

## SUSTAINABILITY: RECENT ESG DEVELOPMENTS

December 2021

Environmental, Social and Governance ("ESG") factors have fast risen to the top of the board agenda across all sectors, with increasing awareness that a failure to address these matters can be detrimental both financially and reputationally. Investor pressure, internal governance and the proliferation of regulatory requirements and voluntary standards across the globe makes this a complex area to manage.

This newsletter is intended to assist banks, financial investors and corporates in keeping up to date with ESG developments.

Further details of these and previous developments can also be found on our [Clifford Chance ESG page](#). Further related resources can be found on our [Green and Sustainable Finance Topic Guide](#) on the [Clifford Chance Financial Markets Toolkit](#).

This regular newsletter is a digest of key developments on Sustainability and ESG from around the Clifford Chance network, including:

- Legal and Regulatory Requirements
- Official Publications
- Industry Guidance, Voluntary Codes and Publications
- COP26
- Advocacy Group Publications
- Rating Agency, Index Provider and Data Services
- Clifford Chance Resources
- To subscribe for future editions, please click [here](#)

## LEGAL AND REGULATORY REQUIREMENTS

### European Union

(25 November 2021) The [European Securities and Markets Authority](#) published [a letter](#) from the European Commission to the European Parliament and Council on the status of the draft regulatory technical standards (RTS) under the Sustainable Finance Disclosure Regulation (SFDR). The Commission informs the European Parliament and Council that it has been unable to adopt the draft RTS, which are to be bundled into a single delegated act, within the three-month period due to their length and technical detail, and that the date of application of the RTS will be further deferred from 1 July 2022 to 1 January 2023.

### **Environmental Social | Market-wide**

(22 November 2021) The [Council of the European Union](#) published its [overview](#) on the progress of the 'Fit for 55' package revealing that good progress at a technical level had been achieved. The package of legislative proposals aims to align the EU's climate and energy policy framework with its new economy-wide climate target for 2030 of reducing net greenhouse gas emissions by at least 55% and to put it on track to reach its objective of becoming climate neutral by 2050.

### **Environmental | Market-wide**

(12 November 2021) The [European Commission](#) published a [consultation paper](#) entitled 'Strengthening of the quality of corporate reporting and its enforcement' seeking views on the quality of EU corporate reporting by listed companies and public interest entities and its enforcement, to help it to assess the quality of reporting and compare possible remedies, which are likely to include a proposal for a directive amending the Transparency Directive, Accounting Directive, Statutory Audit Directive and Audit Regulation. In the context of this consultation, corporate reporting comprises the financial statements of companies, their management report that includes the non-financial and corporate governance statements and country-by-country reporting. It would also include sustainability information pursuant to the proposed Corporate Sustainability Reporting Directive. Responses must be received by 4 February 2022. The Commission intends to prepare an impact assessment in 2022.

### **Governance | Market-wide**

## **Italy**

(26 October 2021) The [Italian Senate Committee on Employment and Social Security Matters](#) passed the Equal Pay Bill, [legge 05/11/2021 n 162](#), (in Italian) which will broaden gender equality reporting obligations and introduces a 'Gender Certification' for companies with 50+ employees with effect from 1 January 2022. The minimum parameters for attaining gender equality certification will be established by Prime Ministerial Decrees and will address remuneration paid, career progression opportunities and work/life balance. The same law will also widen the scope of application of gender quotas within boards of directors.

### **Social Governance | Market-wide**

## Japan

(26 October 2021) The [Japanese Financial Services Agency](#) announced the publication of its [Social Bond Guidelines](#). The guidelines are intended to promote the wider adoption of social bonds (i.e. bonds that limit the use of proceeds to social projects that contribute to solving social issues) by the private sector in Japan by ensuring the credibility of the social benefits of social bonds while reducing the cost to and administrative burden on issuers.

**Social | Market-wide**

## The Netherlands

The [Government of Netherlands](#) published a [law](#) (in Dutch) introducing a diversity quota for new appointments to the supervisory boards of Dutch listed companies with effect from 1 January 2022. This law also requires 'large companies' to set ambitious and appropriate goals to promote gender diversity in the management board, supervisory board, categories of senior management that are to be determined by the company itself, and related reporting obligations. See [our briefing](#) of February 2021 (when the bill was adopted by the Dutch House of Representatives) for further detail. | [Press release](#) (in Dutch) | [Press release](#) (in English)

**Social Governance | Market-wide**

## Spain

(2 November 2021) The [Government of Spain](#) launched a [consultation](#) (in Spanish) on the draft Royal Decree in relation to the development of article 32 of [Law 7/2021](#) (in Spanish) on climate change and energy transition. The consultation aimed to specify the content of the annual reports that companies have to publish assessing their impact and risks associated to climate change and providing measures to mitigate those risks. The consultation ended on 15 November 2021.

**Environmental | Market-wide**

## United Kingdom

(9 November 2021) [HM Treasury](#) published a further consultation setting out proposals for reform as part of its [Financial Services Future Regulatory Framework Review](#) aimed at developing the UK's long-term regulatory approach to financial services post-Brexit. The consultation sets out the Government's response to the feedback received on its October 2020 Phase II consultation and makes a series of proposals, including new secondary objectives on growth and international competitiveness for the Prudential

Regulation Authority and Financial Conduct Authority, and amending the regulatory principle for sustainable growth to reference climate change and a net zero economy.

