

For What It's Earth

Global ESG Headlines from Step toe

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Litigation & Investigations

H&M, a fashion retailer, and Decathlon, a sporting goods chain, agreed to remove certain sustainability-related labels from their products and websites following an investigation by the Netherlands Authority for Consumers and Markets (ACM). ACM sent letters to approximately 170 businesses last year concerning potential problems relating to sustainability claims and subsequently launched investigations into six companies, including H&M and Decathlon. In addition to removing certain labels and language, the companies will also provide donations to sustainable causes. The announcement comes amidst continued focus on sustainability claims by regulators and consumers.



Regulation & Standards

The International Sustainability Standards Board (ISSB) released a paper summarizing comments received on its draft ESG reporting standard focused on general sustainability-related financial disclosures. The draft was issued in March 2022 and closed for public comment in July 2022. The paper noted that "stakeholder response was robust in terms of the volume of responses and the diversity of respondents" and "the strong response rate suggests significant and widespread interest across the global capital markets" in the draft standard.



Supply Chain

The EU issued its much anticipated proposal for a regulation prohibiting products made with forced labor on the EU market. It would apply to any companies that make products available in the EU or export from the EU, irrespective of the industry sector, product, and origin of the products. It will significantly increase the relevance of due diligence efforts by companies. Companies selling goods on or from the EU market can face investigations and may be forced to withdraw their goods from the EU market. The approach resembles recent initiatives taken in the US, although there are important differences.



Legislation

On September 20, Sen. Pat Toomey, R-Pa., sent letters to 12 ratings firms requesting information regarding their calculation of companies' ESG scores. In the letters, Sen. Toomey recognized that "the industry of ESG investing and related services has grown tremendously in recent years" and the ratings firms "play a key role" by evaluating the degree to which companies meet certain qualitative standards. Sen. Toomey requested documents and information, including "copies of any non-proprietary methodologies" used to assign ESG ratings.



Statement

"I believe a clean sheet of paper and an open mind to considering a wide range of risks and scenarios will yield richer and more actionable information than an approach that borrows heavily from capital stress testing."

Michael Hsu, Acting Comptroller of the Currency, Sept. 7, 2022

During a speech delivered at The Clearing House and Bank Policy Institute's Annual Conference on September 7, Michael Hsu, Acting Comptroller of the Currency said both industry and its watchdogs need to approach the emerging issue of climate risk and how to measure it with "a clean sheet of paper and an open mind."