

## THOUGHT LEADERSHIP

# Third Economy: 2022 Year in Review

*By Third Economy Staff, December 2022*

As we close out another calendar year, it's only natural to reflect on the moments that defined our work over the last twelve months. To review the stories that have changed the landscape of ESG. And to honor the ideas that continue to push sustainability forward, for companies, for investors and for the world.

What a year it has been. While there has been a lot of chatter about ESG, there have been some major milestones to celebrate in sustainable finance, from global standard setting to paradigm shifts to historic legislation.

Here are the ten stories that we are most excited to advance in 2023:

1. [The SEC proposes mandatory climate disclosures for publicly traded companies](#)

The Securities and Exchange Commission approved a landmark proposal to require all publicly traded companies to disclose their greenhouse gas emissions and the risks they face from climate change. The proposed rule mandates that hundreds of businesses report their planet-warming emissions in a standardized way for the first time.

2. [Passage of the Inflation Reduction Act, the biggest climate bill in history](#)

President Biden signed the Inflation Reduction Act (“IRA”) into law on August 16, 2022, paving the way for a transformation of our clean energy landscape through opportunities and incentives. The bill pushes for a rapid adoption of clean energy largely through private sector incentives that reward companies for investing in domestic manufacturing and innovation.

3. [IFRS Foundation completes consolidation with Value Reporting Foundation](#)

The IFRS Foundation follows the commitment made at COP26 to consolidate staff and resources of leading global sustainability disclosure initiatives to support the IFRS Foundation’s new International Sustainability Standards Board’s (ISSB) work to develop a comprehensive global baseline of sustainability disclosures for the capital markets.

4. [Brazil’s President-elect commits to protecting the Amazon rainforest](#)

Incoming President Lula has promised to give the Brazilian Amazon a second chance. “Let’s fight for zero deforestation,” Lula said after his victory in October. “Brazil is ready to resume its leading role in the fight against the climate crisis, protecting all our biomes, especially the Amazon forest.”

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### 5. [COP27 Creates a Loss and Damage Fund](#)

COP27 ends with the announcement of a historic loss and damage fund. In negotiations that went down to the wire over the weekend, countries reached a historic decision to establish and operationalize a loss and damage fund, particularly for nations most vulnerable to the climate crisis.

### 6. [COP27 Reform of Multilateral Development Banks](#)

For the first time, a draft political decision published at the COP climate talks calls on multilateral development banks (MDBs) and international financial institutions (IFIs) to be reformed and align their spending with climate goals.

### 7. [SEC proposes new rules for marketing “green” funds](#)

New in 2022, the SEC has proposed a new rule for advisers of ESG-focused funds to disclose the ESG factors considered in their investment strategy, as well as the metrics used to evaluate progress towards the fund’s objectives. This increased transparency allows investors to better compare strategies across managers and ensure that funds that market “ESG” have a common set of standards.

### 8. [More companies include ESG metrics in incentive plans](#)

There has been a rapid increase in the adoption of ESG metrics for executive incentive plans across the S&P 500 over the past several years. In 2022, there was a nearly 23% increase in the proportion of S&P 500 companies applying ESG metrics in incentive plans, at 70% prevalence compared to 57% prevalence a year ago. By adding these ESG metrics to incentive plans, Companies are signaling a heightened sense of commitment to their stated ESG goals.

### 9. [Top venture capitalists are prioritizing ESG](#)

More than 20 percent of the VCs on this year’s Midas List were on the board of a company that set aside equity to fuel long term social impact efforts. At the time the 2020 list was published just two years ago, that number was approximately 13 percent. Companies leveraging assets for good is increasingly becoming the norm.

### 10. [More people employed in clean energy than in the fossil fuel industry](#)

In 2022, clean energy employed over 50% of total energy workers, owing to the substantial growth of new projects coming online. Low-carbon power generation, mainly solar and wind, employs 7.8 million, on par with oil supply. Vehicle manufacturing employment, which stands at 13.6 million globally, already employs 10% of its workforce in the manufacture of EVs, their components and batteries.

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We look forward to all the advancements in sustainability in 2023! Happy holidays from Third Economy.



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