### **Environmental Governance | Market-wide**

(3 November 2021) The [Financial Conduct Authority](#) (FCA) launched a [discussion paper](#) on proposals intended to make it easier for investors to identify and understand the environmental, social and governance (ESG) characteristics of investment products. In particular, the FCA is seeking views on new sustainability disclosure requirements (SDR) for asset managers and FCA-regulated asset owners, supported by a new classification and labelling system for sustainable investment products. Responses are due by 7 January 2022.

### **Environmental Social Governance | Financial institutions**

#### **United States of America**

(15 November 2021) Judge Andrews of the [United States District Court for the District of Delaware](#) granted Qualcomm's [motion](#) to dismiss a shareholder lawsuit against the board of directors. The shareholders alleged that the board of directors issued misleading statements in their proxy statements by stating that they would increase their board diversity, but then failing to put forward diverse candidates onto the board of directors. According to the ruling, the allegations in the complaint failed to identify misleading statements, as the statements about the board's goals were 'inactionable puffery', though the judge allowed shareholders to amend their complaint.

### **Social Governance | Market-wide**

(15 November 2021) President Biden [signed](#) into law the [Bipartisan Infrastructure Law \(Infrastructure Investment and Jobs Act\)](#). The Act seeks to modernize the U.S. infrastructure landscape with an estimated allocation of \$1.2 trillion in total funding over ten years and it focuses on five key areas, such as improving and rebuilding roads, bridges, public transit, rail, ports, and airports, ensuring safe, lead-free drinking water for everyone, supporting climate friendly car and bus transport, transitioning to clean energy, and providing access to high-speed internet.

### **Environmental Social | Market-wide**

(3 November 2021) On 3 November 2021 and 17 November 2021, the [Securities and Exchange Commission](#) issued two regulatory actions that demonstrate its commitment to advancing the Commission's ESG agenda. On 3 November, the Division of Corporation Finance issued a [bulletin](#)

[instructing the staff](#) to focus on 'broader societal impact' when reviewing companies' no-action requests thereby making it more difficult to exclude shareholder proposals on topics like ESG. On 17 November, the Agency [approved new rules](#) requiring the use of a 'universal proxy card' by management and shareholders soliciting proxy votes for candidates in contested director elections. By issuing such rules, the Agency hopes to ensure that shareholders voting by proxy can elect directors consistent with their right to vote in person at a shareholder meeting.

### **Environmental Social Governance | Market-wide**

[Back to top](#)

## **OFFICIAL PUBLICATIONS**

### **International**

(23 November 2021) The [International Organization of Securities Commissions](#) (IOSCO) published a set of [recommendations](#) applicable to ESG ratings and data product providers. IOSCO set out specific recommendations on what regulators could focus greater attention on when developing their framework, including promoting more transparency regarding the methodologies used, ensuring their procedures for managing conflicts of interest are appropriate and improving communication channels between providers and the entities covered by their ESG ratings or data products without undermining their impartiality.

### **Environmental Social Governance | Market-wide**

(16 November 2021) The [Basel Committee on Banking Supervision](#) launched a [consultation](#) on its principles for the effective management and supervision of climate-related financial risks and includes 18 proposed principles providing guidance to banks on the effective management of climate-related financial risks. Comments are due by 16 February 2022. | [Press release](#)

### **Environmental Social | Banks**

(9 November 2021) The [Network for Greening the Financial System](#) (NGFS), published a [technical report](#) intended to raise awareness about the risks ensuing from climate-related litigation. The report outlines general trends in climate-related litigation and proposes ways of addressing these risks. The NGFS notes that climate-related litigation cases will increase across jurisdictions in the coming years and therefore supervisors and central banks will need to ensure that financial institutions supervised by them adequately manage the financial and operational risks resulting from potential climate-related litigation cases against them.

### **Environmental | Banks**

(9 November 2021) The [Basel Committee on Banking Supervision](#) (BCBS) published [updates](#) on its work regarding climate-related financial risks, cryptoassets, the global systemically important banks assessment methodology and disclosure standards.

The BCBS is developing a suite of potential measures to address climate-related financial risks to the global banking system. In particular, the BCBS plans to consult on a set of principles for the effective management and supervision of climate-related financial risks at internationally active banks.

### **Environmental Social | Banks**

(2 November 2021) The [International Organization of Securities Commissions](#) Task Force on Sustainable Finance published its [final report](#) on recommendations for sustainability-related practices, policies, procedures and disclosure in the asset management industry. The report reflects on the feedback received to the [June 2021 consultation](#) and sets out five key recommendations for securities regulators and policymakers.

### **Environmental Social Governance | Asset managers**

## **Argentina**

(1 November 2021) During COP26, the [Government of Argentina](#) announced [an agreement](#) (in Spanish) with an Australian mining company which involves an investment of US\$8.4bn to produce green hydrogen in Sierra Grande, the largest underground iron mine in South America. It is expected that this will generate the creation of more than 15,000 direct jobs and between 40,000 and 50,000 indirect.

### **Environmental Social | Market-wide**

## **Asia**

(10 November 2021) The [Association of Southeast Asian Nations](#) released the bloc's first [environmental taxonomy](#) for financial instruments.

