

SUSTAINABILITY: RECENT ESG DEVELOPMENTS

July 2022

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 [Green and Sustainable Finance Topic Guide](#) on the [Clifford Chance Financial Markets Toolkit](#) and further related resources can be found on our [Clifford Chance ESG page](#).

HEADLINES THIS MONTH

- The [Basel Committee on Banking Supervision](#) (BCBS) published [principles](#) for the effective management and supervision of climate-related financial risks.
- The [UN Working Group on Business and Human Rights](#) published [guidance](#) to businesses on how to meet their responsibilities to carry out a heightened version of human rights due diligence in conflict-affected areas.
- The [European Parliament](#) and EU governments reached a [provisional agreement](#) on new reporting rules for large companies under CSRD.
- The [Spanish Government](#) published a draft law aiming to make Spain an international benchmark for a new model on [Cooperation for Sustainable Development and Global Solidarity](#)
- The [Institute of Directors](#) called for a [voluntary code of conduct](#) for directors that all UK directors would be encouraged to become signatories to and voluntarily commit themselves to its principles.

Key issues

- [Legal and regulatory developments](#)
- [Official publications](#)
- [Industry guidance, voluntary codes and publications](#)
- [Advocacy group publications](#)
- [Clifford Chance briefings and blogs](#)
- [Clifford Chance podcasts and events](#)
- [Contacts](#)

LEGAL AND REGULATORY DEVELOPMENTS

European Union

(22 June 2022) The [European Parliament](#) adopted its position on three EU laws that formed part of the 'Fit for 55 in 2030' package, which plans to cut greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels and to have net-zero greenhouse gas emissions by 2050 in line with the [European Climate Law](#): (i) [a proposal for a directive to establish an EU Emissions Trading System \(ETS\)](#) (which is considered to be at the core of the European Climate Law), (ii) [a regulation establishing a Carbon Border Adjustment Mechanism](#), and (iii) [a regulation to establish a Social Climate Fund](#) (which contains a set of measures to address energy and mobility poverty).

Environmental Social | Market-wide

(21 June 2022) The [European Parliament](#) and EU governments reached a [provisional agreement](#) on new reporting rules for large companies (over 250 employees and a 40 million euro turnover). The Corporate Sustainability Reporting Directive (CSRD) will make businesses more accountable by obliging them to disclose their impact on people and the planet. This aims to end greenwashing and lay the groundwork for sustainability reporting standards at global level. The Parliament and Council will have to formally approve the agreement before it is published in the EU Official Journal. It will enter into force 20 days after publication and its provisions will have to be integrated into member states' national laws after 18 months. Coreper [approved the text](#) published 30 June 2022.

Environmental Social Governance | Market-wide

(14 June 2022) The [European Parliament](#) reported that MEPs adopted a draft [objection](#) to the Commission's proposed Delegated Regulation amending the Taxonomy Climate Delegated Act ((EU) 2021/2139) establishing technical screening criteria for nuclear energy as regards nuclear energy and natural gas economic activities and the Taxonomy Disclosures Delegated Act ((EU) 2021/2178) as regards specific public disclosures for those economic activities (the Taxonomy Complementary Climate Delegated Act) with 76 votes to 62 votes and 4 abstentions.

Environmental Social | Market-wide

(10 June 2022) Various trade associations responded to the [European Commission](#) consultation on the functioning of the [ESG ratings market](#) in the EU which closed 10 June 2022. | [AFME/ISDA response](#) | [Autorité des Marchés Financiers response](#) | [Dutch Authority for the Financial Markets response](#) | [EFAMA response](#) | [Eurosif response](#) | [Received contributions spreadsheet](#). Also see 24 June 2022 item on ESMA's letter to the EU Commission on EU ESG rating providers.

Environmental Social Governance | Market-wide

(9 June 2022) The [European Commission](#) has published a [letter](#) from John Berrigan, FISMA, to the European Supervisory Authorities (ESAs) discussing the amendments to the regulatory technical standards under the Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 relating to product exposure to gas and nuclear activities. The Commission has invited the ESAs to propose amendments in relation to the information that should be provided

in pre-contractual documents, on websites, and in periodic reports about the exposure of financial products to investments in fossil gas and nuclear energy activities. Amendments are to be submitted by 30 September 2022.

Environmental Social Governance | Market-wide

(9 June 2022) The [European Parliament](#) adopted a [resolution](#) calling for an import ban on products made or transported by people involved in forced labour. The resolution follows a [publication](#) by the European Commission in February 2022, inviting the European Parliament and Council to adopt measures in relation to forced labour. The European Commission is expected to publish a proposal for a legislative instrument banning forced labour products in September 2022, which is intended to complement the Draft Corporate Sustainability Due Diligence Directive.

