space can lead to confusion and mistrust among investors.

SEBI proposed that ESG rating providers (ERP) should be registered with the regulator and should be subject to ongoing supervision. The registration process would include a review of the provider's methodology and track record, as well as a requirement for ongoing disclosure of any changes to the methodology. It also emphasizes the importance of transparency and comparability in ESG ratings, as well as the need for a robust complaint handling mechanism and the disclosure of conflicts of interest. The paper also suggests that ESG rating providers should be required to have a minimum level of professional indemnity insurance in place. The paper concludes by inviting feedback from stakeholders on the proposals outlined in the paper.

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NORTH AMERICA

1. NEW YORK INTRODUCED A BILL ON FASHION SUSTAINABILITY AND SOCIAL ACCOUNTABILITY ACT

The Fashion Industry Charter for Climate Action (The Fashion Act) is a legislative proposal which was aimed at addressing the significant environmental impact of the fashion industry which was introduced in New York. The Bill outlines a series of measures to be taken by fashion companies in order to reduce their carbon footprint, water usage, and waste production. The Bill starts by setting out the scope of the legislation, which applies to all companies that produce, import, distribute, or sell clothing and textiles.

It also calls for companies to disclose their environmental impact and to set science-based targets for reducing their emissions. It encourages companies to use more sustainable materials and production methods, and to invest in renewable energy and energy efficiency. The Bill also includes a number of provisions to promote circular economy and sustainable production. For example, it calls for companies to implement take-back and recycling programs for their products, and to reduce their use of hazardous chemicals and water.

In addition to these environmental provisions, the Bill also calls for companies to disclose their supply chain and to implement policies to prevent forced labour and human trafficking. The Bill instructs companies to disclose their environmental and social impact, and to establish a board-level committee to oversee their sustainability efforts. Lastly, the Bill concludes by stating that the regulations and targets established under the legislation will be periodically reviewed and updated as necessary to ensure that they remain in line with the latest scientific understanding and best practices.

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EUROPE

1. EUROPEAN BANKING AUTHORITY PUBLISHES STANDARDS ON PILLAR 3 BANK DISCLOSURES ON ESG RISKS

On 24th January, 2022, the European Banking Authority (EBA) had published a draft of Technical Standards on Pillar 3 Disclosures on Environmental, Social and Governance (ESG) Risks. The draft aimed to establish a framework for the disclosure of ESG risks by credit institutions and investment firms. It sets out a number of disclosure requirements, promotes transparency and comparability in the disclosure of ESG risks.

It provided tables for qualitative disclosures on environmental, social and governance risks with templates of quantitative disclosures on climate change transition risk. Additionally, a template with quantitative disclosures on climate change physical risk has also been provided. Lastly, templates with quantitative information and key performance indicators (KPIs) on climate change mitigating measures, including the Green Asset Ratio (GAR) on Taxonomy, extended information on Taxonomy alignment of exposures in the banking book and other mitigating actions have also been looked into.

It also promoted the integration of ESG risks into the institution's overall risk management framework and calls for regular reviews and updates to the legislation. The draft also included a number of provisions aimed at promoting the integration of ESG risks into the institution's overall risk management framework. The draft concludes by stating that the disclosure requirements established under the legislation will be reviewed and updated as necessary to ensure that they remain in line with the latest scientific understanding and best practices.

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2. UK'S FCA CLIMATE RELATED DISCLOSURES

The UK's Financial Conduct Authority (FCA) had published a policy statement on the disclosure of climate-related financial risks. The statement outlines the FCA's expectations on how financial firms should disclose their exposure to and management of climate-related risks. The policy statement is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It requires financial firms to make disclosures in four key areas: governance, strategy, risk management, and metrics. In addition to having a robust governance structure in place, it targets to manage climate-related risks. The policy statement also requires financial firms to have a comprehensive risk management framework in place, including the identification and assessment of climate-related risks, and the development of mitigation strategies.

Furthermore, the policy statement requires financial firms to report on their use of metrics and targets to manage and monitor their exposure to climate-related risks. Moreover, the policy statement requires financial firms to be transparent about the impact of climate-related risks on their business, including the impact on financial performance, assets, and liabilities. Lastly, the FCA will monitor the implementation of the policy statement and will take action, if necessary, to ensure that financial firms are disclosing the information that investors need to make informed investment decisions. This policy statement is expected to have a significant impact on the financial sector, and is likely to be a catalyst for change as financial firms respond to the new requirements.

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FEBRUARY, 2022

ASIA

1. INDIA'S UNION BUDGET 2022-23 – KEY TAKEAWAYS

- **Battery Swapping Policy-** During her presentation, the FM made an announcement about putting up electric vehicle (EV) sharing stations. The efficiency of the EV ecosystem will be increased by encouraging the private sector to develop creative and sustainable business models for the battery and energy as a service.

  In addition to the discounts customers presently receive for purchasing environmentally friendly automobiles, the government is expected to give EV owners a rebate of up to 20% of the total subscription or lease cost of the battery. A suggestion for Special Mobility Zones (SMZ), where only fossil-fuel-free vehicles will be permitted, was made while elaborating on the rule for battery switching in electric vehicles.

  Within the next two months, the government is anticipated to complete incentives under its new battery exchange programme for electric cars (EVs), as part of a broader clean mobility push to accomplish its decarbonisation objectives.

- **Use of Solar Energy-** A further allocation of Rs 19,500 crore for the Production Linked Incentive to produce high efficiency modules, with priority given to fully integrate manufacturing units from polysilicon to solar PV modules, will be made in order to facilitate domestic manufacturing of the 280 gigawatts of installed solar capacity by 2030.

  A PLI programme worth Rs. 4,500 crore was authorised by the Union Cabinet in April 2021 to increase local production of solar PV (photo-voltaic) modules. The plan called for an initial direct investment of Rs 17,200 crore to produce 10,000 MW (MegaWatt) of integrated solar PV module manufacturing capacity (existing). With the rise in funding to Rs 24,000 crore, the amount of investments and local manufacturing capacity anticipated under the PLI programme would increase much more.

Under the idea, solar PV producers will be chosen through an open, competitive bidding procedure. After high-efficiency solar PV modules have been sold and solar PV manufacturing facilities have been put into operation, the PLI will be paid out for five years. Improved solar PV module efficiency and sourcing components from the neighbourhood market will reward manufacturers. The PLI amount increases as module efficiency and local value addition improve.

- **Environmental Clearances-** In 2018, PARIVESH, a single-window site for all green clearances, was introduced. It has considerably cut down the amount of time needed for approvals. Developed for online submission and monitoring of proposals filed by the proponents for obtaining Environment, Forest, Wildlife, and CRZ Clearances from Central, State, and district level authorities, PARIVESH is a web-based, role-based workflow application. This portal's reach will now be increased. Information on particular permits will be made available based on the location of the units. It will allow applicants to submit a single application for all four approvals, and Centralized Processing Center-Green will track the procedure (CPC-Green).

- **Sovereign Green Bonds-** To raise money for green infrastructure, the government will issue sovereign green bonds in 2022–2023 as part of its wider market borrowing programme. The money raised will be contributed towards public-sector initiatives to lower the economy's carbon intensity.

  Companies, countries, and multilateral organisations issue green bonds to finance initiatives that benefit the environment or the climate while also giving investors a guaranteed return on their investment. Just a few examples of such programmes include green buildings, clean transportation, and renewable energy. Green initiatives will be financed with the money raised from these bonds. Unlike normal bonds, the proceeds may be applied wherever the issuer deems fit. The project's anticipated climatic and environmental effects, as well as other relevant facts, must be disclosed by green bond issuers. ESG funds may purchase these bonds.

- **Carbon transition Neutral Economy-** Thermal power stations that co-fire biomass pellets between 5% and 7% will save 38 MMT of CO_2 annually. Additionally, this will provide farmers with more income and employment options and aid them in preventing stubble burning in their fields. Energy management must include energy conservation. Initiatives to reduce costs and increase energy efficiency will therefore be supported.

  To do this, large commercial buildings will implement the Energy Service Company (ESCO) business model. Building capacity and increasing awareness for energy audits, performance contracts, and a standard measurement and verification method will be made easier.
  The technical and economic viability of coal gasification and coal conversion into chemicals required by the industry will be examined in four pilot projects. Agroforestry and private forestry will be promoted through the implementation of policies and appropriate legal changes. Financial support will also be provided to farmers from Scheduled Castes and Scheduled Tribes who want to work in agro-forestry.

2. INDIA AMENDED THE PLASTIC WASTE MANAGEMENT (AMENDMENT) RULES, 2022

The amended rules have laid out guidelines on Extended Producer Responsibility for Plastic Packaging and according to schedule II, every producer, importer, brand owners and plastic waste processors shall follow the guidelines and shall register themselves on the portal developed by Central Pollution Control Board. Environmental Compensation shall be levied upon polluter pays principle, with respect to non-fulfilment of Extended Producer Responsibility targets by producers, importers & brand owners, for the purpose of protecting and improving the quality of the environment and preventing, controlling and abating environment pollution. It states that every entity shall promote and use systems for Plastic Waste Collection. It also states that a brand owner who has fulfilled their Extended Producer Responsibility targets, can use the surplus for offsetting previous year's shortfall, and carry it forward for use in succeeding year or sell it to other producers, importers & brand-owners.

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3. INDIA INTRODUCED A POLICY FOR GREEN HYDROGEN

It is a significant milestone that will assist India in achieving its climate change goals and ensure the successful execution of the National Hydrogen Mission. The policy also aspires to establish India as a green hydrogen and green ammonia export hub.

On August 15, 2021, the National Hydrogen Mission was established to assist the government in developing India as a centre for green hydrogen. Additionally, to meet the climatic and environmental aims, the policy discusses:

- Power exchange and increasing the capacity for renewable energy.
- Within 15 days after application receipt, open access will be granted.
- Green hydrogen and ammonia producers have up to 30 days to bank any unused green energy.

Additionally, holders of distribution licences may buy and provide renewable energy.

- The elimination of interstate transmission fees.
- Priority grid connectivity will be provided to renewable energy plants and producers of green hydrogen and ammonia.
- The manufacturer of hydrogen/ammonia and the distribution licensee will receive the advantage of Renewable Purchase Obligation (RPO) for using renewable energy.

Green Hydrogen Policy Benefits-

- Clean fuels will be made available.
- It will reduce reliance on fossil fuels and decrease imports of crude oil.
- As the policy encourages the generation of Renewable Energy (RE), it will assist India in fulfilling its commitments to the use of clean energy internationally.

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4. INTRODUCTION OF NEW ENVIRONMENTAL DISCLOSURE RULES IN CHINA

China had implemented new environmental disclosure rules, which was aimed at promoting sustainability and reducing the negative impact of companies on the environment which was made effective from 8th February, 2022. The new regulations are a part of the country's effort to transition towards a more sustainable and environmentally friendly economy. Under the new rules, listed companies are required to provide comprehensive information about their environmental performance and impact, including data on emissions, waste management, energy consumption, and water usage. The information provided will be subject to verification by independent auditors and the results will be publicly disclosed.

The new disclosure rules are expected to have a significant impact on the business practices of companies in China, specifically in the areas of environmental management and sustainability. The rules encourage companies to adopt more environmentally friendly practices, reduce their carbon footprint, and improve their overall sustainability performance. These rules also aims for increased transparency which will in turn benefit investors and stakeholders who are concerned about the environmental impact of companies and are looking for ways to invest in companies that are sustainable and environmentally responsible.

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EUROPE

1. EUROPEAN REGULATOR ESMA AIMS TO FIGHT AGAINST GREENWASHING

The European Securities and Markets Authority (ESMA) has announced its priorities in the fight against greenwashing under the new sustainable finance strategy. ESMA's new sustainable finance strategy aims to ensure that financial market participants provide accurate and reliable information to investors about the sustainability of their investments. This will help investors to make informed decisions about the environmental impact of their investments and support transitioning into a more sustainable financial sector.