### **Environmental | Market-wide**

## **Australia**

(25 November 2021) The [Australian Prudential Regulation Authority](#) (APRA) released its final '[Prudential Practice Guide CPG 229: Climate Change Financial Risks](#)' (CPG 229) setting out examples of better practice to assist banks, insurers and superannuation trustees in managing climate-

related risks and opportunities within their existing risk management and governance practices. The finalised guidance follows the feedback APRA received to its [April 2021 consultation](#) on the draft prudential practice guide and encourages its regulated entities to begin using the finalised guidance immediately to enhance their management of climate change financial risks in a manner that is appropriate to their business and particular circumstances.

### **Environmental | Bank Insurers**

(4 November 2021) The [Australian Prudential Regulation Authority](#) and the [Reserve Bank of Australia](#) published a [joint statement](#) on the actions they are taking to ensure financial institutions and the Australian financial system are prepared to respond to the financial risks of climate change. | [Press release](#)

### **Environmental | Financial institutions**

## **Europe**

(22 November 2021) The [European Central Bank](#) (ECB) published a [report](#) providing a large-scale assessment of how European banks are adjusting their practices to manage climate and environmental (C&E) risks, in line with the expectations set out in the ECB's November 2020 guide on C&E risks. The findings of the report suggest that, in general, banks have met some ECB expectations but lag behind in areas such as internal reporting, market and liquidity risk management, and stress testing. The ECB will publish its findings in an updated report in the first quarter of 2022.

### **Environmental | Banks**

(5 November 2021) The [European Central Bank](#) (ECB) issued an [opinion](#) on the [European Commission's proposal](#) for a regulation on European green bonds responding to a request from the European Parliament on 14 October 2021. Amongst other things, the ECB recommends amending the proposed regulation to clarify that the EU Green Bond Standard cannot be interpreted as preventing credit institutions from fully applying Capital Requirements Regulation requirements.

### **Environmental | Banks**

## **European Union**

(18 November 2021) The [European Securities and Markets Authority](#) published its [preliminary report on the EU carbon market](#). The report presents an overview of the financial regulatory environment for the carbon market under Market Abuse Regulation (MAR), Markets in Financial



Instruments Directive (MiFID2) and European Market Infrastructure Regulation (EMIR) and the tools available to securities supervisors to fulfil their responsibilities. The report also provides an analysis of price evolution and volatility in European emission allowances (EUAs) and derivatives on EUAs. | [Press release](#)

## **Environmental | Market-wide**

### **Hong Kong**

(3 November 2021) The [Hong Kong Monetary Authority](#) issued a [statement](#) to support the [Central Banks and Supervisors Network for Greening the Financial System](#) Glasgow Declaration, which reiterates the willingness to contribute to the global response required to meet the objectives of the Paris Agreement, and the commitment to expand and strengthen collective efforts towards greening the financial system.

## **Environmental Social Governance | Banks**

(3 November 2021) The [International Finance Corporation](#) [announced](#) that it will partner with the [Hong Kong Monetary Authority](#) and another institutional investor to create a new US\$3 billion global platform for climate-smart investment aligned with the Paris Agreement.

## **Environmental Social Governance | Financial investors**

### **Luxembourg**

(29 November 2021) The Luxembourg financial sector regulator, the [Commission de Surveillance du Secteur Financier](#) (CSSF), published its 2021 report on its [thematic review](#) of issuers' climate and environmental related disclosures. The review examined the current status of environmental and climate-related information reported by issuers under the CSSF's supervision (i.e. entities whose securities are admitted to trading on a regulated market, for which Luxembourg is the home Member State, exceeding 500 employees, total assets of EUR 20 million and/or a net turnover of EUR 40 million) and to assess how this information has evolved since the first application of the Non-Financial Reporting Directive 2014/95/EU (NFRD).

## **Environmental | Issuers**

### **Russia**

(10 November 2021) The Russian state development bank [VEB.RF](#) announced the official adoption of the Russian [sustainable investment taxonomy](#) (in Russian). It is broadly in line with the [Climate Bonds](#)



[Taxonomy](#). Climate Bonds have been a major contributor to the development of the EU Sustainable Finance Taxonomy.

## Environmental | Banks

### Singapore

(9 November 2021) The [Monetary Authority of Singapore announced](#) that it will collaborate with the industry to pilot four digital platforms under Project Greenprint, to address the financial sector's needs for good data on sustainability. Project Greenprint was launched in December 2020 with a view to harnessing innovation and technology to promote a green finance ecosystem by supporting the mobilisation of capital, monitoring sustainability commitments, and measuring impact.

## Environmental | Market-wide

(9 November 2021) The [Monetary Authority of Singapore](#) issued [revised guidelines](#) on corporate governance (CG guidelines) for designated financial holding companies, banks, direct insurers, reinsurers and captive insurers which are incorporated in Singapore (Financial Institutions (FIs)), together with its [response](#) to the feedback received on its May 2021 consultation paper on proposed revisions to the CG guidelines. The CG guidelines were revised to align and strengthen corporate governance standards across FIs and supersede and replace the CG guidelines issued on 3 April 2013. Expectations in the revised CG guidelines that relate to disclosures are effective from 1 January 2022 and will apply to the FIs' annual reports covering financial years commencing from 1 January 2022. All other expectations in the revised CG guidelines are effective from 1 April 2022, except for Provision 2.2 which will be effective from 31 December 2022.