Social | Market-wide

(2 June 2022) The [Joint Committee of the European Supervisory Authorities](#) (ESAs) published a [statement](#) providing clarifications on the draft regulatory technical standards (RTS) issued under the Sustainable Finance Disclosure Regulation (SFDR), which include the financial product disclosures under the Taxonomy Regulation.

The statement is intended to clarify various aspects of the draft RTS in relation to the content, methodologies and presentation of disclosures under the SFDR. In particular, it covers the use of sustainability indicators and taxonomy-related financial product disclosures. | [Press release](#)

Environmental Social Governance | Market-wide

(30 May 2022) The [European Parliament's Subcommittee on Human Rights](#) published a [report](#) examining the European Commission's [proposal for a sustainability due diligence directive](#) (the Directive). The In-depth Analysis provides an overview of the Directive, alongside a comparative analysis of the European Commission's 2022 draft Directive against the position adopted by the Foreign Affairs Committee (AFET/DROI) in its opinion for the Legal Affairs Committee of 25 November 2020; and the final position of the European Parliament, as adopted in March 2021. The report sets out an assessment of the extent to which the Directive aligns with international and regional legal standards, policies and guidance regarding human rights due diligence, and if relevant, how it can be improved.

Environmental Social Governance | Market-wide

China

(2 June 2022) The [China Banking and Insurance Regulatory Commission](#) published the [Green Finance Guidelines for Banking and Insurance Sectors](#) in order to implement the decisions and work plans of the Central Government in developing green finance and actively supporting economic activities with both environmental and social benefits such as pollution prevention and control, and the promotion of carbon peaking and carbon neutrality.

Environmental Social Governance | Banks Insurers

Hong Kong

(22 June 2022) The [Hong Kong Monetary Authority](#) (HKMA) published a [circular](#) to draw authorised institutions' attention to the Principles for the Effective Management and Supervision of Climate-related Financial Risks

(Principles) recently issued by the Basel Committee on Banking Supervision following its public consultation. The HKMA supports the Principles and will assess the need for aligning the existing supervisory framework with them.

Environmental Social Governance | Banks

The Netherlands

(7 June 2022) The **Minister of Finance** presented the [policy agenda](#) (in Dutch) for sustainable financing. The policy agenda sets out the Cabinet's ambitions for the strengthening of the financial sector's contribution to the transition towards a sustainable economy. In 2019, over fifty banks, insurers, pension funds, asset managers and their umbrella organisations signed the Climate commitment. In [a letter](#), the Minister states that by the end of 2022, these signatories are expected to present their action plans to reduce the carbon dioxide impact of their financing and investments. The Minister also states that if the results do not sufficiently correspond to the target of the Climate Agreement, new legislation will not be ruled out.

Environmental Social | Market-wide

Singapore

(9 June 2022) The **Singapore Government** published [the Singapore Green Bond Framework](#), a governance framework for sovereign green bond issuances by the public sector under the Significant Infrastructure Government Loan Act 2021 (SINGA).

The framework details the Government's:

- intended use of green bond proceeds;
- governance structure for the evaluation and selection of eligible projects;
- operational approach for the management of green bond proceeds; and
- commitment to post-issuance allocation and impact reporting.

In addition, the Government will be issuing its inaugural sovereign green bond under SINGA in the coming months. Known as 'Green SGS (Infrastructure) bonds', these issuances will be used to finance nationally significant infrastructure which meets the green criteria under the framework. The Monetary Authority of Singapore (MAS) will undertake the issuance and management of SGS bonds on behalf of the Government, further details on which will be announced closer to the issuance date.

Environmental Social | Market-wide

Spain

(10 June 2022) The **Spanish Government** published a draft law aiming to make Spain an international benchmark for a new model on [Cooperation for Sustainable Development and Global Solidarity](#) (in Spanish). The future regulation updates the current one, in force since 1997, and is aligned with the 2030 Agenda for Sustainable Development, the Paris climate change agreements and other international instruments. The text reflects the values in the fight against inequality, poverty and environmental crises, defends gender equality, human rights and democracy. The future law also establishes a more agile and efficient financial cooperation among all the administrations that provide official development assistance.