The priorities outlined in ESMA's sustainable finance strategy include: Tackling greenwashing and promoting transparency; Building National Competent Authorities' (NCAs) and ESMA's capacities in the sustainable finance field; and Monitoring, assessing and analysing ESG markets and risks.

To achieve these priorities, ESMA will work with national regulators (NCA) and other stakeholders to promote sustainable finance and prevent greenwashing. This will include conducting assessments of market participants' sustainability disclosures, providing guidance on sustainable finance, and taking enforcement action against those who engage in greenwashing practices.

ESMA's new sustainable finance strategy represents an important step in the development of a more sustainable financial sector in the EU. By prioritizing the fight against greenwashing and promoting sustainable finance, ESMA is helping to build a more transparent and responsible financial sector that will support the transition to a low-carbon economy.

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2. EUROPEAN REGULATOR ESMA'S EFFORTS TO UNDERSTAND THE NEED FOR ESG RATING PROVIDERS IN THE EU

The European Securities and Markets Authority (ESMA) had released a call for evidence on market characteristics for environmental, social, and governance (ESG) rating providers in the European Union (EU). This call for evidence focused on understanding the market for ESG rating providers in the EU, including the types of ESG ratings provided, the size and growth of the market, the players involved, and the demand for ESG ratings. The aim was to gather data that will help ESMA understand the ESG rating provider market better, so that it can provide informed recommendations to the European Commission on the development of a regulatory framework for ESG rating providers.

In particular, ESMA's questionnaire deals in the following areas: (1) the types of ESG ratings provided by rating providers; (2) the demand for ESG ratings, including the types of investors who use ESG ratings; (3) the development of ESG ratings over time, including the level of comparability and consistency across ESG ratings; (4) the role of ESG rating providers in the investment process, including the use of ESG ratings in investment decisions; and (5) the costs and benefits of ESG ratings, including the impact of ESG ratings on investment outcomes.

ESMA's call for evidence was open for feedback until August 30, 2022, and interested parties were invited to submit their views and data on the market for ESG rating providers in the EU.

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3. EUROPEAN COMMISSION ADOPTS PROPOSAL ON HUMAN RIGHTS AND ENVIRONMENTAL PROTECTION IN SUPPLY CHAINS

The European Commission had set out a strategy to promote decent work worldwide, which focused on improving working conditions, promoting social dialogue, and protecting workers' rights. The Commission aimed to achieve these goals by promoting international labour standards and collaborating with international organizations and other countries.

The strategy included a number of initiatives aimed at improving working conditions for workers around the world. Strengthening labour inspection systems, promoting fair working conditions for migrant workers, and combating child labour were part of the said initiatives. The Commission also planned to support capacity building for workers and their organizations, so that they can fight for their rights in a concrete manner. In addition to promoting decent work, the Commission also worked on an instrument to ban forced labour. This was to be done by strengthening existing laws, increasing cooperation between EU member states, and raising awareness about the issue.

By working to promote decent work and protect workers' rights, the Commission aims to contribute to a fairer, more inclusive, and sustainable global economy. By working to promote decent work and combat forced labour, the Commission has contributed to a more equitable, sustainable global economy, and promoting the well-being of workers around the world.

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4. EUROPEAN COMMISSION HAD PUT FORTH A COMPLEMENTARY CLIMATE DELEGATED ACT ON CERTAIN NUCLEAR AND GAS ACTIVITIES

The European Commission had put forth a taxonomy Complementary Climate Delegated Act on Climate Change mitigation and adaption covering certain gas and nuclear activities. The Act aims to create a clear framework for investors and companies to understand which economic activities can be considered as environmentally sustainable. It focuses on compiling possible solutions, which will help the EU to become climate neutral by 2050 as a part of the European Green Deal strategy.

The Act focuses on including gas and nuclear activities as an alternate source of fuel. The Commission had listed the activities, which are in line with EU's climate and environmental objectives along with setting up strict conditions for the same activities. In order to help with the shift away from more damaging energy sources, the act designated some gas and nuclear activities as 'transitional activities' and specified technical screening requirements for those operations. The commission aims to improve transparency and has also specified certain disclosure requirements which companies will have to adhere to while undertaking activities linked to fossil gas and nuclear energy.

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MARCH, 2022

EUROPE

1. CARBON BORDER ADJUSTMENT MECHANISM OF THE EUROPEAN COUNCIL

On March 15, 2022, the European Council had reached an agreement on the Carbon Border Adjustment Mechanism (CBAM). The CBAM is aimed at ensuring that the carbon footprint of imported goods is taken into account and prevents carbon leakage. The CBAM will apply to products that are included in the EU's carbon footprint calculation, such as steel, cement, chemicals, and fertilizers. The mechanism will be designed as a border tax on carbon-intensive goods that are imported into the EU and will be calculated based on the carbon footprint of each product.

The CBAM is said to be a crucial tool in ensuring that the EU remains competitive in the global transition to a low-carbon economy, while also ensuring that EU's efforts to reduce emissions are not undermined by imported goods with high carbon emissions. Additionally, it will contribute to the EU's climate objectives and its goal of reaching carbon neutrality by 2050. The EU had also expressed its willingness to engage with its international partners to ensure that the CBAM is not perceived as a trade barrier. The EU mentioned that it is open to cooperate with countries that are willing to set similar carbon pricing systems, as this will make it easier to align the CBAM with global efforts to reduce emissions.

With this in mind, the CBAM will be an important tool in ensuring that the EU remains competitive in the global transition to a low-carbon economy, while also ensuring that the EU's efforts to reduce emissions are not undermined by imported goods with high carbon emissions.

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GLOBAL

1. TNFD FIRST BETA VERSION OF FRAMEWORK FOR ESG DATA RELEASED

The Transparent Network for Factual Data (TNFD) had released its first beta framework on 15th March which was aimed at providing a comprehensive framework for ESG data. The framework focused on standardizing, streamlining ESG data reporting and make it more accessible to users. The beta framework was open to feedback from industry experts and stakeholders to ensure that it covers all relevant aspects of ESG reporting. The First beta version comprised of three components namely – Foundational guidance, Disclosure recommendations and Practical guidance. The framework also set standards for ESG metrics, which allowed organizations to measure the sustainability of their operations and report it effectively to stakeholders. The framework was also designed to carry out future alignment with standards developed by ISSB with a level of flexibility based on organisational needs.

TNFD's framework will provide a much-needed tool for companies to improve their ESG reporting and help build confidence in ESG data. It was equipped to provide investors with a more consistent and reliable set of ESG metrics, helping them take better-informed investment decisions. The framework's release was an important step in advancing ESG reporting and sustainability. TNFD continuously endeavours towards keeping itself updated and improve the framework, based on feedback from industry experts and stakeholders. Since the first beta framework, two iterations of the beta versions have been released namely v0.2, v0.3.

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2. COLLABORATION AMONG IFRS AND GRI TO BETTER GLOBAL SUSTAINABILITY STANDARDS

The International Financial Reporting Standards Foundation and Global Reporting Initiative (GRI) have announced plans to align their standards for capital market and multi-stakeholder reporting. This collaboration aimed to create a comprehensive and harmonized reporting framework which will provide companies and investors with a consistent and reliable source of information on sustainability, governance and ESG performance. The goal of the collaboration was to ensure that the information provided by companies to investors is relevant, reliable and comparable, and that it is in line with the needs of the global capital market.

The two organizations planned to work closely together in order to align their standards and ensure that they are complementary and consistent, with the aim of creating a unified reporting framework that can be used by companies and investors around the world. The new framework is expected to provide companies with a clear and comprehensive approach to ESG reporting, and to provide investors with a more complete picture of a company's sustainability performance and its impact on the environment and society. The collaboration has witnessed an important step in the development of sustainable finance and will help to increase transparency, accountability and trust in the capital market.

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ASIA

1. TAIWAN'S TRANSITION STRATEGIES OF SUSTAINABLE DEVELOPMENT FOR SECURITIES AND FUTURES SECTORS

The Financial Supervisory Commission (FSC) of Taiwan had launched the Transition Strategies of Sustainable Development for Securities and Futures Sectors on 8th March, 2022. The document outlines the FSC's plan for promoting sustainable development in the securities and futures industries in Taiwan. The FSC believes that sustainable development is crucial for long-term growth and stability of the securities & futures markets in Taiwan.

The FSC had outlined five main objectives to be accomplished through the transition strategies, including;

- the establishment of a sustainable ecological system,
- maintaining the order & reliability of capital markets trading,
- boosting the self-discipline mechanism and resources integration of securities & futures sectors,
- managing business transformation and strengthening,
- Safeguarding traders' rights along with implementing equitable and amiable facilities.

To attain the said goals, three major structures were put in place which included a structure for sustainable governance, another for facilitating corporate sustainability and lastly, for sustainability information disclosure.

The FSC planned to implement several strategies to promote sustainable development in the securities and futures industries. These strategies included: (1) promoting ESG investment, (2) enhancing the transparency and disclosure of ESG information, (3) improving the qualifications of ESG rating agencies and (4) encouraging sustainable practices in the securities & futures industries.

The FSC recognized that promoting sustainable development in the securities and futures industries requires a collective effort from all stakeholders. The FSC believes that by working together, the securities and futures industries in Taiwan can make a positive impact on society and the environment.

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NORTH AMERICA

1. NEW CLIMATE RULE PROPOSED BY THE SECURITIES AND EXCHANGE COMMISSION, USA

The Securities and Exchange Commission (SEC) had released a proposal in March 2022 aimed at enhancing sustainability-related disclosures in public company filings. The proposal aimed to provide more specific guidelines for companies to follow when disclosing information related to environmental, social and governance (ESG) factors. The proposed climate related disclosure framework was in consonance with the recommendations made by The Task Force on Climate Related Financial Disclosure (TCFD). It called for companies to consider the materiality of ESG risks and opportunities when making disclosures, and to provide a clearer picture of how these risks and opportunities impact their business. The proposal also asked for companies to report on ESG metrics that are relevant to their industry and to describe how they manage ESG risks and opportunities.

The proposed changes would be applicable to all public companies, including foreign issuers that are registered with the SEC. Companies would be required to provide ESG disclosures in their annual reports and in any registration statements they file with the SEC. The proposal would also require companies to file a new form, the Sustainability Disclosure Form, which would provide additional information on ESG topics. The proposal is a significant development for the ESG disclosure landscape and has the potential to significantly impact the ESG disclosure practices of public companies. The proposal is a response to increasing demand from investors for greater ESG disclosure, and it reflects the SEC's commitment to promoting sustainable and responsible investing.

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APRIL, 2022

AFRICA

1. SOUTH AFRICA'S FIRST GREEN TAXONOMY

The South African Treasury had released its first edition of the "South African Green Finance Taxonomy" on the 1st of April, 2022. This taxonomy aimed to provide a clear definition of what constitutes green finance activities in South Africa, and assist organizations align their investments with the country's green finance goals. The taxonomy focuses on five key sectors: renewable energy, energy efficiency, sustainable water management, sustainable land use, and sustainable waste management. Additionally, it provides a comprehensive list of eligible activities and technologies in each sector, along with criteria for determining their green credentials. These criteria's includes environmental impact, the use of sustainable technologies, and the promotion of sustainable development.

Moreover, it also outlines the reporting requirements for organizations seeking to align their investments with the country's green finance goals. This Taxonomy is expected to play a crucial role in promoting green finance in South Africa, by providing a clear and consistent framework for organizations to follow. It is also expected to help organizations navigate the complex landscape of green finance and to make informed investment decisions. Lastly, it provides a clear and comprehensive framework for organizations to align their investments with the country's green finance goals. Further, it is expected to play a critical role in promoting sustainable development in South Africa.