## Governance | Financial institutions

### Switzerland

(17 November 2021) The [Swiss Federal Council](#) decided to [prepare a basis](#) for the issuance of green Confederation bonds and indicated that it wants the Swiss financial centre to be an international leader in sustainable financial services. The Federal Council acknowledges that green Confederation bonds will not have a direct environmental impact on their own and that political decisions are needed for concrete measures to protect the climate and the environment.

## Environmental | Market-wide

### United Arab Emirates

(5 November 2021) [Dubai Financial Services Authority](#) reported that the UAE Sustainable Finance Working Group, consisting of the UAE regulators and exchanges, issued a [High Level Statement of Sustainable Finance](#). The statement builds upon its commitments set out in the [UAE Guiding Principles on Sustainable Finance](#) (2020) and notes the country's commitment in achieving their sustainability objectives following the Paris Agreement, notably the [UAE net-zero 2050 programme](#). It also highlights the immediate priorities of encouraging ESG related corporate disclosure standards, strengthening corporate governance by UAE companies and developing a UAE taxonomy

#### **Environmental Governance | Market-wide**

### **United Kingdom**

(25 November 2021) The [Financial Reporting Council](#) published its annual Review of Corporate Governance Reporting, which sets out the key findings from its review of how a sample of FTSE 350 and Small Cap companies have reported during the year under the UK Corporate Governance Code.

#### **Governance | Market-wide**

(15 November 2021) The [Financial Conduct Authority](#) (FCA) published [the Primary Market Bulletin No 36](#) which sets out information on the FCA's disclosure expectations and supervisory strategy in relation to the TCFD aligned climate-related disclosure requirements for premium listed commercial companies in Listing Rule (LR) 9.8.6R(8) and the proposed new LR 14.3.27R.

#### **Environmental Governance | Market-wide**

(5 November 2021) The [Bank of England](#) published [details](#) of how it intends to adjust its [Corporate Bond Purchase Scheme](#) (CBPS) to support the UK Government's transition to net zero. The CBPS, which was launched in 2016, purchases investment grade sterling corporate bonds issued by companies judged to make a material contribution to UK economic activity. The new greening methodology will be incorporated in the next CBPS reinvestment period, which is due to begin in November 2021.

#### **Environmental | Corporates**

(3 November 2021) The [Financial Conduct Authority](#) (FCA) launched a [discussion paper](#) on proposals intended to make it easier for investors to identify and understand the environmental, social and governance (ESG) characteristics of investment products. The paper forms part of the FCA's newly launched [ESG strategy](#), which sets out the FCA's ESG objectives and the key actions it intends to undertake to deliver them. Responses are due

by 7 January 2022. The FCA intends to develop the proposed rules and consult on them in the second quarter of 2022.

### **Environmental Social Governance | Market-wide**

#### **United States of America**

(16 November 2021) The [Securities and Exchange Commission](#) (SEC) Commissioner Caroline Crenshaw [spoke in the annual PepsiCo-PwC CPE conference](#) regarding internal accounting controls, including the meaning of ESG for the SEC and future ESG regulations. Although the Commissioner spoke in her personal capacity, she highlighted the nexus between internal accounting controls and ESG risks by emphasizing 'as businesses and transactions evolve, so too do the risks to corporate assets. It is for these reasons, among others, that I think of internal accounting controls when I think of ESG risks.' She also emphasized that evaluating the impact of ESG risks can also develop into assessing corporate readiness to manage new and emerging risks.

### **Environmental Social Governance | Market-wide**

[Back to top](#)

## **INDUSTRY GUIDANCE, VOLUNTARY CODES AND PUBLICATIONS**

### **International**

(16 November 2021) The [International Association of Insurance Supervisors](#) (IAIS) published a [statement](#) on the importance of diversity, equity and inclusion (DE&I) considerations to the objectives of insurance supervision. The IAIS acknowledges that advancing DE&I plays a role in achieving broader ESG objectives, such as creating more accessible markets and supporting financial inclusion among traditionally underserved communities and individuals.

### **Environmental Social Governance | Insurers**

(10 November 2021) The [International Chamber of Commerce](#) published a [consultation report](#) on draft global standards for Sustainable Trade and Trade Finance. The report, developed in partnership with the Boston Consulting Group through a global consultation exercise involving over 200 banks and corporates, outlines the first-ever standardised framework and assessment methodology to qualify the sustainability profile of trade transactions.

### **Environmental Social Governance | Banks Corporates**

(10 November 2021) The [Principles for Responsible Investment](#) published an [investor and company statement](#) which stated their support of mandatory human rights and environmental due diligence (mHREDD) legislation. The statement hails the upcoming EU framework on mHREDD as a vital step in the right direction and emphasises that the proposed mHREDD law needs to safeguard human rights defenders through requirements of consultation, Free, Prior and Informed Consent (FPIC) for Indigenous Peoples, engagement and access to information, and by ensuring proper access to effective remedy.

