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# Climate and the Financial Sector

This weekly newsletter highlights climate-related regulatory, litigation and enforcement developments relevant to the financial sector.

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## General

### **23 May 2023 [EU]: ESAs highlight work on sustainable finance in 2022 Joint Annual Report**

The Joint Committee of European Supervisory Authorities (JC) has published its Annual Report for 2022. In 2022, the JC focused on cross-cutting issues such as joint risk assessment, sustainable finance, digitalisation, consumer protection, securitisation, financial conglomerates and central clearing. With regard to sustainable finance, the JC's work focused on the Sustainable Finance Disclosure Regulation (SFDR). Key deliverables include an updated Joint Supervisory Statement on the application of the SFDR, a clarification on the draft ESAs RTS under the SFDR, a first report on the extent of voluntary disclosure of principal adverse impacts, and a final report with RTS amending the SFDR Delegated Regulation in relation to disclosure in financial products of investments in fossil gas and nuclear energy. In addition, the ESAs indicate they are making progress in preparing the amendment to the SFDR Delegated Regulation and aim to submit a final report with draft RTS to the Commission in 2023. [[link](#)]

## **24 May 2023 [Global]: Science-Based Targets for Nature initiative publishes first corporate targets for nature**

On 24 May 2023, the Science Based Targets Network (SBTN), which brings together experts from more than 60 NGOs, business associations and consultancies, released the world's first science-based corporate targets for nature to mobilize companies to work together to address nature loss and climate change. The new nature targets provide guidance for companies to assess and prioritize their environmental impacts and prepare to set targets, starting with freshwater and land, alongside climate targets through the Science Based Targets initiative (SBTi). A pilot is being conducted with an initial group of seventeen global companies, with a full roll-out to all companies in early 2024. [[link](#)]

## **25 May 2023 [EU]: ESAs propose ESG disclosures for STS securitisations**

The European Supervisory Authorities (ESAs) have submitted draft Regulatory Technical Standards (RTS) on ESG disclosure for Simple, Transparent and Standardised (STS) securitisations under Regulation (EU) 2017/2402 of 12 December 2017 (Securitisation Regulation) to the European Commission. These final draft RTS aim to help market participants make informed decisions about the sustainability impact of their investments and ensure consistency with those developed under the Sustainable Finance Disclosure Regulation (SFDR), which distinguishes between the publication of available information on mandatory indicators (e.g. energy efficiency) and on additional indicators (e.g. emissions). The main proposals set out ESG disclosures that would apply to STS securitisations where the underlying exposures are residential loans, auto loans and leases. The EC is expected to adopt these RTS within three months. [[link](#)]

# **Insurance**

## **24 May 2023 [Global]: Several founding members withdraw from the Net-Zero Insurance Alliance**

In light of recent political discussions in the United States, some members of the United Nations convened Net-Zero Insurance Alliance (NZIA), particularly those with significant U.S. business and exposure, have made individual and unilateral decisions to either remain in or withdraw from the NZIA. Six of the eight founding members have now withdrawn from the NZIA. These departures follow a letter to NZIA members from the Attorneys General of 23 Republican states alleging concern about the legality of insurers' commitments to collaborate with other insurers and asset owners to advance what they call an activist climate agenda. Specifically, they argue that the group's targets and requirements would be in violation of both federal and state antitrust laws. A number of other Attorneys General had previously explained why no antitrust concerns arise with net zero alliances. [[link](#) - [link](#) - [link](#)]



**Amélie Champsaur**  
Partner, Paris  
[achampsaur@cgsh.com](mailto:achampsaur@cgsh.com)



**Clara Cibrario Assereto**  
Associate, London-Rome  
[ccibrarioassereto@cgsh.com](mailto:ccibrarioassereto@cgsh.com)



**Andreas Wildner**  
Associate, London  
[awildner@cgsh.com](mailto:awildner@cgsh.com)



**Pierre Mathé**  
Associate, Paris  
[pmathe@cgsh.com](mailto:pmathe@cgsh.com)



**Camille Kernevès**  
Associate, Paris  
[ckerneves@cgsh.com](mailto:ckerneves@cgsh.com)



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