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EUROPE

1. GENDER PAY GAP MEASURES BACKED BY THE EUROPEAN PARLIAMENT

The European Parliament backed the binding pay transparency measures aimed at closing the gender pay gap on 5th April, 2022. The new measures will require companies to publicly disclose the pay gap between male and female employees. The goal was to increase transparency and accountability for companies, along with encouraging them to take action to close the pay gap. The binding pay transparency measures was introduced as part of a wider package of measures aimed at promoting gender equality in the workplace. It included measures to increase the representation of women on company boards, and to promote equal pay for women in the public sector.

Additionally, these measures were welcomed by women's rights organizations and trade unions, who have been calling for greater transparency and accountability in the workplace. They believe that the new measures will help to bring about real change and encourage companies to take action to close the pay gap. The European Parliament had also called for the introduction of mandatory gender pay gap reporting for all companies, regardless of size or sector. This would give women greater visibility into the pay gap at their workplace, and would provide them with the information they need to negotiate for equal pay. The European Parliament has shown that it is committed to promoting gender equality and to closing the gender pay gap. These new measures will help to bring about real change for women in Europe.

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2. UK MAKES TCFD MANDATORY

From 6th April, 2022 onwards, the UK Government has made it mandatory for over 1,300 companies and financial institutions to disclose their climate related financial information. These disclosures will have to be made in line with the recommendations given by the Task Force on Climate-Related Financial Disclosures. The new requirements were enshrined in law and were expected to help drive sustainable investment and boost the green transition in the UK. Many of the top publicly traded corporations in the UK, banks, and insurers will be included in this, along with privately held businesses of over 500 employees and a £500 million annual revenue.

This move is a part of the wider effort to address the negative impact of climate change on the global economy, ahead of the G20 and COP26 summits with the UK being a leader in the transition to a more sustainable future. Large businesses are required to submit TCFD-aligned disclosures that are relevant, reliable and consistent with the guidelines set by the TCFD. This includes reporting on governance, strategy, risk management, metrics, and targets related to their contributions to climate change mitigation and adaptation.

The primary goal was to make sure entities took into account the dangers and possibilities that come with climate change. Furthermore, it tries to persuade them to outline their sustainability credentials and strategies for emission reductions. The new rules are expected to provide a clear signal to investors that the UK is committed to reducing its carbon footprint and promoting sustainability. The move has received widespread support from the business community, with many companies welcoming the increased transparency and accountability of the new rules.

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SOUTH AMERICA

1. COLOMBIA'S NEW GREEN TAXONOMY

The Colombian Minister of Environment and Sustainable Development launched the Green Taxonomy on the 11th of April, 2022. It is a system that provides a set of criteria for identifying and classifying environmentally sustainable economic activities. It is based on the European Union's Taxonomy Regulation, which aims to provide a common and transparent framework for classifying environmental sustainability activities across the EU.

The Colombian Green Taxonomy takes into account the specific characteristics of the country and is designed to identify activities that contribute to the sustainable development of the country and reduce its environmental footprint. It covers a range of activities, from renewable energy production to waste management, and provides a clear set of criteria that companies and projects must meet to be considered environmentally sustainable.

The Green Taxonomy is expected to have a significant impact on the country's economy and is expected to stimulate investment in green technologies and infrastructure. It is also expected to encourage companies to adopt sustainable practices and to reduce their environmental footprint. In addition, it is expected to provide a basis for the development of green financial instruments, such as green bonds and green funds, which will support the transition to a green economy. It is expected to be a catalyst for investment in green technologies & infrastructure, and to provide a foundation for the development of green financial instruments.

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ASIA

1. NEW CSR REPORTING FORMAT FOR BANKS AND NON-BANK FINANCIAL INSTITUTIONS IN BANGLADESH

The Bangladesh Bank had issued a new Corporate Social Responsibility (CSR) reporting format for banks and non-bank financial institutions on 10th April, 2022. This format required companies to disclose information about their social and environmental activities, as well as their governance practices. The Bangladesh Bank stated that the new reporting format was intended to encourage financial institutions to align their business practices with the principles of sustainability, including environmental protection and social welfare.

This format required the institutions to provide a comprehensive overview of their social and environmental activities, including details of the initiatives they have taken to reduce their carbon footprint, promote renewable energy, and improve the well-being of local communities. Additionally, the format required companies to provide information about their governance practices, such as the composition of their board of directors and their internal control systems.

The new reporting format is said to assist the Bangladesh Bank in monitoring the sustainability performance of financial institutions in the country, and to identify areas where additional support and guidance may be needed. Overall, the new CSR reporting format is a positive step for Bangladesh. It will also help to promote sustainability and implement responsible business practices within the financial sector.

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MAY, 2022

ASIA

1. INDIA'S REGULATORY SEBI CONSTITUTES ADVISORY COMMITTEE ON ESG AND ESG RATINGS CONSULTATION PAPER

The Committee's discussions will revolve around business responsibility and sustainability reports (BRSR), ESG ratings, and ESG investing. In January, the regulator posted a consultation paper on its website asking for feedback from the public about ESG rating providers for the securities markets. Credit rating agencies (CRAs) and research analysts having a minimum net worth of Rs 10 crore had been suggested by SEBI as being qualified to become ERPs or ESG rating providers. A listed firm that wants to use an ESG rating must only get one from an authorised ERP. Additionally, it was suggested that ERPs should include at least one of the following rating goods: ESG impact ratings, ESG corporate risk ratings, ESG financial risk ratings, and any additional rating products that are directly relevant to ESG and are labelled suitably. It had recommended that ERPs always utilise suitable nomenclature for the items they supply in order to prevent confusion among stakeholders. The type of ESG rating product used by an ERP should be widely displayed on its website and in ESG rating reports (whether impact-based or risk-based). On its websites, it should be transparent about how it rates each of its items, while yet protecting any private or secret information.

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2. CHINA PUBLISHES FIRST ESG DISCLOSURE STANDARD

The China Securities Regulatory Commission (CSRC) had released new Environmental, Social, and Governance (ESG) disclosure guidelines for publicly listed companies which became effective from June, 2022. These guidelines were aimed at improving the quality of ESG reporting and encouraging companies to be more transparent about their ESG performance. It requires companies to disclose information on their ESG performance, risks, initiatives, and information about their future ESG performance and goals. This is a significant shift from the previous guidelines, which only required companies to disclose historical ESG information. The new guidelines are a part of China's efforts to promote sustainable finance and responsible investing. The guidelines are also expected to help investors make informed investment decisions, as they will have access to a more comprehensive and reliable ESG disclosure from companies.

However, some experts have expressed concerns about the implementation of the new guidelines. They have pointed out that the guidelines are not legally binding, and that there is a lack of clear enforcement mechanisms. There is also a concern that companies may not disclose enough information to be useful to investors, and that some companies may even use the new guidelines as a way to greenwash their ESG performance. Despite these concerns, the new guidelines are a positive step towards promoting ESG reporting and investing in China. As the world's second-largest economy, China's efforts to promote ESG reporting and investing will have a significant impact on the global ESG landscape.

Click here to know more

3. THAI STOCK EXCHANGE INTRODUCES SUSTAINABILITY REPORTING GUIDE FOR LISTED COMPANIES

The Stock Exchange of Thailand released the Sustainability Reporting Guide for Listed Companies on 6th May, 2022. The Guidance report details the progress made in the sustainable investment and capital market in Thailand along with recommendations for future development. The report provides listed companies with a clear reporting framework and sustainability performance indicators that respond to the needs of investors and stakeholders in the Thai context including globally too, which is in line with Form 56-1 One Report. It also provides a standardized approach for disclosures regarding the sustainability performance for different groups of information users, including investors, securities analysts, regulatory agencies, and sustainability assessors, among others.

The report has listed a total of 122 ESG indicators to assist the entities in preparation of sustainability reports that line up with the stakeholder disclosure requirements. These indicators have been divided into – Core indicators and Recommended indicators. The core indicators have been constructed to disclose the necessary information according to Form 56-1 One Report, which have to be reported annually. The recommended Indicators are additional indicators which can be disclosed by companies on a voluntary basis.

Click here to know more

EUROPE

1. EUROPEAN PARLIAMENT HAD ADOPTED GREEN BOND STANDARDS

The European Parliament had adopted the regulation on European Green Bonds on 17th May to create an EU Green Bond Standard. The measures that were approved by the European Parliament, with certain changes to improve transparency and credibility in the green bond market, has seen rapid growth in recent years. The new measures include requirements for issuers to provide comprehensive information about the use of proceeds, the environmental impact of their projects, and the sustainability performance of their organization. Issuers must also appoint an external reviewer to assess the accuracy and validity of their claims. Additionally, the new measures were aligned with the taxonomy legislation on the use of proceeds derived from bond issuance. The proposal mentions that all European Green Bonds should have a 'verified transition plan'. This is specifically put in place to avoid greenwashing. This verified plan will help investors identify high-quality green bonds, which will be recognized by regulators and financial intermediaries.

Furthermore, the Parliament has strengthened supervision for the green bonds. The bonds will not only have internal review but also external review which eliminate any conflict of interest and also provide for cancelling the issuance of bonds. The new measures are part of the European Commission's commitment to transition into a more sustainable and low-carbon economy, and are seen as a significant step towards reducing greenwashing and improving the credibility of the green bond market. The measures will help to ensure that green bonds are used to finance projects that have a genuine impact on the environment and support the transition to a more sustainable economy.

Click here to know more

2. EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA) COMMON SUPERVISORY GUIDELINES FOR SUSTAINABILITY RISKS AND DISCLOSURES IN THE AREA OF INVESTMENT MANAGEMENT

The European Securities and Markets Authority (ESMA) published a supervisory briefing on sustainability risks and disclosures on 31st May, 2022. The briefing highlights the importance of considering sustainability risks and the disclosure of these risks to investors. ESMA highlights the growing interest in sustainability investments, the increased demand for sustainability information, and the growing number of regulatory initiatives that require companies to disclose information on sustainability.

It focuses on the importance of sustainability risks in the context of financial markets and the role of ESMA in promoting good practices in this area. ESMA underlines the need for companies to assess and manage sustainability risks in a comprehensive and transparent manner. It also aims to provide investors with relevant information to support investment decisions. It also provides guidance on the disclosure of sustainability risks in line with the disclosure requirements of EU regulation. ESMA also stresses the importance of ensuring the quality of sustainability reporting and ensuring that the information provided is verifiable, reliable and comparable.

Click here to know more

3. U.K'S CONSULTATION ON COMPANIES' TRANSITION PLANS LAUNCHED BY CLIMATE TASKFORCE

UK's Transition Pathway Taskforce (TPT) had released a call for evidence in May 2022. The call for evidence is part of the TPT's ongoing effort to assess the progress of companies in transition to a low carbon economy and to gather evidence on the transition risks & opportunities associated with the transition. The taskforce was seeking evidence from companies and other stakeholders on their experiences with the transition process, including their experiences with ESG data and reporting, as well as their views on the challenges and opportunities associated with the transition to a low carbon economy. It also aimed to understand the companies and other stakeholders' opinion on the future of the low carbon transition, including their thoughts on the future of ESG reporting and their expectations for the role of ESG data in the transition process.

The call for evidence was open to all companies and other stakeholders, including asset owners, managers, and other interested parties. The deadline for submitting evidence was July 1, 2022. This evidence collected through the call for evidence will be used to inform its future assessments of companies in transition to a low carbon economy, as well as its work to develop new tools and resources to support the transition process.