Environmental Social Governance | Market-wide

Turkey

(4 March 2022) The [Capital Markets Board of Turkey](#) published [Guidelines on Green Debt Instruments, Sustainable Debt Instruments, Green Lease Certificates, and Sustainable Lease Certificates](#) with the purpose of regulating the core elements and the principles that must be followed for issuance.

Environmental Social | Market-wide

United Kingdom

(29 June 2022) The [Financial Conduct Authority](#) (FCA) published a [feedback statement \(FS22/4\)](#) summarising the feedback it received to the discussion chapter in its June 2021 [consultation paper CP21/18](#) on environmental, social and governance (ESG) integration in UK capital markets, setting out potential next steps. The feedback statement focuses on:

- issues relating to ESG-labelled debt instruments, including prospectus and use of proceeds bond frameworks and the role of verifiers and second party opinion providers; and
- ESG data and rating providers.

The FCA has also published [Primary Market Bulletin 41](#), which elaborates on its response to stakeholder feedback and clarifies its expectations of issuers of ESG-labelled debt instruments. | [Press release](#)

Environmental Social Governance | Market-wide

(22 June 2022) Various trade associations responded to the UK Government's [Update to Green Finance Strategy: Call for Evidence](#) (May 2022) which closed 22 June 2022. | [AIMA response](#) (Member login required) | [Association for Financial Markets in Europe response](#) | [FIA response](#) | [IIGCC response](#) | [Impact Investing Institute response](#) | [The Investment Association response](#) (Member login required) | [ISDA response](#) | [PRI response](#) | [UKSIF response](#)

Environmental | Market-wide

(17 June 2022) The [Department for Work & Pensions](#) published [Government Response: climate and investment reporting: setting expectations and empowering savers](#) to their October 2021 consultation which proposed changes to the Occupational Pensions Schemes (Climate Change Governance and Reporting) Regulations 2021. The government has also published the following draft regulations and guidance:

- [Occupational Pension Schemes \(Climate Change Governance and Reporting\) \(Amendment, Modification and Transitional Provision\) Regulations 2022](#);
- [Statutory guidance: Governance and reporting of climate change risk](#); and
- [Guidance: Reporting on Stewardship through the Statement of Investment Principles and Implementation Statement](#).

The government intends that the new regulations will come into force and the statutory guidance will apply from 1 October 2022.

Environmental Governance | Pensions

(16 June 2022) The [UK Government](#) published a policy paper, "[The Procurement Bill - a summary guide to the provisions](#)" which explains the reforms proposed within the [Procurement Bill](#). The Bill focuses on

transparency in the UK's public procurement regime. Proposed reforms include strengthening the approach to excluding suppliers where there is clear evidence of their involvement in Modern Slavery practices or causing harm to the environment. The Bill was introduced in the House of Lords on 11 May 2022 and, having passed its first and second reading, is now at the Committee Stage.

Environmental Social Governance | Market-wide

United States of America

(17 June 2022) The [International Swaps and Derivatives Association](#) and the [Securities Industry and Financial Markets Association](#) submitted a [joint response](#) to the Federal Deposit Insurance Scheme (FDIC) on principles for climate-related financial risk management for large banks supporting the FDIC's effort to establish regulatory principles and guidance for new and emerging climate-related financial risks that align with the existing risk management regulatory framework.

Environmental | Banks

[Back to top](#)

OFFICIAL PUBLICATIONS

International

(28 June 2022) The [Taskforce on Nature-related Financial Disclosures](#) released version 0.2 of its [beta framework](#) for nature-related risk and opportunity management and disclosures providing additional guidance on metrics, pilot testing and further market feedback.

Environmental Governance | Market-wide

(22 June 2022) The [International Finance Corporation](#) launched '[Biodiversity Finance Reference Guide](#)' for identifying biodiversity projects for green bonds and loans along with providing a list of investment activities that support sustainably managed natural resources. The consultation closes 15 July 2022.

Environmental | Market-wide

(17 June 2022) The [Bank for International Settlements](#) (BIS) Innovation Hub has [announced a new set of projects](#) under its 2022 work programme, which will explore the areas of cryptocurrency, cybersecurity and green finance. Three projects, one of which is to improve central banks' abilities to identify and assess sustainability-related disclosures, will be led by the BIS Innovation Hub's new Eurosystem centre, which is expected to open in the coming months and will bring together all of the EEA central banks and the European Central Bank. Alongside these, the Hong Kong centre will lead two projects including its second phase of its green finance project ('Project Genesis'), in collaboration with the United Nations Framework Convention on Climate Change.