#### **Environmental Social Governance | Market wide**

(4 November 2021) The [Institutional Shareholder Services](#) (ISS) launched its 2022 benchmark policy consultation, seeking views on its proposed new and amended voting policies for 2022. Proposed key policy changes for the UK include, among other things, an additional policy on board ethnic diversity, the addition of non-financial ESG performance conditions to the remuneration policy, a new policy for a say on climate management and shareholder proposals and a new policy on board accountability on climate. ISS intends to publish its final 2022 benchmark policy changes at the end of November 2021.

#### **Environmental Social Governance | Corporates**

(3 November 2021) The [International Financial Reporting Standards](#) (IFRS) Foundation Trustees [announced](#) three developments aimed at providing the global financial markets with high-quality disclosures on climate and other sustainability issues. The developments include a new [International Sustainability Standards Board](#), formed to develop a comprehensive global baseline of high-quality sustainable disclosure standards to meet investors' information needs; a plan to consolidate the [Climate Disclosure Standards Board](#) and the [Value Reporting Foundation](#) by June 2022 and a prototype disclosure standards published by the [Technical Readiness Working Group](#).

#### **Environmental Social Governance | Market-wide**

(25 October 2021) [Shift](#) and the [OHCHR](#) published a policy paper, '[Enforcement of Mandatory Due Diligence: Key Design Considerations for Administrative Supervision](#)' which explores effective accountability for new mandatory human rights and environmental due diligence (mHREDD) regimes and considers how administrative supervision can complement civil liability for harms in the effective enforcement of due diligence requirements. The report offers practical guidance for policy-makers on how to avoid pitfalls in areas of corporate regulation and suggests steers in designing the administrative supervision of mHREDD duties.

## Environmental Social Governance | Market wide

### Europe

(16 November 2021) [Glass Lewis](#) published its 2022 UK Proxy Voting Policy Guidelines and its 2022 ESG Initiatives: Policy Guidelines. The Proxy Voting Guidelines set out Glass Lewis' approach to topics ranging from directors' appointments and pay, boards, balance sheet management and ESG issues, while the ESG Guidelines focus on the rights of shareholders to propose certain ESG-related resolutions at general meetings.

### Social Governance | Corporates

### Japan

(5 November 2021) The [International Labour Organization](#) and the [Japan Textile Federation](#) signed a [Memorandum of Understanding](#) to promote responsible business practices in Japan's textile industry. The project team will contribute to the development of industry guidelines that will assist companies with conducting their due diligence into their supply chains and strengthen sector-wide efforts on that front.

### Social Governance | Corporates

### United Kingdom

(18 November 2021) [The Investment Association](#) (IA) published its 2022 Principles of Remuneration setting out its members' expectations in relation to executive pay. The IA has also published a Letter to remuneration committee chairs of FTSE 350 companies, outlining key changes to the 2022 Principles and areas of focus for the forthcoming annual general meeting season.

### Governance | Asset managers

[Back to top](#)

### COP26

#### International

(13 November 2021) The [COP26](#) negotiations ended with the [Glasgow Climate Pact](#) in which nearly 200 countries agreed to keep 1.5C alive and finalise the outstanding elements of the Paris Agreement. In the Pact, all countries agreed to revisit and strengthen their current emissions targets to 2030, known as [Nationally Determined Contributions](#) (NDCs), in 2022. This

will be combined with a yearly political roundtable to consider a global progress report and a Leaders summit in 2023.

#### **Environmental | Market-wide**

(10 November 2021) The [United States](#) and China [executed a joint agreement](#) seeking emissions cuts, saying they would work together to address the challenges of climate change. For the first time, China committed to reducing methane levels. The agreement said they would work together to achieve the 1.5C temperature goals set out in the Paris Agreement. The agreement, however, does not specify how the two nations plan to reduce emissions, though China did agree to "phase down" coal starting in 2026.

#### **Environmental | Market-wide**

(5 November 2021) The [Association of Chartered Certified Accountants](#) published a report entitled: 'Think Small First: Enabling effective climate action by Small and Medium-sized Businesses' in light of COP26. The report highlights how providing standardised small and medium-sized business (SMB)-friendly reporting frameworks could unlock significant progress on the journey to net zero, given that the SMB sector represents over 90% of the global economy.

#### **Environmental | Financial institutions**

(4 November 2021) The [International Renewable Energy Agency](#) (IRENA) and the [World Economic Forum](#) jointly launched and developed a series of ['Enabling Measures Roadmaps for Green Hydrogen'](#) at the UN Climate Conference COP26 in Glasgow. The new toolbox aims to empower policymakers to prioritise policies for green hydrogen and accelerate its deployment at the international level in pursuit of a net zero energy system aligned with a climate-safe 1.5°C scenario.

#### **Environmental | Market-wide**

(4 November 2021) The [International Platform on Sustainable Finance](#) (IPSF) presented two reports at COP26 which focussed on [comparison of taxonomies](#) and [sustainability-related disclosure](#). A [statement](#) was also published reaffirming IPSF members' commitment to international cooperation in the development of globally comparable and interoperable sustainability approaches and tools to identify, verify and align investments with sustainability goals.

#### **Environmental Social Governance | Market-wide**

(3 November 2021) The [Network for Greening the Financial System](#) (NGFS) comprising 100 central banks and supervisors and 16 observers with the aim of meeting the goals of the Paris Agreement, published its

[Glasgow Declaration](#) on the occasion of COP26. In the Declaration, the NGFS affirms its willingness to expand and strengthen its collective efforts towards greening the financial system.