Click here to know more

JUNE, 2022

GLOBAL

1. GRI ROLLOUT

Over the past two years, the GRI has accelerated the creation of standards, resulting in the publication of the first three Sector Standards and a significant change to the GRI Universal Standards. A full upgrading of climate reporting is the next item on the schedule. Programs are also moving forward to evaluate all labour-related standards, introduce more Sector Standards, and provide a new Biodiversity Standard. Nonetheless, despite growing environmental and social problems, there is still a need to broaden the scope of the GRI Guidelines.

It is now possible for the general public to use the Sector Standards for Oil and Gas (GRI 11), Coal (GRI 12), and Agriculture, Aquaculture, and Fishing (GRI 13). GRI 13 was launched on June 28, 2022, after receiving approval from the GSSB on May 19, 2022.

The Sector Standards, a recent addition to the GRI Standards family, are intended to assist in determining a sector's most significant impacts and to match stakeholder expectations for sustainability reporting. They give a sector's sustainability framework, list disclosures that are pertinent for the sector to report on, and outline organizations' potential material themes based on the sector's most significant impacts.

The updated Universal Standards 2021, which are now open to the public, will continue to serve as the foundation for all GRI reporting and the application of the Sector Standards, enhancing the transparency and applicability of sustainability reporting for businesses operating in the sector.

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ASIA

1. SINGAPORE'S FRAMEWORK FOR ISSUANCE OF SOVEREIGN GREEN BONDS

Prior to the country's first-ever issue of Singapore Sovereign Green Bonds, the Monetary Authority of Singapore (MAS) unveiled a new framework for green bonds. The framework outlines the criteria and processes for issuing green bonds and provides guidance for the assessment of their environmental impact. It covers four key areas, including eligibility criteria, assessment and management of environmental impact, reporting and verification, and use of proceeds. The framework aims to provide clarity and consistency for market participants, making it easier to understand the sustainability of green bonds and increase their investing in these bonds. It also supports the development of a green finance ecosystem in Singapore, promoting the shift towards a more sustainable economy.

The Singapore Sovereign Green Bond issuance is a significant step towards promoting the country's commitment to sustainable finance and the development of green finance. It also provides a complete and reliable approach to the issuance of green bonds. It demonstrates Singapore's leadership in promoting sustainable finance. It will also help the country to achieve its sustainability goals and contribute to the global effort towards reducing carbon emissions.

Click here to know more

2. CHINA BANKING AND INSURANCE REGULATORY COMMISSION (CBIRC) RELEASES GUIDELINES ON ESG DISCLOSURE FOR BANKS AND ISSUERS

The China Banking and Insurance Regulatory Commission (CBIRC) released guidelines on ESG (Environmental, Social, and Governance) disclosure and management for financial institutions on 2nd June. The guidelines require financial institutions to integrate ESG considerations into their risk management processes and to publicly disclose their ESG policies, performance, and management systems. Its main aim is to improve the ESG standards of the financial sector in China and enhance the quality of ESG information disclosure.

The guidelines require financial institutions to conduct regular ESG assessments and disclose the results to stakeholders, including the public. Additionally, institutions have been encouraged to establish a system for ESG information management and to regularly evaluate their ESG performance. The guidelines also emphasize the importance of transparency and accountability in ESG reporting and require financial institutions to be responsible for the accuracy and completeness of the ESG information disclosed. Furthermore, the guidelines encourage institutions to improve green finance management, adopt differentiated & convenient management measures, and optimize the ESG risk management of financing.

The guidelines are a significant step towards improving the ESG standards of the financial sector and towards building a more sustainable financial system in the country. The guidelines will play an important role in promoting transparency and accountability in ESG reporting, which will benefit both the financial sector and the wider economy & society.

Click here to know more

EUROPE

1. EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA) PUBLISHES RESULTS OF ESG RATINGS CONSULTATION

The European Securities and Markets Authority (ESMA) published the results of its call for evidence on ESG ratings on 24th June, 2022. The aim of the call for evidence was to gather information and opinions from stakeholders on the ESG ratings industry, with a focus on the use of ESG ratings in the European Union (EU). The results of the call for evidence show that ESG ratings play a significant role in the investment process, particularly in the EU where sustainable finance is growing rapidly. It was found that ESG ratings are widely used by financial institutions and investors to assess the sustainability performance of companies and to make investment decisions. The results also indicate that ESG ratings are becoming increasingly important for regulators, with a growing number of national regulators requiring ESG disclosures and using ESG ratings to monitor & assess the sustainability performance of companies.

It is also noted that there is a lack of standardization in the ESG ratings industry, with a large number of different ESG ratings providers and rating methodologies. This has resulted in a lack of comparability between ESG ratings and a lack of transparency on the underlying data & methodologies used by ESG ratings providers. It has been recommended that the EU should work towards developing a common framework for ESG ratings to increase transparency and comparability in the industry. The ESMA also suggested that ESG ratings providers should be required to disclose their methodologies and data sources to enhance transparency. The ESMA also suggested that ESG ratings should be subject to regular audits and quality controls to ensure their reliability and accuracy.

Click here to know more

2. UK REGULATOR FRC'S LAUNCHED A CONSULTATION ON ACTUARIES' CONSIDERATION OF CLIMATE CHANGE RISKS

The Financial Reporting Council (FRC) had launched a consultation regarding new requirements for actuaries to consider the risks associated with climate change and Environmental, Social, and Governance (ESG) factors. This proposal aims to ensure that actuaries consider these risks as a crucial component in their analysis and reporting processes, particularly when it comes to evaluating financial products and services. The move comes in response to the increasing attention given to ESG-related risks in recent years, as stakeholders such as investors and regulators seek to mitigate these risks.

It also aims to increase public confidence in the role of actuaries in addressing ESG risks and to support the wider transition to a more sustainable financial system. The consultation is open to all stakeholders until September 2022, after which the FRC will release its final recommendations. The proposed requirements are expected to have a significant impact on the actuarial profession, and the FRC intends to work closely with relevant organizations to provide training and support to help actuaries implement these requirements effectively.

Click here to know more

NORTH AMERICA

1. CANADA'S GHG OFFSET CREDIT SYSTEM

In July 2022, Canada launched its first federal greenhouse gas offset credit system, which allows companies to offset their emissions by investing in emissions reduction projects. This system aims to reduce the country's carbon footprint and help meet its commitment to achieving net-zero emissions by 2050. The system is designed to be flexible, allowing companies to choose from a variety of projects that reduce emissions, such as renewable energy, energy efficiency, and forestry management. Companies will receive credits for the reductions achieved by these projects, which they can then use to offset their own emissions.

The launch of this system is part of Canada's efforts to transition to a low-carbon economy and achieve its goals under the Paris Agreement. It is also a part of the country's broader strategy to promote sustainability and reduce the impact of climate change. The new system will provide companies with a more cost-effective way to reduce their carbon footprint and improve their sustainability performance. It will also create new opportunities for investment in emissions reduction projects, helping to drive the development of a more sustainable economy.

Click here to know more

JULY, 2022

ASIA

1. INDIA AMENDED THE HAZARDOUS AND OTHER WASTES (MANAGEMENT AND TRANS BOUNDARY MOVEMENT) AMENDMENT RULES, 2022

The Amendment has added a new Schedule IX to the Rules. It is applicable to all the producer, recycler of waste tyre and retreader. Every entity shall register on portal, not carry out any business without registration, and not deal with any unregistered entity. All producers shall have extended producer responsibility and shall have certificate for the same. Every entity shall fulfil all of its responsibilities and obligations as mentioned in the Rules 7&8. A portal developed by Central Pollution Control Board shall be used for the registration, filing of annual returns, extended producer responsibility certificate and tracing of materials. The new rule talks about transaction of extended producer responsibility certificates. The Central Pollution Control Board shall lay down guidelines for imposition and collection of environmental compensation on the producers in case there is any non-fulfilment of obligations set out in this Schedule and use of false extended producer responsibility certificate.

Click here to know more

2. RESERVE BANK OF INDIA RELEASED A DISCUSSION PAPER ON CLIMATE RISK AND SUSTAINABLE FINANCE

RBI released a discussion paper on climate risk and sustainable finance on 27th July and invited comments from regulated entities in the banking sector and relevant stakeholders. This paper explores the intersection between finance and sustainability. It also elaborates the role that financial institutions and regulators play in mitigating climate risks & promote sustainable finance.

It highlights the need for a framework to integrate climate risk into financial decision-making, and for a common understanding of what constitutes sustainable finance. The paper discusses the current state of climate risk management in India, including the lack of awareness and understanding among financial institutions and regulators. It highlights the need for a robust framework for the integration of climate risk into financial decision-making. It also touches on the need for standardization in ESG reporting and disclosure along with the development of a green bond market in India. The paper concludes by offering several recommendations for the Indian financial sector, including the development of a national strategy for sustainable finance, the strengthening of regulatory frameworks for ESG disclosure & reporting, and the promotion of sustainable finance through education & awareness campaigns.

Click here to know more

3. SINGAPORE'S NEW GUIDELINES TO TACKLE GREENWASHING

The Monetary Authority of Singapore (MAS) has released new guidelines for ESG funds in order to tackle the issue of "greenwashing". The new guidelines aim to ensure that ESG funds are in line with globally accepted principles, are transparent and accurate in their ESG-related disclosures. It covers various aspects of ESG funds, including their investment process, data sources, and ESG metrics used. It also requires ESG funds to have a clear and well-defined investment strategy, and to use appropriate ESG metrics to evaluate investments. In addition, the disclosures are required to be transparent, including their ESG standards, investment process and data sources. The new guidelines also encourage ESG funds to consider the impact of their investments on different stakeholders, including customers, employees and the environment.

The guidelines are also expected to improve the quality of ESG funds and increase the transparency of ESG-related information. The guidelines will apply to all ESG funds that are marketed and sold in Singapore, including both domestic and foreign funds. The MAS will be monitoring the implementation of the guidelines and will conduct regular assessments to ensure their effectiveness. These guidelines are expected to be beneficial for both investors and the wider ESG fund sector in Singapore.

Click here to know more

EUROPE

1. THE EUROPEAN UNION INTRODUCED SUSTAINABILITY PREFERENCE AS A NEW OBLIGATION UNDER MIFID II

The EU has recently introduced new regulations that require financial institutions to collect sustainability preferences from their clients. This comes as a response to the growing demand for investment products that align with environmental, social, and governance (ESG) principles. The regulations aim to make it easier for investors to invest in sustainable products, while also improving the overall sustainability of the investment industry.

According to this regulation, financial institutions must collect and record data on their clients' ESG preferences, and use this information to inform their investment decisions. This means that clients can choose to invest in products that are aligned with their values and goals, such as those that focus on renewable energy, human rights, or animal welfare. Financial institutions must also disclose information on their investment processes, including how they integrate ESG considerations into their decision-making. Additionally, the regulations will help to drive the growth of the sustainable investment sector, as financial institutions are likely to develop more innovative and impactful products to meet the growing demand.

These EU regulations on ESG preferences for financial institutions are a significant step towards sustainable investment sector. They will encourage greater transparency, accountability, and provide investors with more options to align their investments with their values.

Click here to know more

SOUTH AMERICA

1. NEW ESG GUIDELINES FOR INSURANCE SECTOR BY THE BRAZILIAN INSURANCE REGULATOR

The Brazilian insurance regulator, Brazilian Superintendence of Private Insurance (SUSEP), has published guidelines on sustainability requirements for the insurance sector in the country. The guidelines aim to promote the integration of ESG considerations into the operations and decision-making processes of insurance companies. The main aim of the guideline is to encourage insurance companies to adopt sustainable business practices that promote sustainable development and support the transition to a low-carbon economy.

The guidelines include recommendations on the integration of ESG risks into insurance companies' risk management systems, the development of sustainability policies, and the disclosure of sustainability information to stakeholders. The SUSEP also encourages insurance companies to invest in assets that contribute to sustainable development, such as green bonds and renewable energy projects.

