

For What It's Earth

Global ESG Headlines from Step toe

August 03, 2022 – Issue 05

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

Learn more about our ESG practice: www.step toe.com/ESG



Litigation

Environmental NGOs have commenced legal proceedings to stop the construction of a major plastics manufacturing facility in Europe, arguing that “the world cannot take more plastic.” The challenge questions whether the Flemish authorities considered the full impact of plastics production on the climate and nature. The case is yet another example of the trend within environment and climate change litigation to focus not simply on the environmental impact of construction but on the impact of a business' product lines.



Regulation & Standards

The UK government responded to the International Sustainability Standards Board's consultation on its draft disclosure standards for climate risk and sustainability factors. The UK praised the “significant step towards a globally consistent baseline standard for sustainability disclosures” and reinforced its commitment to incorporate them into UK company reporting requirements over time, but sounded a note of caution that some of the requirements would be challenging “even for the largest UK companies with a long history of sustainability reporting.”



Legislation

Last week multiple business trade associations filed lawsuits challenging the US SEC's July 2022 reversal of Trump-era regulations on proxy advisory firms. Asset managers hire such firms to provide voting recommendations for matters to be considered at shareholder meetings, which are increasingly ESG-focused. Proxy advisory firms therefore have tremendous power to influence corporate actions relating to ESG. The lawsuits presage future legal challenges by the business community to the SEC's climate-related rulemakings.



Investigations

Fashion has come under the ‘greenwash’ spotlight in the US and in Europe. The UK's Competition & Markets Authority launched an investigation to scrutinize eco-friendly and sustainability claims made by ASOS, Boohoo and Asda about their fashion products, with the Chief Executive stating “we won't hesitate to take enforcement action – through the courts if necessary.” In the US, H&M faces a consumer class action law suit for allegedly misleading the public with respect to its sustainability claims.



Statement

“We are investing to grow in materials needed for the energy transition, and in technology and partnerships to decarbonise our business and value chains.”

Alf Barrios, Rio Tinto's Chief Commercial Officer, July 21, 2022

On July 21 Rio Tinto and Ford Motor Company signed a Memorandum of Understanding for the long-term supply of battery and low carbon materials to support the transition to a net-zero future.