## Environmental | Banks

### Africa

(11 November 2021) The [African Development Bank](#) launched its [Climate Change and Green Growth Framework](#) at the COP26 climate conference in Glasgow, Scotland. The framework is the first of its kind by any multilateral development bank. The framework strengthens the Bank's ambition and vision to address climate change and promote green growth, building on over a decade of targeted efforts and lessons learnt and is grounded in "African realities".

## Environment | Banks

(10 November 2021) A [joint publication](#) by the [African Development Bank](#), the [Global Center on Adaptation](#), and the [UN Environment Finance Initiative](#) on the state of climate risk regulation in Africa's financial industry was launched at COP26. The report proposes action areas that will enable Africa's financial industry to implement global best practices on environmental, social and governance integration, climate-risk disclosure and green finance.

## Environmental Social Governance | Financial institutions

### Europe

(1 November 2021) The [European Bank for Reconstruction and Development](#) including other multilateral development banks, called for 'a significant expansion and acceleration of climate action across countries and economic sectors' in [a joint statement issued](#) at the COP26 Climate Conference in Glasgow. The banks warned that climate change coupled with environmental degradation are 'threatening to reverse years of development progress'.

## Environmental | Banks

### Hong Kong

(5 November 2021) The **Green and Sustainable Finance Cross-Agency Steering Group** (a Steering Group established by the [Hong Kong Monetary Authority](#) and the [Securities and Futures Commission](#)) [supports](#) the COP26 goals and reaffirms its commitment to strengthening Hong Kong's financial ecosystem for a greener and more sustainable future.



The Steering Group also reiterates its support for [Hong Kong's Climate Action Plan 2050](#) (66 pages) of the Hong Kong government.

**Environmental Social Governance | Market-wide**

**Switzerland**

(3 November 2021) The [Swiss Financial Market Supervisory Authority](#) (FINMA) reiterated its support for the [Network for Greening the Financial System](#) (NGFS) goal of better understanding and managing the financial risks of climate change, as expressed at the COP26 Conference in Glasgow. FINMA says it is [committed](#) to the implementation of relevant NGFS recommendations within its mandate.

**Environmental | Market-wide**

**United Arab Emirates**

(10 November 2021) The [UN Framework Convention on Climate Change](#) approved [the motion](#) that the UAE will host the 28th UN global climate talks, 6-17 November 2023.

**Environmental | Market-wide**

(3 November 2021) Addressing a [panel discussion](#) at COP26, Dr. Sultan bin Ahmed Al Jaber, Minister of Industry and Advanced Technology and UAE Special Envoy for Climate Change, called for an inclusive approach to unlock the economic benefits of climate action. Dr. Al Jaber said collaboration and partnership underlined the UAE's recent climate initiatives such as the new [Energy Transition Accelerator Financing Platform](#), a US\$1 billion US-funded climate finance facility, launched in conjunction with the Abu Dhabi-based International Renewable Energy Agency.

**Environmental | Market-wide**

**United Kingdom**

(3 November 2021) [Rishi Sunak](#), the Chancellor of the Exchequer, speaking at Finance Day, [announced](#) plans to make the UK the world's first net zero aligned financial centre. Within this plan, the Government intends to set up a Transition Plan Taskforce - a group of leaders in industry, academia, regulation, and civil society - who will determine a gold standard for transition strategies. | [Fact sheet](#) | [COP26 Finance Day speech](#)

**Environmental | Market-wide**

[Back to top](#)

## ADVOCACY GROUP PUBLICATIONS

### International

(3 November 2021) The [Glasgow Financial Alliance for Net Zero](#) (GFANZ) published a progress report entitled '[The Glasgow Financial Alliance for Net Zero: our progress and plans towards a net-zero global economy](#)'. In the report Mark Carney, UN Special Envoy on Climate Action and Finance, emphasised that more than 450 firms across 45 countries representing \$130 trillion of assets now belong to the GFANZ which is almost double the roughly \$70 trillion when GFANZ was launched in April 2021.

**Environmental Social | Market-wide**

### Europe

(15 November 2021) [Climate Action Network Europe](#), representing a group of 129 NGO's, published an [open letter](#) to the German Finance Minister asking to prevent nuclear energy and fossil gas from being labelled green in the EU Taxonomy Regulation.

**Environmental | Market-wide**

[Back to top](#)

## RATING AGENCY, INDEX PROVIDER AND DATA SERVICES

### Hong Kong

(5 November 2021) The [Stock Exchange of Hong Kong Limited](#), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEX) published [guidance](#) to listed issuers on climate disclosures, as well as an analysis of IPO applicants' corporate governance and environmental, social and governance practice disclosure in 2020/2021.

**Environmental Social Governance | Market-wide**

(3 November 2021) [Hong Kong Exchanges and Clearing Limited](#) announced that it has joined the [Glasgow Financial Alliance for Net Zero](#) and the [Net Zero Financial Service Providers Alliance](#) as part of its ongoing commitment to the long-term sustainable development of global financial markets.

