

Q1 2022 Round-Up

ESG Newsletter



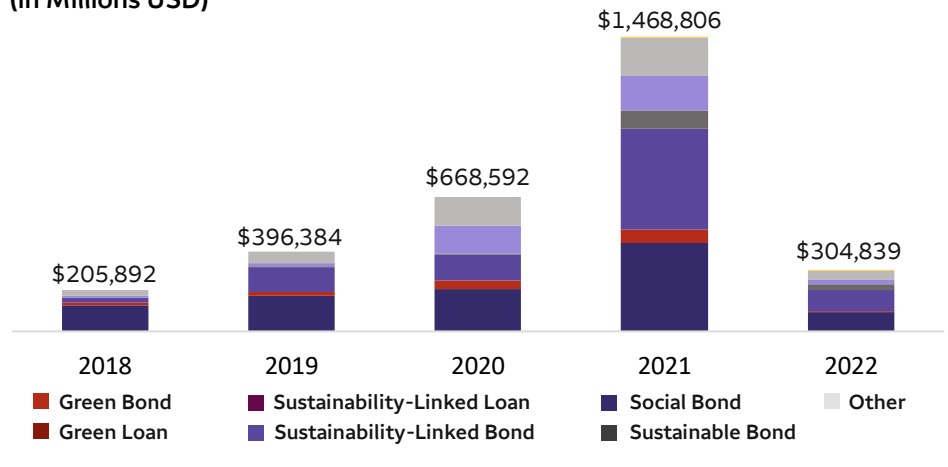
Sustainable Finance Volumes

- 2021 saw record issuance of over \$1.6 trillion of sustainable financial instruments, including over \$500 billion in Green Bonds and \$600 billion in Sustainability-Linked Loans.
- Volumes continue to be strong in 1Q22. The total trails 1Q21’s pace by 21% due to decreases in supply from Sovereign, Supranational, and Agencies due to heavy COVID-related issuance last year. For perspective, 1Q22 has already been more productive than all of 2018.

In This Issue

- Sustainable Finance Volumes** [Page 1](#)
- First Quarter Wells Fargo ESG Wins** [Page 2](#)
- Legal and Regulatory Updates** [Page 3](#)
- Bold Client Commitments** [Page 4](#)

Global Annual Sustainable Finance Volumes through Q1 2022
(in Millions USD)



Sources: above data, chart data provided by Dealogic. As of 4/1/2022.

First Quarter Wells Fargo ESG Wins

| Organization | Deal Description | Wells Fargo's Role |
|---|--|---|
| Select Energy Services Inc. (NYSE: WTTR) | Closed an inaugural \$270 million Sustainability-Linked Asset Based Revolving Credit Facility. It was the first of its kind in the oilfield services sector in borrowing base format, as well as with water conservation goals as the focus. | Left lead arranger, joint bookrunner, administrative agent, and sole sustainability structuring agent |
| JBG Smith (NYSE: JBGS) | A Maryland based REIT, closed a \$200 million Sustainability-Linked Term Loan A, which included goals to increase renewable energy procurement and environmentally-certified square footage. | Left lead arranger, joint bookrunner, administrative agent, and sustainability structuring agent |
| Owens Illinois (NYSE: OI) | A specialized container glass producer, closed a \$1.25 billion Sustainability-Linked Revolving Credit Facility and a \$1.55 billion Term Loan with KPIs linked to improving their Eco Vadis score and the aggregate number of gas oxygen furnace conversions or installations. | Left lead arranger, joint bookrunner, and administrative agent |
| Agricultural Bank of China (NY Branch) | Closed its first Green Commercial Paper program which will be used to fund renewable energy, clean transportation and wastewater management projects. The green labeled transaction marked the first Yankee bank issuer in the U.S. and the first unsecured USCP program of this kind. | Sole sustainability structuring agent |
| TELUS Corporation (NYSE: TU) | Returned to the USD market for the first time since 2019 with an offering of \$900 million in 10-yr Sustainability-Linked Notes linked to Scope 1 and 2 GHG emissions reduction. | Active bookrunner |
| Duke Energy Carolinas (A subsidiary of NYSE: DUK) | Introduced \$1.15 billion in Sustainability Bonds across 10-yr and 30-yr tranches, intended to fund projects in renewable energy and energy efficiency, clean transportation, climate change adaptation and socioeconomic advancement and empowerment. | Active bookrunner and billing and delivery agent |
| Pennsylvania Housing Finance Agency | A non-profit organization offering affordable housing resources, closed a \$207.76 million Social Municipal Bond with use of proceeds to finance affordable home loans for low to moderate income first time home buyers throughout the Commonwealth. | Lead manager |
| Mississippi Home Corp | Plays a critical role in addressing housing needs in the state of Mississippi; closed as \$70.675 million Social Municipal Bond intended to primarily help finance affordable home loans for low-to-moderate income first time home buyers. | Lead manager |
| BX Mortgage Trust | Closed a \$1.525 billion SASB CMBS transaction to finance 10,965 low income, multifamily units located in Florida where affordable housing is in acute shortage. The deal represented the largest affordable housing CMBS financing and the largest social bond offering of all time. | Co-left lead bookrunner and sole structuring agent |

Economic, Legal, and Regulatory Updates

Economic Update

Factors to Consider for a Net Zero Carbon Economy

To commemorate Earth Day 2022 on April 22, the Wells Fargo Economists put the current state of greenhouse gas emissions into context and consider the big-picture economic implications of a transition to a net zero carbon future. There is a policy shift underway that will either leave businesses better positioned if they join the clean-energy transition or leave them behind if they do not.