Environmental | Banks

(15 June 2022) The [Basel Committee on Banking Supervision](#) (BCBS) published [principles](#) for the effective management and supervision of climate-related financial risks, following a consultation launched in November 2021. The BCBS aims to promote a principles-based approach to improving both banks' risk management and supervisors' practices related to climate-related

financial risks. The paper sets out 18 principles covering corporate governance, internal controls, risk assessment, management and reporting. They seek to achieve a balance in improving practices and providing a common baseline for internationally active banks and supervisors. The BCBS expects implementation of the principles as soon as possible and intends to monitor progress across member jurisdictions. | [Press release](#) | [HKMA response](#)

Environmental Governance | Banks

(15 June 2022) The [UN-backed Race to Zero](#) campaign updated its [criteria](#) following major international consultation with over 200 experts and civil society groups. Major outcomes for strengthening the criteria include the need for all members committing to net zero to cover all scopes of emissions, both in their interim and long-term targets and for financial institutions, this includes all financed/portfolio/facilitated emissions.

Environmental | Market-wide

(8 June 2022) The [Organisation for Economic Co-operation and Development](#) published a report entitled '[ESG ratings and climate transition: An assessment of the alignment of E pillar scores and metrics](#)' which reports on the underlying data and metrics developed by ESG rating providers and their alignments with lower carbon emissions and climate frameworks.

Environmental | Market-wide

(7 June 2022) The [International Monetary Fund](#) published a Fintech Note entitled '[Digital Currencies and Energy Consumption](#)' which studies central bank digital currencies and energy consumption encouraging central banks to consider design choices to lower the carbon footprint of future payment tools.

Environmental | Banks

(31 May 2022) The [Basel Committee on Banking Supervision](#) (BCBS) issued a [statement](#) summarising the discussions held at its recent meeting. The BCBS met to discuss climate-related financial risks, the prudential treatment of cryptoassets, and the assessment methodology for global systemically important banks (G-SIBs).

Environmental | Banks

European Union

(30 June 2022) The [European Banking Authority](#) published [final guidelines](#) on the benchmarking exercises on remuneration practices and on the gender pay gap under the Capital Requirements Directive (2013/36/EU) (CRD) and the Investment Firms Directive ((EU) 2019/2034) (IFD). Both sets of guidelines apply from 31 December 2022 for the data to be collected in 2023 for the financial year ending 2022.

Social Governance | Financial institutions

(24 June 2022) The [European Securities and Markets Authority](#) (ESMA) has written a [letter](#) to the EU Commission setting out the findings from its call for evidence on the market structure for EU environmental, social and governance (ESG) rating providers. From the responses received, ESMA has highlighted various market characteristics and trends that may assist the European Commission in introducing regulatory safeguards for ESG rating

products. See also 10 June 2022 item where various trade associations have responded to the EC ESG ratings market consultation.

Environmental Social Governance | Market-wide

(22 June 2022) A [speech](#) delivered by Frank Elderson, Executive Board member of the [European Central Bank](#), highlighted the financial sector's role in addressing the risks of the ongoing climate and environmental (C&E) crisis and the progress made by international banks and the ECB in incorporating C&E risks into their risk management practices.

Environmental | Banks

(17 June 2022) The [European Central Bank](#) published, '[Climate Change-related Regulatory Risks and Bank Lending](#)' report. The study investigates the effect of climate change-related regulatory risks on credit reallocation. The research evaluates how banks alter their lending behaviour on their accord and where the importance of regulatory action is required.

Environmental | Banks

(15 June 2022) The [European Securities and Markets Authority](#) (ESMA) published its [annual report](#) for 2021. The annual report reviews ESMA's work in the development of the regulatory framework for sustainable finance and the risks and opportunities arising from the digitalisation of markets for retail investors. One of the key achievements in 2021 is the publishing of its Sustainable Finance Roadmap 2022-24, the Taxonomy Regulation, the EU platform on sustainable finance, and the preliminary report on the EU carbon market. | [Press release](#)

Environmental Social Governance | Market-wide

(9 June 2022) Verena Ross, Chair of the [European Securities and Markets Authority](#), gave a [speech](#) at the ICMA AGM on greening the financial markets and the challenges and opportunities that the financial services sector and markets can and need to play.

Environmental | Market-wide

(1 June 2022) The [European Commission](#) updated the [International Platform on Sustainable Finance webpage](#) noting that Common Ground Taxonomy (CGT) activities table has been updated with additional activities contributing to climate change mitigation.