Overall, the SUSEP guidelines on sustainability requirements for the insurance sector in Brazil are likely to encourage the adoption of more sustainable business practices by insurance companies and contribute towards the transition to a low-carbon economy. This will not only benefit the environment and society, but also enhance the long-term financial performance of insurance companies by reducing their exposure to ESG risks.

Click here to know more

GLOBAL

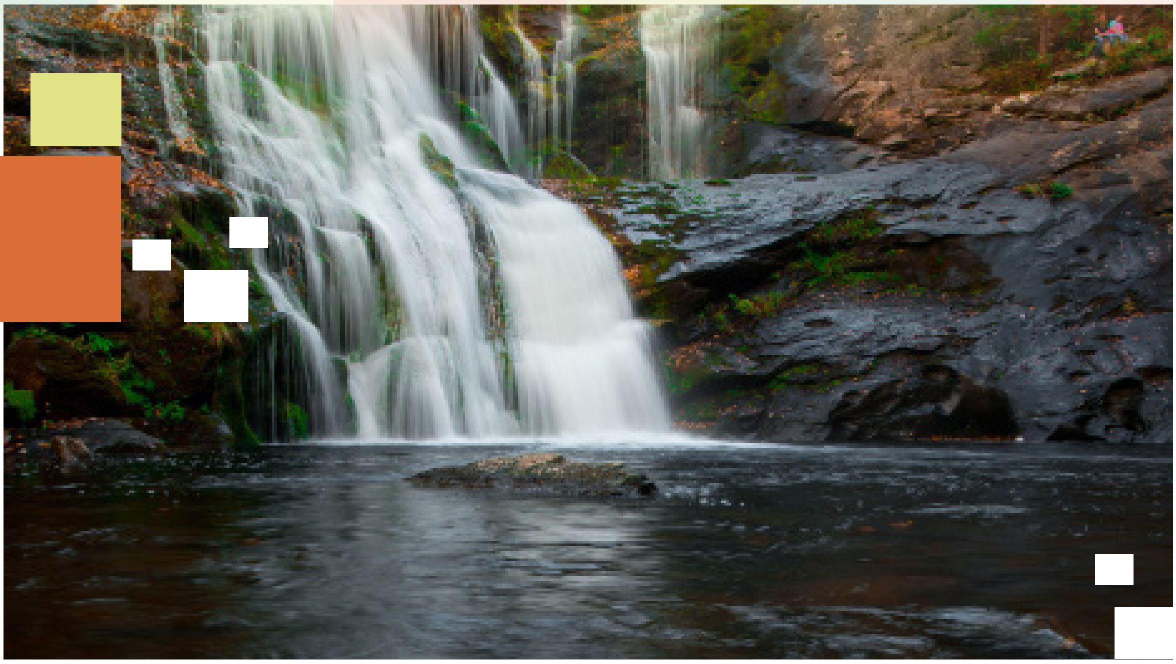
1. TNFD'S SECOND BETA VERSION OF NATURE-RELATED RISK FRAMEWORK

The Task Force on Nature-related Financial Disclosures (TNFD) has released the second beta version of its nature-related risk framework. The framework aims to provide guidelines for companies to identify, assess and manage the financial risks related to nature. The framework has been designed for companies across different sectors, including energy, transportation, real estate, and agriculture. The new beta version of the framework is based on the feedback received from stakeholders and is designed to help companies in their journey to improve their nature-related disclosures. The framework covers the financial risks related to the loss of biodiversity, water scarcity, land degradation, and climate change.

These are based on measurements that are currently being used in the market and have been suggested by scientific as well as standards organisations, including the 16 Knowledge Partners of the TNFD.

The Taskforce has outlined these in order to assist pilot testers with dependence and impact analysis that is in line with the LEAP methodology. The release of the second iteration of the beta framework is a major step in this direction and will help organizations to better understand and manage their nature-related risks and opportunities.

Click here to know more



AUGUST, 2022

ASIA

1. INDIA INTRODUCED BATTERY WASTE MANAGEMENT RULES, 2022

The Battery Waste Management Rules, 2022 shall apply to producer, dealer, consumer, entities involved in collection, segregation, transportation, refurbishment and recycling of waste battery. Batteries used or related to the defence of necessary security interests, such as weapons, ammunition, war supplies, and those made particularly for military applications, are exempt from these regulations. These rules also mention the role and functions of Central and State Pollution Control Board under Rule 11 and 12. The environmental compensation shall be levied on the defaulter and shall be liable accordingly. The Central Pollution Control Board shall establish an online system for the registration and filing returns by producers, recyclers, and refurbishers of waste battery within six months. Schedule I of the rules talks about the Prohibitions and Labelling Requirements. Schedule II talks about Target for Extended Producer Responsibility.

Click here to know more

2. VOLUNTARY CARBON MARKET EXCHANGE TO BE INTRODUCED BY BURSA MALAYSIA

On 15th August, 2022, the Malaysian stock exchange, announced plans to launch a voluntary carbon market exchange by the end of 2022. The exchange will allow companies to offset their carbon emissions and encourage the development of green technology. It will also offer a platform for companies to trade carbon credits, which are generated through sustainable initiatives. The exchange will provide companies with a way to demonstrate their commitment to sustainability and mitigate the effects of their carbon emissions.

The exchange will also support the Malaysian government's goal to reduce its carbon footprint. Bursa Malaysia's new exchange will play a crucial role in supporting this goal by creating an incentive for companies to adopt sustainable practices. It will offer various options for companies to offset their emissions, including investing in renewable energy projects and engaging in carbon reduction initiatives. Moreover, the exchange will provide a transparent and efficient mechanism for companies to offset their emissions and demonstrate their commitment to sustainability.

Click here to know more

3. JAPAN INTRODUCES THE FIRST ESG EVALUATION AND DATA PROVIDER CODE OF CONDUCT

Japan became the first country in the world to launch a Code of Conduct for ESG Evaluation and Data Providers. The Code of Conduct was created by the Japan Financial Services Agency (FSA) and is a set of guidelines that outline the standards of quality and ethics for ESG evaluation and data providers. The purpose of the Code of Conduct is to promote accurate, reliable and transparent ESG information to investors. It also ensures that ESG-related data is being evaluated and reported in an unbiased manner. It covers various aspects of ESG evaluation and reporting, including data collection, assessment, and dissemination. It requires ESG evaluation and data providers to have a thorough understanding of ESG issues, as well as to have a robust internal control system in place. It also requires ESG evaluation and data providers to ensure that the data they provide is accurate, comprehensive, and updated on a regular basis.

In addition, the Code of Conduct requires ESG evaluation and data providers to be transparent about their methodology and to provide detailed information on their ESG assessment process. This includes information on the sources of ESG data, how it is collected and analysed. ESG evaluation and data providers must also disclose any potential conflicts of interest and ensure that their ESG assessments are independent & impartial. The Code of Conduct will help to improve the quality and reliability of ESG information available to investors. It will also help to build trust in the ESG evaluation and data industry. The launch of the Code of Conduct is a significant step forward for the ESG industry in Japan and serves as an example for other countries to follow.

Click here to know more

NORTH AMERICA

1. USA'S INFLATION REDUCTION ACT OF 2022

The Inflation Reduction Act of 2022 will make an unprecedented start on lowering the deficit to fight prices, invest in locally produced energy and business, and reduce carbon emissions by over 40% by 2030. The package will also extend the expanded Affordable Care Act programme for another three years, through 2025, and allow Medicare to finally bargain at the cost of prescription drugs. By manufacturing solar panels, wind turbines, and electric vehicles, it will generate millions of well-paying jobs for Americans and lower household energy costs, allowing families to save hundreds of dollars annually on energy Bills. It will also ensure a healthy future for our children and grandchildren by reducing pollution and advancing environmental justice. This act will assist communities around the nation with savings, employment opportunities, and other advantages.

Click here to know more

2. PAY V. PERFORMANCE RULES ADOPTED BY THE SEC OF UNITED STATES

The SEC has recently adopted new pay-versus-performance disclosure rules. The new rules require companies to disclose the relationship between executive pay and company performance in a more clear and concise manner. The goal of the new disclosure rules is to provide more transparency and accountability for companies and their investors. The new rules require companies to provide a clear line graph that compares the annual total shareholder return to the total compensation of the CEO over a five-year period. Additionally, companies must explain the relationship between CEO pay and the company's financial performance in a clear and concise manner. The rules also require companies to explain any material factors that may affect the pay-performance relationship.

The new rules are part of a broader initiative aimed at promoting better governance practices and improving the relationship between companies and their investors. The SEC aims to enhance the transparency of executive compensation practices and help investors make informed decisions about their investments. These new disclosure rules are designed to provide more transparency and accountability for companies and their investors. The rules are aimed at promoting better governance practices and helping investors make informed decisions about their investments.

Click here to know more

3. NEW CLIMATE AND HEALTH CARE BILL SIGNED BY PRESIDENT BIDEN OF UNITED STATES

On 16th August, 2022, President Joe Biden signed a major climate and health care spending Bill into law. The Bill includes provisions aimed at reducing greenhouse gas emissions and combating the effects of climate change, as well as significant investments in healthcare infrastructure and initiatives. The provisions of the Bill under 'climate' include measures to increase the use of renewable energy sources such as wind and solar power, as well as efforts to reduce emissions from transportation and agriculture. The Bill also includes funding for research and development of new technologies to help achieve these goals.

In addition to its environmental initiatives, the Bill includes significant investments in healthcare, including funding for mental health services, increased access to care for rural and low-income communities, and increased support for frontline workers. The Bill was widely praised by environmental and healthcare advocates, who noted its potential to make a real impact by reducing greenhouse gas emissions and improving health outcomes for millions of Americans. By investing in clean energy, reducing emissions, and supporting critical health care initiatives, the Bill has the potential to make a meaningful impact on the environment and the lives of millions of Americans.

Click here to know more

EUROPE

1. EUROPEAN UNION REDUCING GAS DEMAND BY ADOPTING NEW REGULATION

The European Union has implemented new regulations aimed at reducing gas demand by 15% within the EU. The regulations were introduced as part of the EU's ongoing efforts to reduce greenhouse gas emissions and promote sustainable energy practices. The new regulations require member states to adopt measures aimed at reducing gas demand in a range of sectors, including residential, commercial, industrial and transportation. It will be supported by a range of initiatives, including energy efficiency measures, renewable energy projects and alternative fuels.

The regulations also required member states to establish a monitoring and reporting framework to track progress on reducing gas demand and provide regular reports to the European Commission. The new regulations are an important step in achieving these targets, as reducing gas demand is crucial in reducing the EU's carbon footprint. The regulations are also expected to stimulate investment in the renewable energy sector, helping to create new jobs and spur economic growth. These regulations will help to drive change in the energy sector and promote the use of renewable energy, contributing to a more sustainable future for the EU.

Click here to know more

SEPTEMBER, 2022

EUROPE

1. EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA) PROPOSES DISCLOSURES FOR GAS AND NUCLEAR ENERGY

The European Securities and Markets Authority (ESMA) has proposed new disclosure requirements for investments in fossil gas and nuclear energy. The proposed rules aim to increase transparency in investments and to ensure that investors are aware of the ESG risks associated with these investments. The proposed disclosures include information on the risks related to the use of fossil fuels, the impact of the investment on the environment, and the potential for the investment to contribute to the achievement of the Paris Agreement goals.

The disclosures also require information on the use of nuclear energy, including details on the safety & security of nuclear facilities, the impact of the investment on human health & the environment, and potential for investment to contribute in the achievement of sustainable energy targets. The ESMA has noted that the proposals are not designed to discourage investment in these sectors. On the contrary, it is to ensure that investors have access to sufficient and accurate information to make informed investment decisions. The proposed regulations will be open for public consultation and ESMA will consider feedback from stakeholders before finalizing the rules. The new regulations are expected to come into effect in 2023.