[View full report](#)

For additional reports published by our Economics team please visit our [social and community reports page](#).

North America

SEC Climate-Related Risk Disclosures

On March 21, 2022, the SEC proposed rule changes that would require companies to include greenhouse gas emissions and climate-related risk disclosures in their registration statements and periodic reports. Companies are encouraged to provide feedback during a 60 day comment period, and a human capital disclosure proposal is expected to follow.

[Download the proposal](#)

Proposal for Standardized Sustainability Disclosures

On March 31, 2022, the International Sustainability Standards Board (ISSB) published two draft standards in a push for global standardization amidst a growing variety of sustainability standards. One outlines a framework for general sustainability related financial disclosures, while the other details specific climate-related disclosure requirements for Scope 1, 2, and 3 emissions. A comment period is open until July 29, 2022.

[Download the proposed drafts](#)

Europe

Reporting by EU Corporates and Banks Starting to Commence

The Official Journal of the EU has published the Delegated Act that provides the screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation under the previously established Taxonomy Regulation.

[Read more](#)



Technical Screening Criteria for all EU Taxonomy Categories Published

Following the delegated act in December 2021 finalizing the criteria for the climate change mitigation and adaptation objectives, the EU published the criteria for the remaining four environmental objectives under the EU Taxonomy at the end of March 2022. Once finalized, this criteria will apply from January 1, 2023. These four objectives are: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

[Read the full release](#)

Draft Report on an EU Social Taxonomy

On February 28, 2022, the Platform on Sustainable Finance ("PSF") published its final report on an extension of the existing EU taxonomy to include a social taxonomy to help investors and end consumers make more informed choices with regards to social considerations.

[Read the report](#)

EU Proposal for Corporate Sustainability Due Diligence Directive

On February 23, 2022, the European Commission published its proposal for a Directive on Sustainability Due Diligence, aimed at implementing wide reaching due diligence obligations on the negative human rights and environmental impacts of the operations, subsidiaries, and value chain for all large companies that meet minimum employee numbers and annual turnover values and that operate in the EU.

[Read the proposal](#)

Calls to Regulate ESG Ratings Agencies

On February 21, 2022, the international Regulatory Strategy Group (IRSG) released a report calling for the United Kingdom to regulate ESG ratings in order to improve transparency, reduce the risk of greenwashing, and protect investors. The group said that a global approach is needed to avoid increased compliance costs associated with fragmentation in the rules, mitigate conduct risk, and ultimately protect investors.

[Download the report](#)

Bold Client Commitments

Coca-Cola Commits to Reusable Packaging Goal

The Coca-Cola Company (NYSE: KO) has announced a new reusable packaging goal for 25% of all beverages produced globally by 2030. Coca-Cola is consistently listed among the largest producers of plastic waste.

Ford Splits off Electric Vehicle Division

Ford Motor Company (NYSE: F) has officially separated its electric and combustion engine vehicle production into separate units, christening the new EV exclusive group the “Model E Division”.

WPP plc Announces Major Emissions Target

WPP plc (NYSE: WPP) has committed to reducing Scope 1 and 2 emissions by at least 84% by 2025, and Scope 3 emissions by 50% by 2030 (both from a 2019 baseline). These target are aligned with the Science Based Targets initiative (SBTi).

Hasbro Joins SBTi

Hasbro (NASDAQ: HAS) has become a signatory of the SBTi, with commitments to set validated 2030 and 2050 emission reduction target.

Ulta Beauty Invest in DE&I

Ulta Beauty (NASDAQ: ULTA) has announced it will invest \$50M in DE&I in 2022, including a significant investment in marketing efforts for Black-owned, founded, and led brands.

Sources: <https://www.coca-colacompany.com/news/coca-cola-announces-industry-leading-target-for-reusable-packaging>, <https://media.ford.com/content/fordmedia/fna/us/en/news/2022/03/02/ford-accelerating-transformation.html>, https://www.wpp.com/-/media/project/wpp/files/sustainability/reports/2021/wpp_sr21_interactive.pdf, <https://investor.hasbro.com/news-releases/news-release-details/hasbro-announces-commitment-set-ambitious-science-based-targets#:~:text=Hasbro%20has%20a%20long%2C%20respected.estimated%2019.5%20million%20pounds%20annually>, <https://www.ulta.com/investor/news-events/press-releases/detail/144/ulta-beauty-announces-2022-diversity-equity-and-inclusion>.

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