Environmental Social Governance | Market-wide

Australia

(14 June 2022) The [Australian Securities and Investments Commission](#) (ASIC) published [Information Sheet 271](#) to help issuers avoid 'greenwashing' when offering or promoting sustainability-related products. ASIC identified that issuers in their disclosure and promotions need to use clear labels, define the sustainability terminology they use and clearly explain how sustainability considerations are factored into their investment strategy.

Information Sheet 271 is for responsible entities of managed funds, corporate directors of corporate collective investment vehicles, and trustees of registrable superannuation entities. ASIC has further clarified that, although Information Sheet 271 focuses on sustainability-related products issued by funds, its principles may apply to other entities that offer or promote financial

products that consider sustainability-related factors. Examples include companies listed on a securities exchange or entities issuing green bonds.

Environmental Social Governance | Asset managers Corporates

Hong Kong

(21 June 2022) The [Green and Sustainable Finance Cross-Agency Steering Group](#) announced the [launch](#) of information and data repositories reinforcing the progress in advancing Hong Kong's green and sustainable finance (GSF) development. Key areas of progress are the launch of [GSF Data Source Repository](#), the [GSF Training Information Repository](#) and the [GSF Internship Opportunities Repository](#)

Environmental Social Governance | Market-wide

Japan

(20 June 2022) The [International Labour Organisation](#) published a report '[Responsible Supply Chains in Asia: The Electronics Sector in Japan](#)'. The focus of the report is on business practices of Japanese electronics companies that operate extensive global supply chains in Asia from a social responsibility point of view and make various recommendations to ensure a level playing field in socially responsible business practices.

Social | Market-wide

The Netherlands

(1 June 2022) The [President of the Dutch Central Bank](#), Klaas Knot, [spoke](#) at the Green Swan Conference, in his capacity as Chair of the Financial Stability Board (FSB) about the role of the financial sector in the transition to net-zero. He underscored the importance of incorporating climate risk into all financial decisions and noted that swift action is required to achieve this goal. He discussed the FSB roadmap for addressing climate-related financial risks as a key tool for coordinating this action.

Environmental | Financial institutions

Singapore

(13 June 2022) The [Republic of Singapore](#) and People's Republic of China signed two [memoranda of understanding](#) (MoUs), one on promoting cooperation in green development and another on enhancing cooperation in the digital economy. The MoU on green development aims to promote bilateral cooperation in the green economy through policy sharing and business cooperation in areas such as renewable energy, green building, green finance, as well as water and waste management. Both the countries plan to establish working groups to oversee the implementation of the MOUs.

Environmental Social | Market-wide

(31 May 2022) The [Monetary Authority of Singapore](#) (MAS) published a set of [information papers](#) on environmental risk management (ERM) for financial institutions (FIs), including banks, insurers and asset managers. The papers are based on a thematic review conducted by the MAS in 2021 on selected FIs. They are intended to provide an overview of the FIs' progress in implementing the MAS guidelines on ERM, highlight emerging and/or good practices by FIs, and identify areas where further work is needed.

Environmental | Asset managers Financial institutions Insurers

United Kingdom

(23 June 2022) The [HM Treasury](#) pledged a commitment to work with signatory firms to build a more and better gender balance across financial services and reflect four key industry actions to implement in the [Women in Finance Charter](#).

Social Governance | Market-wide

(23 June 2022) The [Financial Conduct Authority's](#) CFRF Scenario Analysis Working Group, published a beta version of their online [climate scenario analysis narrative tool](#) which is currently under development. The Tool generates a summary for climate-related risk and opportunities for firms.

Environmental | Asset managers Banks Insurers

(23 June 2022) The [Financial Conduct Authority](#) published a report setting out an overview and the key lessons learned from its second digital sandbox pilot which ran from November 2021 to March 2022. The report, '[Supporting innovation in ESG data and disclosures: the digital sandbox sustainability pilot](#)', focussed on solutions for regulatory challenges relating to environmental, social and governance (ESG) data and disclosure.

Environmental Social Governance | Market-wide

(16 June 2022) The [Financial Reporting Council](#) issued an updated edition of the [Guidance on the Strategic Report](#) to incorporate the new climate-related financial disclosures which are effective for financial years beginning on or after 6 April 2022.

Environmental | Market Wide

(15 June 2022) The [Financial Reporting Council](#) published a [Consultation on proposed amendments to Technical Actuarial Standard 100](#) which would require actuaries to include climate change and ESG risks in the course of their work. The consultation closes on 7 September 2022.