Click here to know more

2. ASSET MANAGEMENT ASSOCIATION SWITZERLAND (AMAS) INTRODUCES NEW ESG SELF-REGULATION

The Asset Management Association Switzerland (AMAS) has introduced a new ESG self-regulation for the fund management industry which came into force on 30th September, 2022. The regulation aims to promote responsible investing and encourage the industry to take ESG factors into account when making investment decisions. The self-regulation consists of guidelines that outline the responsibilities of fund managers in terms of ESG integration, disclosure, and reporting. The guidelines emphasize the importance of transparency, accountability, encourage fund managers to consider ESG risks and opportunities in their investment decisions.

The regulation also sets out the responsibilities of fund managers in terms of ESG integration, disclosure, and reporting. Fund managers are expected to consider ESG risks and opportunities when making investment decisions, and to report on their ESG activities in a transparent and consistent manner. The guidelines also encourage fund managers to engage with investee companies on ESG issues and to provide regular updates on their ESG practices.

The new self-regulation is seen as a positive step towards promoting sustainable investing in India and increasing the awareness of ESG issues among fund managers. The guidelines are expected to drive greater transparency and accountability in the fund management industry, encourage fund managers to consider ESG risks and opportunities when making investment decisions. The self-regulation will also provide investors with greater information and insight into the ESG practices of fund managers, helping them to make informed investment decisions.

Click here to know more

3. EUROPEAN CENTRAL BANK (ECB) INTRODUCES CLIMATE SCORES

The European Central Bank (ECB) has announced a new initiative to promote sustainable and responsible investments in the European bond market. The central bank will introduce climate scores for the corporate bonds in its portfolio, which will help to identify the carbon footprint of each bond and help the bank make decisions on which bonds to invest in. This will create a significant shift in the ECB's investment strategy, as it has traditionally focused on ensuring stability in the financial system rather than promoting environmental and social responsibility.

The introduction of climate scores is part of the ECB's broader efforts to promote sustainable finance in the European Union and tackle the challenges posed by climate change. The ECB will work closely with credit rating agencies and other stakeholders to develop a common method for measuring the carbon footprint of bonds. This will help us to ensure that the scores are transparent, consistent and meaningful, allowing investors to make informed decisions about the sustainability of their investments.

This is expected to accelerate as governments and investors become increasingly concerned about the impact of climate change on the global economy and financial system. This, in turn, will encourage more companies to adopt sustainable business practices and help to drive investment towards low-carbon, sustainable economy.

Click here to know more

4. THE EUROPEAN COMMISSION PROPOSES A PROHIBITION ON THE SALE OF GOODS PRODUCED USING FORCED LABOUR IN THE EU

The European Commission had presented a proposal for a ban on products made with forced labour in the EU market on 14th September, 2022. The proposed ban is part of the EU's efforts to tackle human rights violations, including those of forced labour, in the supply chains of goods. The new regulations will target both EU-based and non-EU companies that supply goods to the EU market. This will make it mandatory for companies to conduct due diligence procedures to identify and prevent any form of forced labour in their supply chains. Companies will also be required to report on their efforts to prevent forced labour. This includes a requirement to publish a slavery and human trafficking statement that includes details of the company's due diligence procedures and the measures they have taken to prevent forced labour.

Companies will need to be diligent in monitoring their supply chains and ensure that their suppliers comply with the new regulations. Companies that fail to comply with the ban could face significant fines and potential reputational damage. The proposed ban is a significant step forward in the EU's efforts to promote human rights and ethical business practices. The new regulations are expected to raise the bar for companies operating in the EU and will help to prevent exploitation of workers in the supply chain of goods. The ban is expected to have a positive impact on the working conditions of millions of workers globally and will contribute to the creation of a fairer & more sustainable global economy.

Click here to know more

ASIA

1. CHINA ANNOUNCES A PLAN TO CREATE A STATISTICAL ACCOUNTING SYSTEM FOR CARBON EMISSIONS

China has announced plans to establish a carbon emission statistical accounting system to improve the transparency of carbon emissions data and promote sustainable development. The aim is to establish a national carbon emission statistical system and a carbon accounting system for key industries by 2025. It will cover a variety of sectors including energy, transportation, and industry. The data collected will be used to evaluate the effectiveness of environmental policies and monitor the progress of China's green development.

The system will also play an important role in international cooperation and collaboration on climate change. It will enable China to report its carbon emissions data to the United Nations Framework Convention on Climate Change and participate in global carbon trading. By improving the transparency of carbon emissions data and promoting sustainable development, China hopes to become a leader in the global fight against climate change and play a major role in shaping the future of the planet. The country's efforts to reduce its carbon footprint and promote sustainable development will not only benefit the environment but will also help to promote economic growth and improve the quality of life for its citizens.

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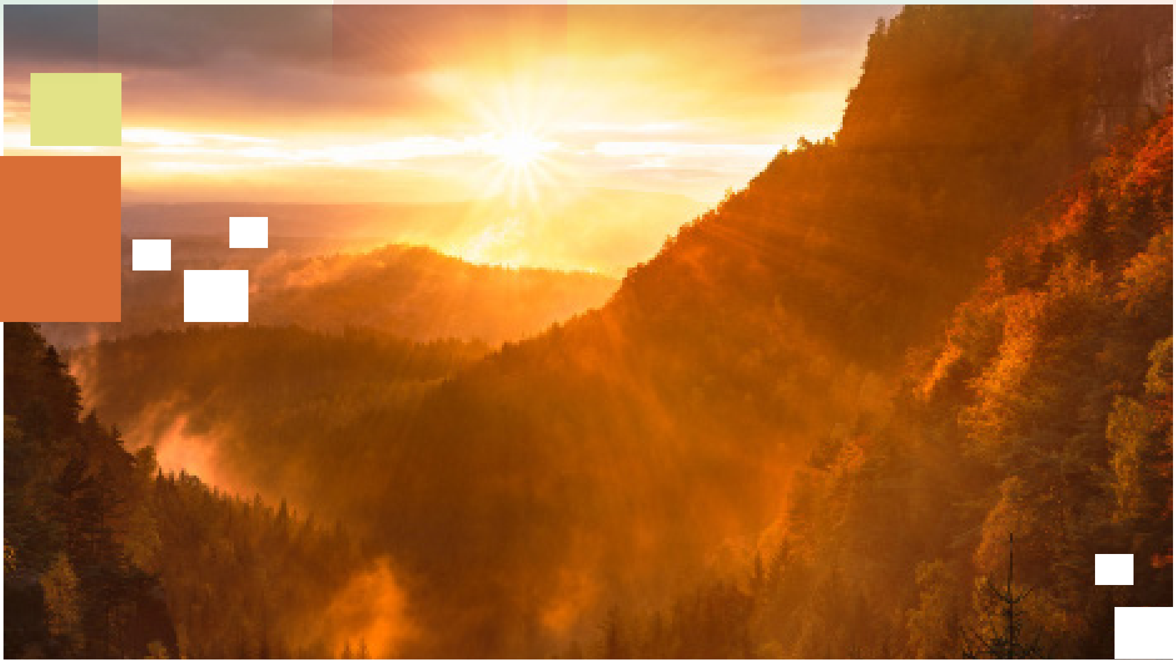

OCTOBER, 2022

GLOBAL

1. PRECOP 27 EVENTS

S. NO.	NAME	DATE	PLACE	BRIEFS
1	Pre-COP27	03 October, 2022 to 05 October, 2022	Kinshasa, DRC	Countries can discuss and exchange ideas in an informal setting during the Pre-COP regarding important political issues of the discussions, such as mitigation, adaptation, funding, and cooperation.
2	Africa Climate Week 2022	29 August, 2022 to 02 September, 2022	Libreville, Gabon	In order to develop effective partnerships for climate action, including resilience against climate threats and the shift to a low-emission economy, the regional climate week brings together African stakeholders from various sectors of society.
3	Climate and SDGs Conference	20 July, 2022 to 21 July, 2022	Tokyo, Japan (Hybrid)	The Third Global Conference on Strengthening Synergies between the Paris Agreement on Climate Change and the 2030 Agenda for Sustainable Development will be held in a hybrid format, including both in-person and virtual participation, on July 20–21 at the United Nations University in Tokyo, Japan.

4	Moment for Nature	19 July, 2022	United Nations, New York	The high-level thematic debate, which has been called by the 76th President of the UN General Assembly, will emphasise the need for an integrated strategy to address the current environmental crises in order to ultimately achieve the goals of the Paris Agreement for Climate Change and the 2030 Agenda for Sustainable Development.
5	Latin America and Caribbean Climate Week 2022	18 July, 2022 to 22 July, 2022	Santo Domingo, Dominican Republic	In order to build effective partnerships for climate action, including resilience against climate threats and the shift to a low-emission economy, the regional climate week brings together stakeholders from many sectors of society.
6	UN Ocean Conference	27 June, 2022 to 01 July, 2022	Lisbon, Portugal (Hybrid)	The Ocean Conference, which was organised with assistance from the governments of Portugal and Kenya, is an appeal for ocean action, urging world leaders and all pertinent sectors to increase ambition, mobilise partnerships, and increase investment in science-driven and creative methods to stop the deterioration of ocean health.
7	Bonn Climate Change Conference	06 June, 2022 to 16 June, 2022	Bonn, Germany	The Bonn Conference will kick off discussions on a variety of subjects including greenhouse gas emission reductions, adapting to climate impacts, and providing financial support for developing countries to cut emissions and adapt to climate change before the UN Climate Change Conference in Sharm el-Sheikh, Egypt.
8	Stockholm+50	02 June, 2022 to 03 June, 2022	Stockholm, Sweden	To addressing the triple planetary catastrophe of climate change, pollution and waste, natural loss, and biodiversity loss, the UN General Assembly is holding "Stockholm+50: a healthy world for the prosperity of all - our responsibility, our opportunity."

9	Global Platform for Disaster Risk Reduction	23 May, 2022 to 28 May, 2022	Bali, Indonesia	The World's Largest Conference on Disaster Risk Reduction and Building Resilience of Communities and Nations is the Global Platform for Disaster Risk Reduction. Governments, the UN system, and other stakeholders have the chance to recommit to accelerating disaster risk reduction efforts in order to achieve sustainable development. It is organised by the UN Office for Disaster Risk Reduction.
10	Sustainable Energy for All Forum	17 May, 2022 to 19 May, 2022	Kigali, Rwanda	The international conference will bring people together to assess progress, highlight achievements, and pinpoint ideas to accelerate and broaden progress toward sustainable energy for all. It acts as a platform to forge new alliances, encourage investment, overcome difficulties, and motivate action in the direction of achieving SDG-7 and a worldwide transition to sustainable energy.
11	17th Session of the UN Forum on Forest	09 May, 2022 to 13 May, 2022	Hybrid	For the sustainability of humankind worldwide as well as the health of our planet, forest ecosystems are essential. Forests are essential to the survival, livelihood, employment, and economic well-being of billions of people. A crucial chance to emphasise forests' contributions and unrealized potential in speeding the implementation of the 2030 Agenda for Sustainable Development is provided by the Forum on Forests.
12	UN Conference on Desertification	09 May, 2022 to 20 May, 2022	Abidjan, Côte d'Ivoire	To ensure that land continues to benefit both current and future generations, the Conference of the Parties to the UN Convention to Combat Desertification was established. It will bring together world leaders to advance the sustainable management of land, one of our most valuable resources.