**Environmental Social Governance | Market-wide**

### Saudi Arabia

(28 October 2021) The [Saudi Exchange](#) issued Environmental, Social and Governance (ESG) [disclosure guidelines](#) to encourage firms in disclosing

their ESG practices. The Exchange envisions to build awareness of ESG and to better equip listed companies in navigating the ESG landscape. The reporting guidelines were developed in line with the UN SSE model and will help the companies measure their progress.

### **Environmental Social Governance | Market-wide**

#### **United Kingdom**

(4 November 2021) The [London Stock Exchange](#) is developing a [new market solution](#) for the voluntary carbon markets to accelerate the availability of financing for projects that will support a just transition to a low-carbon economy. The goal of this solution is to address two major challenges: access to capital at scale for the development of new climate projects worldwide; and primary market access to a long-term supply of high-quality carbon credits for corporates and investors.

### **Environmental | Market-wide**

[Back to top](#)

## **CLIFFORD CHANCE RESOURCES**

[COP26 Insights](#): features briefings, video recordings and podcasts on COP26 from across the Firm's network

[ESG Expertise](#) – covering six ESG pillars: [Climate change](#), [Energy Transition](#), [Sustainable finance](#), [Business & human rights](#), [Inclusion & diversity](#) and [Stakeholder governance](#).

### **Briefings and Blogs**

- (26 November 2021) Clifford Chance Blog: [Climate change-litigation and 'greenwashing' – a Luxembourg situational analysis and outlook](#)
- (22 November 2021) Clifford Chance Blog: [New York State Votes to Approve Constitutional Right to a Healthy Environment](#)
- (19 November 2021) Clifford Chance Briefing: [COP26: Article 6 Rulebook for the new Global Carbon Market Mechanism agreed](#)
- (9 November 2021) Clifford Chance Briefing: [Focus on Hydrogen: Belgium announces hydrogen vision and strategy as part of energy transition plan](#)
- (5 November 2021) Clifford Chance Blog: [The UN Human Rights Council recognises that having a safe, clean, healthy and sustainable environment is a human right](#)

- (4 November 2021) Clifford Chance Blog: [Australia's modern slavery framework needs improvement: what is being done?](#)
- (3 November 2021) Clifford Chance Briefing: [UK Government Imposes Mandatory Climate-Related Financial Disclosure on Large UK Businesses](#)

## Recordings, Podcasts and Webinars

- (9 November 2021) [Delivering a Climate Trade Agenda: Industry Insights](#). A panel discussion at COP26 on how to mobilise trade policy to accelerate action on climate change.
- (5 November 2021) [Insights on Derivatives: ESG and COP26](#). On this call, our panel considered what we can expect out of COP26 for Green Finance, the current state of UK and EU ESG Regulations, the ongoing developments and initiatives in the global carbon markets and sustainability linked derivatives and also the future of ESG derivatives and structured products more generally.

CC podcasts series 'The Climate Lawyer':

- (TBA) Infrastructure Week - David Evans and Peter Hughes break down the main climate features of the Bipartisan Infrastructure Deal and the Build Back Better Plan (assuming both of these pass)
- (TBA) How Climate M&A Will Change the World Economy - Nadia Kalic and Thomas Voland help explain what Climate M&A is (including by providing examples) and its anticipated impact on the world economy.
- (24 November 2021) [Supply chain due diligence – what's happening in France and Germany?](#)
- (22 November 2021) [COP26 - Up Close and Personal Impressions](#)

[Clifford Chance's COP26 Perspectives Series](#) – Webinar Programme introduces and explores the campaign themes and related topics of the COP26 summit held in November 2021 in Glasgow.

To date the Perspective Series has covered the following webinars:

- (24 November 2021) [COP26 – did it deliver?](#)
- (3 November 2021) [Electric vehicles: Low-carbon mobility – getting to net-zero](#)
- (21 October 2021) Energy & Climate Change Institute, Queen Mary, University of London and Clifford Chance Annual Lecture on Climate Change: [The role of women in managing climate change](#)

- (20 October 2021) [The future of cities](#)
- (13 October 2021) [Adaptation and resilience](#)
- (6 October 2021) [Mobilising finance – the third COP26 goal](#)
- (16 September 2021) [EU's Carbon Border Adjustment Mechanism – international trendsetter or doomed to fail?](#)
- (30 June 2021) [The challenges of energy transition](#)
- (22 June 2021) [Asia and Europe: China's opening-up and green agenda](#)
- (8 June 2021) [Trade and climate change – what does the pathway to COP26 and beyond look like](#)
- (26 May 2021) [Nature-Based Solutions](#)

[APAC ESG Perspective Series](#) – Webinar Programme focused on practical ESG issues relevant to Asian-based fund managers. Please email [SEAevents@cliffordchance.com](mailto:SEAevents@cliffordchance.com) should you wish to register for the APAC ESG Perspective Series:

- (TBA) Asset acquisition and portfolio management: ensuring due diligence is relevant and substantive, monitoring and managing assets, sanctions and litigation risk
- (TBA) International supply chains and counterparties: the global regulatory landscape in the context of international supply chains and commercial relationships
- (TBA) Preparing for exit: preparing for exit on public and private markets, trends and developing regulation.
- (16 November 2021) [Fund financing: ESG-linked fund financing – how does it work, issues to consider and negotiating terms](#)
- (28 June 2021) [Fund raising: what is ESG and why is it relevant to Asian fund managers, the investor perspective, and practical issues with investor negotiations and documentation](#)