Environmental Social Governance | Market-wide

(10 June 2022) The [Law Commission](#) published an [options paper](#), which proposed measures that the [UK Government](#) could take to strengthen laws to ensure that corporations are effectively held to account for committing serious crimes. One of the proposed options is the introduction of an offence of failure to prevent human rights abuses, which would apply to extraterritorial conduct. The options paper also noted that if one of the of the central purposes of any proposed extension of the law of corporate criminal liability is to improve corporate governance, and due diligence, in respect of certain economic crimes, then section 54 of the Modern Slavery Act 2015, and sections 414CA and 414CB of the Companies Act 2006 could be amended to achieve this.

Environmental Social Governance | Market-wide

(8 June 2022) The [Bank of England](#), Head of Insurance, Stefan Claus, [spoke](#) at the ABI Climate Summit on the results of the Climate Biennial Exploratory Scenario exercise and how prepared the UK largest insurers are for the financial risks caused by climate change.

Environmental | Insurers

United States of America

(21 June 2022) The U.S. [Uyghur Forced Labor Prevention Act](#) entered into force, introducing the presumption that any goods manufactured or sourced, in whole or in part, in the Xinjiang Uyghur Autonomous Region of China were made using forced labour and therefore barred from admission to the United States. [U.S. Customs & Border Protection](#) has [stated](#) that there will be no grace period, and enforcement will begin immediately. The types of goods that are directly of focus include cotton, tomatoes, and polysilicon (used in solar panels). Such goods will be detained unless and until the importer can demonstrate that the absence of forced labour, essentially proving the negative.

Social | Market-wide

(15 June 2022) Over a 100 Congressmembers submitted a [comment letter](#) to the [U.S. Securities and Exchange Commission](#) (SEC) asking the agency to drop the climate risk-related disclosure plan arguing that the rule would 'exceed the SEC's authority and fundamentally misappropriate the SEC's rulemaking authority.' The Congressmembers maintained that it was the job of Congress, and not a federal agency, to set environmental policies and that Congress did not establish the SEC 'to be the final arbiter of businesses' strategies to combat climate change.'

Environmental | Market-wide

[Back to top](#)

INDUSTRY GUIDANCE, VOLUNTARY CODES AND PUBLICATIONS

International

(28 June 2022) [The Alternative Investment Management Association](#) and the [Alternative Credit Council](#) jointly published a [briefing note](#) on internal and external ESG scoring and rating systems. (Member login required).

Environmental Social Governance | Asset managers

(28 June 2022) [The Alternative Investment Management Association](#) published a [member guide](#) to the regulatory technical standards associated with the EU's Sustainable Finance Disclosures Regulation providing a practical summary of the required disclosures as well as a sample compliance checklist to assist in implementing the requirements. (Member login required).

Environmental Social Governance | Asset managers

(24 June 2022) The [International Capital Markets Association](#) (ICMA) published revised [Questions & Answers](#) supporting the ICMA Sustainability-Linked Bond Principles (2020). The Q&A cover key performance indicators, sustainable performance targets and reporting timelines.

Environmental Social | Market-wide

(22 June 2022) The [International Capital Markets Association](#) published an [updated analysis](#) of the proposals for the EU Green Bond (EuGB) Regulation supporting the progress towards a voluntary EuGB standard and the grandfathering of Taxonomy alignments. However, they also expressed their concerns regarding the cost impact for EuGB issuers, the CapEx plan rules

compared with Article 8 Delegated Regulation provisions, duplication of disclosure requirements and the implementation challenges.

Environmental Social | Market-wide

(20 June 2022) The [UN Sustainable Stock Exchanges](#) launched a [new database](#) showing that 69 global stock exchanges are taking actions in support of enhancing climate-related financial disclosures in their markets. Out of the five activities identified by the database the most common action taken by the stock exchanges was adding the Task Force on Climate-related Financial Disclosures recommendations to their ESG reporting guidelines.

Environmental | Corporates Stock exchanges

(16 June 2022) The [United Nations Development Programme](#) and the [UN Working Group on Business and Human Rights](#) published "[Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts: A Guide](#)", which offers guidance to businesses and other actors on how to meet their responsibilities to carry out a heightened version of human rights due diligence in conflict-affected areas, including how to design and implement effective due diligence measures.