13	XV World Forestry Congress 2022	02 May, 2022 to 06 May, 2022	Seoul, Republic of Korea (Hybrid)	The World Forestry Congress, which is taking place under the topic "Building a Green, Healthy and Resilient Future with Forests," focuses on six sub-themes, including halting the loss of forests, sustainable use of forest resources, and forest monitoring and data gathering.
14	UN Biodiversity Conference, Part Two	25 April, 2022 to 08 May, 2022	Kunming, China	The COP15's second session handles the subjects still on the agenda, such as the completion of a post-2020 global biodiversity framework.
15	IPCC Report on Mitigation of Climate Change	04 April, 2022	Virtual	This report, created by the IPCC's Working Group III as part of its sixth assessment cycle, examines innovation and solutions in energy and urban systems, as well as in industries like agriculture, forestry, and land use, buildings, transportation, and industry. It focuses on global and national efforts to mitigate the catastrophic and varied effects of climate change.
16	Middle East and North Africa Climate Week 2022	28 March, 2022 to 31 March, 2022	Dubai, United Arab Emirates (Hybrid)	The United Nations Framework Convention on Climate Change (UNFCCC) is hosting the first Middle East and North Africa Climate Week, which focuses on regional climate action and partnerships required to create economies and societies that are climate-resilient and integrate climate action into pandemic recovery.
17	Conference on Least Developed Countries	17 March, 2022	New York (Hybrid)	LDC5 is divided into two sections: The Doha Programme of Action (DPoA) will be examined for adoption at the inaugural UN headquarters in New York on March 17, 2022. Doha, Qatar, March 5–9, 2023, for the second half.
18	UNEP@50	03 March, 2022 to 04 March, 2022	Nairobi, Kenya	UNEP commemorates 50 years of advancements on fundamental environmental challenges like stopping the extinction of species and phase-out of leaded fuel.

19	IPCC Climate Report on Impacts, Adaptation and Vulnerability	28 February, 2022	Global	The report, created by the IPCC Working Group II as part of its sixth assessment cycle, examines how climate change affects both natural and human systems, highlighting their vulnerabilities as well as their capacities and capacity for adaptation.
20	UN Hub at Expo 2020 Dubai	15 January, 2022 to 22 January, 2022	Dubai, United Arab Emirates	The Global Goals Week, which will include a number of activities highlighting the significance of the Sustainable Development Goals, including climate action, will be held at the UN Hub at Expo 2020 Dubai. Throughout the week, keep an eye out for conversations about the climate.

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EUROPE

1. EBA PUBLISHES A REPORT FOR INTEGRATION OF ESG RISK IN SUPERVISION OF INVESTMENT FIRMS

On 26th October, 2022, the EBA published a report on the integration of ESG risks in the supervision of investment firms which aims to provide guidance on how investment firms can better integrate ESG risks into their risk management processes and governance structures. It highlights the importance of integrating ESG risks in the investment decision-making process as a means of promoting long-term stability and sustainability. The report focuses on the need for investment firms to have clear ESG policies and guidelines that are consistent with their risk management processes and governance structures.

The report also stresses the importance of having an ESG risk management framework that is fully integrated into the firm's overall risk management system. This will allow investment firms to effectively identify, assess, and manage ESG risks in a systematic and consistent manner. Further, the report provides guidance on how investment firms can develop and implement an effective ESG risk management framework. It recommends that investment firms should have in place robust ESG risk management processes and controls, including regular monitoring and reporting. The report also suggests that investment firms should establish clear lines of accountability and responsibility for ESG risk management. The EBA believes that investment firms have a critical role to play in promoting sustainable investment practices and that, it is important for investment firms to demonstrate their commitment to ESG risks by integrating them into their risk management processes and governance structures.

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2. UK FINANCIAL REGULATOR BODY FCA PROPOSES NEW MEASURES TO TACKLE GREENWASHING

The FCA was concerned that consumers

are being misled by such claims, leading them to make poor investment decisions. In response, the FCA proposed that companies disclose more information about their environmental impact and that they be subject to independent assurance processes. Under the new measures, companies will have to provide a detailed explanation of their environmental impact, including details of the environmental risks they face, as well as the steps they are taking to mitigate those risks. The FCA also proposed that companies should be subject to an independent assurance process, with the assurance report being made publicly available. This will enable consumers to make an informed decision about whether to invest in the company.

The measures are also designed to help companies to differentiate themselves from their competitors and to demonstrate their commitment to sustainability. The proposed measures are part of a wider effort by the FCA to promote responsible investing and to tackle the issue of greenwashing. The FCA's proposals are aimed at ensuring that consumers are not misled by companies making false or exaggerated claims about their environmental credentials.

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3. EUROPEAN COUNCIL PROPOSES RULES FOR 'ENERGY EFFICIENT' BUILDINGS

On 25th October, The European Council agreed on new rules aimed at creating more energy-efficient buildings. The new rules aims to ensure that all buildings are energy efficient, requiring that all new buildings should be zero-emission buildings by 2030, and that by 2050, existing buildings should be converted into zero-emission buildings. The new rules ensure that buildings are equipped with renewable energy sources, such as solar panels, and energy-efficient heating and cooling systems. In addition, the buildings will need to be designed to minimize energy waste and promote energy conservation.

The agreement has been welcomed by the European Commission, who sees it as a significant step towards achieving their sustainability goals. The Commission also recognizes the importance of addressing the energy consumption of buildings, which accounts for 40% of the EU's total energy consumption and 36% of its CO2 emissions. The new rules are expected to drive innovation in the construction industry and create new business opportunities for companies in the energy-efficient building sector. This could result in a more sustainable and energy-efficient built environment, reducing the EU's carbon footprint and promoting a more sustainable future.

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4. EUROPEAN COUNCIL SUSTAINABLE FINANCE PLATFORM FINALISES REPORT ON TAXONOMY MINIMUM SAFEGUARDS

The EU Platform on Sustainable Finance finalised its report on the Taxonomy minimum safeguards which outlines 18 safeguards that should be considered when implementing the Taxonomy Regulation. This regulation aims to support the transition to a more sustainable economy and the development of sustainable investment products. The 18 safeguards address issues such as social, environmental & governance risks, and their impact on investors. The report highlights that the safeguards should be considered when investing in Taxonomy activities and when designing new financial products.

The safeguards include a requirement for companies to disclose information about their environmental and social impacts, as well as their governance practices. The report also states that companies should have systems in place to monitor and manage their impact on the environment and society. Additionally, the report suggests that the EU should develop a unified framework for the collection and dissemination of information related to sustainable finance, for which a common data format should be used to ensure consistency and comparability. It also highlights the need for EU countries to adopt the same standards and best practices when it comes to sustainable finance.

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The recommendations from the GTAG include the development of a clear and comprehensive taxonomy that covers a wide range of environmental and social issues, such as climate change, biodiversity, and human rights. The group also recommends that the taxonomy should be based on scientific evidence and take into account the latest developments in environmental research.

Moreover, the group suggests that the taxonomy should be subject to regular review and updates, ensuring that it remains up-to-date and relevant. This taxonomy will provide a foundation for investment decision-making and support the transition to a low-carbon economy.

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5. FIRST SET OF RECOMMENDATIONS GIVEN BY GTAG ADVISORY GROUP OF UNITED KINGDOM

The Green Technical Advisory Group (GTAG) issued its first set of recommendations to the UK government on the development of a green financial system. The first set of recommendations is focused on the development of a robust and reliable taxonomy of environmentally sustainable activities. This taxonomy will be used to determine what activities are considered green and what are not. The recommendations are a step forward in the UK's efforts to transition into a low-carbon economy and promote sustainable finance. It will help financial institutions better understand the environmental impact of their investments and provide a framework for investment decision-making. Additionally, it will help to ensure that the use of green finance is not just a marketing tool, but that it genuinely promotes sustainable development.

NOVEMBER, 2022

GLOBAL

1. COP27

A ground-breaking agreement was introduced at the United Nations Climate Change Conference COP27 to give "loss and damage" assistance for vulnerable nations that have been severely affected by climatic disasters.

States presented a package of agreements at COP27 that reiterated their dedication to limiting global temperature increase to 1.5 degrees Celsius above pre-industrial levels despite a difficult geopolitical context. The package also boosted the financial, technological, and capacity-building assistance that developing nations need to reduce their emissions of greenhouse gases and adapt to their inevitable effects of climate change.

To help developing nations respond to loss and damage, governments made the ground-breaking decision to create new financial arrangements and a dedicated fund. The formation of a "transitional committee" to provide guidance on how to implement the new financial structures and the budget at COP28 next year was also agreed upon by the states. The first meeting of the committee is expected to take place before the end of March 2023.

The institutional structure for the implementation of the Santiago Network for Loss and Damage, that would encourage professional assistance to poor countries that are specially vulnerable to the repercussions of climate change, was also agreed upon by the parties.

Governments reached an agreement at COP27 on how to advance the Global Goal on Adaptation, which will be completed at COP28 and inform the first Global Stocktake, which will increase resilience among the most vulnerable nations. A report on tripling adaptation funding has been requested for discussion at COP28 the following year by the UN Climate Change Standing Committee on Finance.

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ASIA

1. INDIAN GOVERNMENT INTRODUCED THE SOVEREIGN GREEN BOND FRAMEWORK

In line with the goal of considerably lowering the economy's carbon intensity, the Union Budget for 2022–2023 announced the issuance of Sovereign Green Bonds. The Government of India will benefit from the issuing of Sovereign Green Bonds by being able to attract the necessary funding from potential investors for use in public sector projects targeted at lowering the economy's carbon intensity.

The framework is made to conform to four of the International Capital Market Association's (ICMA) Green Bond Principles and important suggestions (2021). These guidelines advise the issuer to outline a clear methodology and disclosure so that investors, banks, and other parties can comprehend the features of the green bond. According to the ICMA green bond guidelines, there are four main components: use of profits, project appraisal and selection, management of proceeds, and reporting. The ICMA urges the issuer to include provisions for an external review and to put out a Green Bond Framework that is accessible to investors in order to increase transparency.

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2. INDIA INTRODUCED NEW E-WASTE MANAGEMENT RULES, 2022

According to the E-waste Management Rules, 2022, every person shall have registration in any of the following category as manufacturer, producer, refurbisher, or recycler and shall not carry out any business without registration. The Chapter-III of the rules talks about the responsibilities of all the categories that must be taken into consideration while conducting their business. Every registered person may store the e-waste for a period not exceeding 180 days and shall maintain the record of the same. These rules are also applicable to solar photo-voltaic modules or panels or cells that are produced, manufactured or recycled. The producers must fulfil their extended responsibility obligations as per Schedule- III and Schedule-IV. Also, every producer shall try to reduce the use of Hazardous Substances in manufacturing electrical and electronic equipment and their components, consumables, parts, or spares. The Central Pollution Control Board shall levy compensation on any such person who is found to be in violation of the provisions of the act.

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3. INDIAN PUBLIC AGENCY NITI AAYOG'S REPORT ON CARBON CAPTURE, UTILIZATION, AND STORAGE (CCUS)

Specifically for the creation of clean goods and energy, India's Carbon Capture, Utilization, and Storage Policy Framework and its Deployment Mechanism are essential for guaranteeing sustainable development and growth in the country.

The role of Carbon Capture, Utilization, and Storage (CCUS) becomes important as a reduction strategy to achieve decarbonisation from the hard-to-abate sectors after India updated its NDC targets for accomplishing 50% of its total installed capacity from non-fossil-based energy sources, 45% decrease in emission intensity by 2030, and taking steps towards achieving Net Zero by 2070.

In addition to lowering imports and exploiting our abundant domestic coal reserves while producing clean products, CCUS projects will also generate a sizable amount of new jobs. It predicts that 750 mtpa of carbon capture by 2050 can gradually provide 8–10 million full-time equivalent (FTE) employment opportunities.

CCUS can assist in the decarbonisation and transition to clean energy systems in a number of ways, including:

a. Maintaining current emitters

b. Decarbonizing

c. Supporting the hydrogen economy's low-carbon sector

d. Removing the atmosphere's CO_2 stock

According to the report, CCUS can offer a wide range of opportunities to transform the captured CO_2 into various value-added products, all of which have significant market opportunities in India.

