

For What It's Earth

Global ESG Headlines from Steptoe

June 5, 2024 – Issue 49

[Click here](#) to subscribe via email.

Learn more about our ESG practice: www.steptoe.com/ESG



Legislation

On May 24, 2024 the EU adopted the Corporate Due Diligence Directive, mandating large companies to address human rights and environmental impacts across their value chains. The directive, initially proposed in 2022, covers companies with at least 1000 employees or €450 million in revenue. It will phase in requirements from 2027 to 2029 and includes obligations for climate transition plans. The legislation aims to mitigate issues like child labor, pollution and deforestation.



Standards

The IFRS Foundation and the Global Reporting Initiative (GRI) have expanded their collaboration to enhance compatibility between their sustainability reporting standards. This partnership aims to reduce the reporting burden on companies and create a comprehensive global sustainability reporting system. The organizations will work together on aligning common disclosures, starting with biodiversity standards, to meet the information needs of both investors and a broader range of stakeholders.



Supply Chain

International lawyers for the Democratic Republic of Congo (DRC) claim new whistleblower evidence suggests Apple may source minerals from conflict areas in eastern Congo. They urged Apple to clarify its supply chain and are exploring legal actions. Despite Apple's claims of conflict-free sourcing and audits, Congo's lawyers allege ongoing issues. This situation underscores the critical importance of thorough due diligence in supply chain management to ensure compliance with international standards, avoid potential legal ramifications, and maintain corporate reputation.



Investigations

The US Commodity Futures Trading Commission (CFTC) is investigating greenwashing in the voluntary carbon markets as part of its crackdown on fraud. The probe targets false claims about carbon credits and green financial products. The CFTC aims to introduce federal guidelines for carbon credit derivatives by the end of 2024. The CFTC's Environmental Fraud Task Force, launched in June 2023, is actively investigating multiple cases but has yet to bring any charges.



Statement

Principles for Responsible Investment (PRI) calls for global adoption of International Sustainability Standards Board (ISSB) standards by 2025, supported by London Stock Exchange Group (LSEG), the United Nations Sustainable Stock Exchanges initiative (UN SSE) and the World Business Council for Sustainable Development (WBCSD). Backed by 120 investors, this aims to address significant data gaps, as 40% of major companies lack carbon emissions disclosure.

"Investors need comparable and high-quality ESG data from companies to consider sustainability risks and opportunities in their investment decisions. The ISSB's first set of standards are a significant step in this direction, but their success relies on adoption across global markets."

Chief Executive of PRI David Atkin, May 22, 2024