Social Governance | Corporates

(15 June 2022) The [Glasgow Financial Alliance for Net Zero](#) (GFANZ) published a consultation for public comment entitled '[Recommendations and Guidance on Net-zero Transition Plans for the Financial Sector](#)' seeking responses by 27 July 2022. This framework will enable a financial institution to demonstrate the credibility of its plan to accelerate and scale clean energy and transition-related finance to levels consistent with limiting global warming to 1.5 degrees C. | [Press release](#)

Environmental Social | Financial institutions

(May 2022) The World Economic Forum's [Global Future Council on Human Rights](#) published a guidance note entitled, '[Board Duties in Ensuring Company Engagement with Affected Stakeholders](#)' along with a supporting report to assist company boards with examining how best to exercise their human rights oversight role.

Social Governance | Corporates

European Union

(21 June 2022) The [Association for Financial Markets in Europe](#) recommended in their [briefing note](#) to focus on the original objectives of the EU Green Bond Standard in the context of the trilogues in order to encourage ESG bond issuance and to facilitate dialogue.

Environmental | Market-wide

(20 June 2022) The [Global Reporting Initiative](#) (GRI) published its [technical opinion](#) on the draft European Sustainability Reporting Standards (ESRS) published by EFRAG for public consultation. The GRI give their observations followed by a detailed mapping of the draft ESRS against the GRI Standards and feedback on each of the standards and disclosure requirements.

Environmental Social Governance | Market-wide

(30 May 2022) The [European Securities and Markets Authority](#) published a [supervisory briefing](#) on Sustainability risks and disclosures in the area of

investment management to ensure convergence across the EU in the supervision of investment funds with sustainability features. The briefing also aims to deal with greenwashing by establishing a common supervisory criteria for National Competent Authorities which will supervise investment funds with sustainability features. The briefing may be updated once the [Regulatory Technical Standards](#) under the [Sustainable Finance Disclosures Regulation](#) come into effect on 1 January 2023.

Environmental Social Governance | Market-wide

Latin America

(2 June 2022) [Latinex Holdings, Inc.](#) and its subsidiaries, [Latin American Stock Exchange](#) and Latin American Clearing and Settlement, launched their first sustainability report and strategy. The report '[Reporte de Sostenibilidad 2021](#)' (in Spanish), contains information regarding the group's environmental, social and corporate governance management and performance, during the year 2021.

Environmental Social Governance | Stock exchanges

United Kingdom

(10 June 2022) [The Pensions Regulator](#) stated on their [website](#) that they expect approximately 100 schemes to publish their first reports in line with the [Climate Change Governance and Reporting Regulations](#). The Regulator is aware of the challenges that many trustees have faced and the concern about how the published reports will be used.

Environmental Governance | Pensions

[Back to top](#)

ADVOCACY GROUP PUBLICATIONS

International

(7 June 2022) The [Voluntary Carbon Markets Integrity Initiative](#) published a [new draft code of conduct](#) which is intended to set clear benchmarks for corporate use of carbon offsets and thereby help investors and consumers identify which companies are greenwashing and which are actually putting in the work to cut emissions.

Environmental | Corporates

(01 June 2022) [State Street Associates](#) published a study on investors integrating ESG factors into their public portfolios however alternative assets are more of a challenge for responsible investors in '[Learning from Experience: Making Better Use of ESG Data in Private Markets](#)'.

Environmental Social Governance | Financial investors

European Union

(28 June 2022) [Eurosif](#) published a [report](#) focussing on the implementation of the Sustainable Finance Disclosure Regulation and recommends adjustments to ensure the framework can be adapted for the financial market's use.

Environmental Social Governance | Market-wide

(22 June 2022) [ShareAction](#) highlight some [key trends](#) that banks need to take notice of as European banks' AGMs are dominated by climate issues and boards face shareholder pressure on fossil fuel expansion.

Environmental | Banks

(30 May 2022) Professor Martijn Scheltema and Professor Robert McCorquodale published an [article](#) through [Nova BHRE](#) which addresses two specific elements of the Proposed EU Corporate Sustainability Due Diligence Directive (CSDDD): first, the creation of a structure of supervisory mechanisms across the EU to monitor the CSDDD; and, second, the introduction of personal duties for directors of companies. The article sets out a series of recommendations on how the CSDDD might be amended to account for lacuna in the current drafting.

Environmental Social Governance | Market-wide

United Kingdom

(22 June 2022) [UK Finance](#) published a blog titled, '[ESG risk: a new paradigm for risk management](#)', exploring how the scope of risk management should evolve to contribute to achieving sustainability for banks.