Click here to know more

EUROPE

1. CORPORATE SUSTAINABILITY DISCLOSURE REPORTING DIRECTIVE (CSRD) ADOPTED BY EUROPEAN UNION

The European Parliament adopted new reporting rules known as Corporate Sustainability Disclosure Reporting Directive for multinational companies aimed at promoting sustainable economy. The new legislation, will come into effect in 2024, requires companies with more than 500 employees to publish annual sustainability reports on their environmental and social impacts, including greenhouse gas emissions, energy consumption, and waste management. Additionally, companies must also disclose information on human rights, labour standards, and anti-corruption measures. The sustainability reports will also include details on how companies are contributing to the United Nations' Sustainable Development Goals and their plans to reduce the negative impacts of their activities.

The new reporting rules are aimed at providing investors with transparent and comprehensive information on the environmental and social performance of companies. The information is expected to help investors make informed investment decisions and promote sustainable business practices. The legislation also helps to standardize the reporting process, which will make it easier for companies to compare their sustainability performance with their peers and to identify areas for improvement. The EU has also introduced new measures aimed at promoting sustainable investment, such as the European Sustainable Finance Disclosure Regulation, which requires financial market participants to disclose how they integrate sustainability risks into their investment decisions.

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2. CONSULTATION PAPER ON FUND LABELLING PROPOSALS INTRODUCED BY THE EUROPEAN SECURITIES AND MARKETS AUTHORITY (ESMA)

The European Securities and Markets Authority (ESMA) released a consultation paper which proposes new regulations for funds that are focused on ESG factors. The consultation paper aims to establish clear, uniform and consistent rules for ESG funds and to promote investor protection, transparency and market integrity. The new regulations are intended to increase the quality of ESG funds, ensure that they are aligned with their investment objectives, and provide relevant, adequate information to investors.

The proposed regulations address key ESG-related issues such as the selection and management of ESG funds, the use of environmental, social and governance criteria, the provision of ESG information, and the use of ESG benchmarks. They also require ESG funds to include a robust and consistent ESG process in their management, including the use of an ESG policy that clearly outlines the principles, goals and methods of the ESG process. In addition, ESMA is proposing enhanced disclosure requirements for ESG funds, which will help investors understand the ESG process better and its impact on the funds' performance.

These regulations will play a significant role in promoting the growth of ESG funds, ensuring their quality and increasing the confidence of investors in these funds. Overall, the proposed regulations aim to help establish a more sustainable financial system, aligning with the European Union's goal of creating a greener and more sustainable economy.

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3. UK TRANSITION PLAN TASKFORCE INTRODUCES NEW DISCLOSURE FRAMEWORK

The UK Transition Plan Taskforce launched a new gold standard for best practice climate transition plans by private sector firms. This standard will help firms meet their obligations under the Paris Agreement and ensure that their transition to a low-carbon economy is smooth and efficient. It will also set out the criteria that firms must meet to demonstrate their commitment to reducing their carbon emissions and mitigating the impacts of climate change. It will be based on the recommendations of leading experts in the field and will be reviewed regularly to reflect the latest thinking on best practice.

The Taskforce has designed this standard to be used by private sector firms of all sizes and across all sectors. It will provide a clear framework for companies to follow as they transition to a low-carbon economy and will help to reduce confusion and uncertainty about what constitutes best practice in this area. The standard is also said to provide a benchmark for companies to measure their progress and to identify areas for improvement. This standard is a key part of the Taskforce's work and is designed to help ensure that the transition to a low-carbon economy is as smooth and effective as possible.

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4. ORDINANCE ON CLIMATE DISCLOSURE ISSUED BY THE SWITZERLAND GOVERNMENT

The Federal Council of Switzerland has decided to pass an ordinance requiring major Swiss firms to disclose Climate related information starting on January 1, 2024. The Task Force on Climate-related Financial Disclosures' (TCFD) proposals for large Swiss corporations will be "bindingly implemented" by the Federal Council in an effort to tackle Switzerland's "lack of transparent and uniform" climate-related disclosures.

Public reporting on climate issues will be required for all Swiss public enterprises, banks, and insurance firms with 500 or more workers, CHF 20 million or more in total assets, or CHF 40 million or more in annual revenue. In addition to disclosing the financial risk that a company faces due to climate-related operations, this public reporting will also include information on the effects of the company's operations on the environment. The business will also need to explain the reduction goals it has set for both its direct and indirect GHG emissions, as well as how it plans to achieve them.

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drive the development of new and innovative technologies, while also building a resilient and sustainable economy.

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NORTH AMERICA

1. NATURE-BASED SOLUTIONS ROADMAP RELEASED BY THE US

The US government has released a nature-based solutions roadmap at the 27th Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC). The roadmap outlines a comprehensive strategy for the US to utilize nature-based solutions to address the impacts of climate change. The roadmap highlights several key priorities that the US government will focus on to promote the implementation of nature-based solutions. These include increasing funding for research and development, fostering interagency collaboration, promoting market-based solutions, and leveraging private sector investment. The roadmap also emphasizes the importance of stakeholder engagement, including the involvement of indigenous people and local communities.

The release of the nature-based solutions roadmap is a significant step for the US in its commitment to address climate change and its impacts. The focus on nature-based solutions demonstrates the significance of preservation and restoration of ecosystems, which is essential to achieving a more sustainable future. The US government's commitment to this approach will help to

DECEMBER, 2022

ASIA

1. INDIA INTRODUCED THE ENERGY CONSERVATION (AMENDMENT) ACT, 2022

The Energy Conservation Act of 2001 has been amended by the current Amendment Act. This Act attempts to bring large residential facilities under the scope of the Energy Conservation regime. These buildings must have a minimum connected load of 100 kW or contract demand of 120 kVA. The Act gives the state the authority to reduce the aforementioned cap in order to apply to more buildings.

Moreover, the Act

- Expanded the application of the Energy Conservation Building Code;
- Added more individuals to the Bureau of Energy Efficiency's Governing Council.
- Gave the State Electricity Regulatory Commissions the authority to create rules to ensure the efficient performance of their duties.

The Act also exemplifies designated consumers obligations to obtain a certain percentage of their energy from non-fossil sources.

Additionally, the Act attempts to establish carbon credit markets in India. The Act has given the Central Government the authority to set up carbon markets in India and to outline a system for selling carbon credits. Additionally, the government or an authorised agency (in accordance with the code) may issue carbon credit certificates (which have a tradeable nature) to registered businesses or persons. The apparatus to be utilised for the trading of carbon credit certificates and its control, however, was still unclear.

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GLOBAL

1. ISSB PUBLISHES GUIDANCE ON CARBON EMISSIONS DISCLOSURE

The International Sustainability Standards Board (ISSB) has announced guidance and relief measures to support companies in reporting their Scope 3 greenhouse gas (GHG) emissions. Scope 3 emissions refer to indirect emissions that result from activities occurring outside of an organization's direct control. The ISSB guidance is aimed at helping companies to better understand the process of measuring and reporting their Scope 3 emissions. It includes recommendations on the data sources, methods and boundaries to be used when calculating the emissions, as well as the disclosures that should be included in the financial statements.

The relief measures are aimed at reducing the reporting burden for companies, particularly those with limited resources. The relief measures include the option to use a limited number of information to calculate the emissions and implement a simplified approach to the calculation of emissions. The relief measures are designed to help companies get started with the reporting process and to provide a clear & consistent approach to the calculation of emissions. The relief measures will also help to reduce the reporting burden for companies, allowing them to focus on taking concrete steps to reduce their emissions.

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EUROPE

1. DEFORESTATION-FREE SUPPLY CHAINS IN THE EUROPE COMMISSION

In December 2022, the European Commission proposed new regulations aimed at reducing the impact of deforestation on the environment. The new regulation will require companies to implement measures to eliminate deforestation from their supply chains. These regulations cover a wide range of products including palm oil, soy, cattle, rubber, and timber. Companies will be required to assess the risk of deforestation in their supply chains, adopt measures to minimize it, and publicly report on their progress.

The new law is part of the EU's broader strategy to achieve a sustainable economy, which aims to reduce the negative impact of economic activities on the environment and human health. The EU has already taken several measures to reduce its carbon footprint, including the implementation of the Paris Agreement, the promotion of renewable energy, and the adoption of circular economy principles. The new law is said to reduce the demand for products linked to deforestation and incentivize companies to adopt more sustainable practices. The EU aims to have the law in place by 2024, giving companies time to implement the necessary changes.

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2. EUROPEAN BANKING AUTHORITY (EBA) PUBLISHES SUSTAINABLE FINANCE ROADMAP

The European Banking Authority (EBA) has recently published its "Sustainable Finance Roadmap" which outlines its key initiatives and initiatives of the European Banking sector towards sustainable finance. It is a comprehensive and ambitious plan that aims to steer the sector towards a more sustainable and greener future, in line with the European Green Deal and the United Nations Sustainable Development Goals. It also covers various topics, including ESG disclosure, integration of sustainability risks, green finance & responsible investment, sustainable finance products, and carbon footprint measurement. Additionally, the roadmap calls for improved sustainability-related reporting and disclosure by financial institutions, enhanced ESG integration and robust risk management frameworks, greater use of green finance and responsible investment tools.

It also sets out recommendations for regulatory and technical guidance to promote sustainability in the banking sector. This includes harmonization of sustainability-related reporting standards, guidance on how to assess and manage the carbon footprint of financial institutions, and the development of sustainability-related key performance indicators and metrics. By providing clarity and guidance to financial institutions, the Roadmap will help to promote greater transparency, accountability, & sustainability, ultimately contributing to a more stable, resilient, and sustainable financial system.

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3. EUROPEAN UNION PARLIAMENT AND EUROPEAN UNION COUNCIL ENTER INTO A PROVISIONAL AGREEMENT REGARDING CBAM

The European Union (EU) reached a provisional agreement on the carbon border adjustment mechanism (CBAM), which will help achieve its climate action goals. The mechanism aims to address the problem of carbon leakage, where companies move production to countries with lower environmental standards in order to avoid paying for the emissions they produce. CBAM will require importers of goods into the EU to pay a carbon tax equivalent to the amount of emissions produced in the production process.

The agreement was reached after several rounds of negotiations between the European Parliament, the Council of the EU, and the European Commission. The provisional agreement aims to ensure that the carbon tax is applied in a way that is consistent with international trade rules and does not discriminate against certain countries. The next step in the process will be for the European Parliament and the Council of the EU to formally approve the agreement. If approved, the CBAM is expected to be implemented in 2023, providing a strong signal to the rest of the world that the EU is committed to taking action on climate change.

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NORTH AMERICA

1. THE US FEDERAL RESERVE CONSULTS ON A CLIMATE-RISK FRAMEWORK FOR BANKS

The Federal Reserve proposed new guidance for large financial institutions on managing climate risk. This proposal aims to help financial institutions identify, assess, and manage the risks associated with climate change. It will be voluntary and is meant to provide a framework for banks and other financial institutions to understand and assess the financial risks posed by climate change. It will also help financial institutions assess their exposure to physical, transition, and liability risks. The guidance is part of a broader effort by the Federal Reserve to address the financial risks posed by climate change and support the transition to a low-carbon economy.

The proposal includes three main components: the identification of climate-related risks, the assessment of these risks, and the management of these risks. The first component involves identifying the climate-related risks faced by financial institutions, including physical, transition, and liability risks. The second component involves assessing the potential impact of these risks on the financial institution and its stakeholders. The third component involves developing and implementing strategies to manage these risks, including adjusting business models, portfolio management, and risk mitigation strategies. The Federal Reserve also hopes that the guidance will promote greater transparency in financial institutions' management of climate risk, which will support the development of a more sustainable financial system.

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