[Back to top](#)

## CONTACTS



**Sophie Hughes**  
Knowledge Director  
London (Editor)  
**T** +44 207006 2022  
**E** sophie.hughes  
@cliffordchance.com



**Clare Burgess**  
Partner  
London (Global  
Financial Markets)  
**T** +44 207006 1727  
**E** clare.burgess  
@cliffordchance.com



**Alexandra Davidson**  
Partner  
London (Funds &  
Investment  
Management)  
**T** +44 207006 2581  
**E** alexandra.davidson  
@cliffordchance.com



**Caroline Dawson**  
Partner  
London (Global  
Financial Markets)  
**T** +44 207006 4355  
**E** caroline.dawson  
@cliffordchance.com



**Dr. Gregor Evenkamp**  
Partner  
Frankfurt (Global  
Financial Markets)  
**T** +49 89 21632 8800  
**E** gregor.evenkamp  
@cliffordchance.com



**Thais Garcia**  
Partner  
New York (Corporate)  
**T** +1 212 878 8497  
**E** thais.garcia  
@cliffordchance.com



**Christine Gärtner**  
Partner  
Frankfurt (Litigation)  
**T** +49 69 7199 1414  
**E** christine.gaertner  
@cliffordchance.com



**Kate Gibbons**  
Partner  
London (Global  
Knowledge)  
**T** +44 207006 2544  
**E** kate.gibbons  
@cliffordchance.com



**Nigel Howorth**  
Partner  
London (Environment)  
**T** +44 207006 4076  
**E** nigel.howorth  
@cliffordchance.com



**Nadia Kalic**  
Partner  
Sydney (Corporate)  
**T** +61 2 8922 8095  
**E** nadia.kalic  
@cliffordchance.com



**Daud Khan**  
Partner  
London (Corporate)  
**T** +44 207006 6069  
**E** daud.khan  
@cliffordchance.com



**Roger Leese**  
Partner  
London (Litigation &  
Dispute Resolution)  
**T** +44 207006 8710  
**E** roger.leese  
@cliffordchance.com



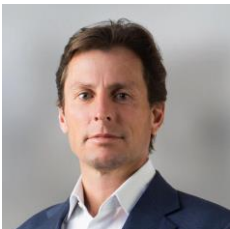
**Rae Lindsay**  
Partner  
London (Litigation &  
Dispute Resolution)  
**T** +44 207006 8622  
**E** rae.lindsay  
@cliffordchance.com



**Viola Lui**  
Partner  
Hong Kong (Funds &  
Investment  
Management)  
**T** +852 2825 8842  
**E** viola.lui  
@cliffordchance.com



**Steve Nickelsburg**  
Partner  
Washington (Litigation)  
**T** +1 202 912 5108  
**E** steve.nickelsburg  
@cliffordchance.com



**Jeroen Ouwehand**  
Global Senior Partner  
Amsterdam  
**T** +31 20 711 9130  
**E** jeroen.ouwehand  
@cliffordchance.com



**Sonya Pauls**  
Partner  
Munich (Corporate)  
**T** +49 89 21632 8550  
**E** sonya.pauls  
@cliffordchance.com



**Natsuko Sugihara**  
Partner  
Tokyo (Corporate)  
**T** +81 3 6632 6681  
**E** Natsuko.Sugihara  
@cliffordchance.com





**Dr. Thomas Voland**  
Partner  
Dusseldorf (Corporate)  
**T** +49 211 4355 5642  
**E** thomas.voland  
@cliffordchance.com



**Cheng Li Yow**  
Partner  
London (Corporate)  
**T** +44 207006 8940  
**E** chengli.yow  
@cliffordchance.com



**Deborah Zandstra**  
Partner  
London (Global  
Financial Markets)  
**T** +44 207006 8234  
**E** deborah.zandstra  
@cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice. The content above relating to the People's Republic of China (PRC) is based on our experience as international counsel representing clients in business activities in the PRC and should not be construed as constituting a legal opinion on the application of PRC law. As is the case for all international law firms with offices in the PRC, whilst we are authorised to provide information concerning the effect of the Chinese legal environment, we are not permitted to engage in Chinese legal affairs. Our employees who have PRC legal professional qualification certificates are currently not PRC practising lawyers.

[www.cliffordchance.com](http://www.cliffordchance.com)

Clifford Chance, 10 Upper Bank Street,  
London, E14 5JJ

© Clifford Chance 2021

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street,  
London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

If you do not wish to receive further information from Clifford Chance about events or legal developments which we believe may be of interest to you, please either send an email to [nomorecontact@cliffordchance.com](mailto:nomorecontact@cliffordchance.com) or by post at Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ

Abu Dhabi • Amsterdam • Barcelona • Beijing • Brussels • Bucharest • Casablanca • Delhi • Dubai • Düsseldorf • Frankfurt • Hong Kong • Istanbul • London • Luxembourg • Madrid • Milan • Moscow • Munich • Newcastle • New York • Paris • Perth • Prague • Rome • São Paulo • Shanghai • Singapore • Sydney • Tokyo • Warsaw • Washington, D.C.

Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh.

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.