Environmental Social Governance | Banks

(20 June 2022) Recognising that there is demand for business to be held more accountable to wider society the [Institute of Directors](#) called for a [voluntary code of conduct](#) for directors that all UK directors would be encouraged to become to and voluntarily commit themselves to its principles. This would be complementary to the existing governance code framework and directors' fiduciary requirements. It is proposed that the code and its accountability mechanisms would be operated by the business community rather than by Government or a regulatory body and would incorporate modern thinking relating to issues such as climate change, diversity and business purpose as well as more traditional expectations around competence, lawfulness, independence and confidentiality. Next steps: the IOD has asked the Government to commission a high-level working group to draft a code.

Governance | Market-wide

[Back to top](#)

CLIFFORD CHANCE BRIEFINGS AND BLOGS

- (30 June 2022) Clifford Chance Comment: [Energy transition: Energy security, affordability and the impact on climate change](#)
- (24 June 2022) Clifford Chance Comment: [SFDR and Taxonomy Regulation: Does more guidance mean more clarity?](#)
- (22 June 2022) Clifford Chance Blog: [Transparent and Predictable Working Conditions in the Netherlands](#)
- (15 June 2022) Clifford Chance Comment: [European Green Bond Regulation](#)
- (7 June 2022) Clifford Chance Comment: [SEC proposes ESG disclosure rules, and updates to the names rule](#)
- (6 June 2022) Clifford Chance Comment: [California State Law Requiring Diversity on Company Boards Found Unconstitutional](#)

[Back to top](#)

CLIFFORD CHANCE PODCASTS – (PODCASTS OLDER THAN THREE MONTHS CAN BE FOUND IN THE [PODCASTS LIBRARY](#))

- (10 May 2022) The Climate Lawyer: [Climate meets venture capital](#) (with Rich Kim and Mona Alsubaei)

[Back to top](#)

CLIFFORD CHANCE EVENTS - UPCOMING

- European Tech Perspectives Series
 - (12 July 2022) Digital Services Act: New rules for digital intermediaries | [Register](#)

CLIFFORD CHANCE EVENTS - RECORDINGS (RECORDINGS OLDER THAN THREE MONTHS CAN BE FOUND ON THE [FINANCIAL MARKETS TOOLKIT](#))

- Spring 2022 [London Legal Developments Perspectives Series](#) [APAC ESG Perspectives Series](#)
 - (21 June 2022) [Energy transition – what is the impact of rising energy prices?](#)
 - (14 June 2022) [China's sustainable finance outlook – 2022 and beyond](#)
 - (7 June 2022) [The EU Taxonomy Regulation – is it sustainable?](#)
 - (18 May 2022) [Greenwashing – a story for our times](#)
- [APAC ESG Perspectives Series](#)
- [European ESG Perspectives Series](#)
 - (31 May 2022) [The EU Corporate Sustainable Due Diligence proposal: Managing Adverse Environmental Impacts](#)
- European Tech Perspectives Series
 - (10 May 2022) [Digital Markets Act: Welcome to a New Era for Tech Regulation](#)
- International Festival of Fintech
 - (17-19 May 2022) [ESG in financial services. The impact of tech and data](#)

[Back to top](#)

CONTACTS



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



David Alfrey
Lawyer, London
(Litigation & Dispute
Resolution)
T +44 207006 4559
E david.alfrey
@cliffordchance.com



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



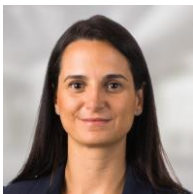
Alexandra Davidson
Global Head, London
(Funds & Investment
Management)
T +44 207006 2581
E alexandra.davidson
@cliffordchance.com



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



Gregor Evenkamp
Partner, Frankfurt
(Funds & Investment
Management)
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

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.

www.cliffordchance.com

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

© Clifford Chance 2017

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 or by post at Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ

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

*Linda Widyati & Partners in association with Clifford Chance.

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.



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



Nigel Howorth
Practice Area Leader,
London (Real Estate)
T +44 207006 4076
E nigel.howorth@cliffordchance.com



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



Daud Khan
Partner, London
(Corporate)
T +971 2 613 2320
E daud.khan@cliffordchance.com



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



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



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



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



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



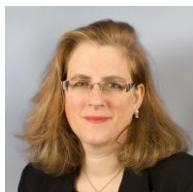
Sonya Pauls
Partner, Munich
(Corporate)
T +49 89 21632 8550
E sonya.pauls@cliffordchance.com



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



Thomas Volland
Partner, Dusseldorf
(Corporate)
T +49 211 4355 5642
E thomas.volland@cliffordchance.com



Deborah Zandstra
Partner, London (Global
Financial Markets)

T +44 207006 8234
E deborah.zandstra@cliffordchance.com