

## For What It's Earth

Global ESG Headlines from Step toe

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### Litigation

A federal judge in Massachusetts recently allowed a class action suit alleging greenwashing claims to proceed over defendant, Gorton's Inc.'s, motion to dismiss. Following the court's ruling, the parties settled the lawsuit, but the decision highlights the need for companies to exercise caution in the stormy seas of sustainability advertising. Regulators and consumers continue to raise legal challenges to companies' climate and sustainability statements, which also underscores the importance of proactively scrutinizing suppliers and vendors.



### Regulation & Standards

SEC Chair Gary Gensler recently expressed his willingness to consider changes to the agency's proposal to require companies to disclose Scope 3 greenhouse gas emissions. Scope 3 refers to the indirect emissions from activities in a company's value chain. At an industry event, the Chair acknowledged commenters' concerns regarding the costs associated with the proposal. The SEC is expected to vote on final rules for climate-related disclosures by the end of the year.



### Supply Chain

On September 30, the Cabinet Office of Japan announced that it had approved basic guidelines for ensuring stable supplies of "specified critical materials", defined in Japan's recently enacted Economic Security Promotion Act. Under the Act, companies handling materials such as semiconductors or rare earths are required to submit plans for diversifying sources and stockpiling, and once approved they may be granted financial support. The guidelines set out the conditions which must be satisfied for a material to be designated as a "specified critical material."



### Government Funding

Earlier this month the European Commission approved \$130M in German state aid to support BASF SE in the production of renewable hydrogen, to help decarbonize its chemical production processes. The measure was assessed under the Commissions' Guidelines on State aid for climate, environmental protection and energy published in February 2022. The decision confirms the EU's willingness to support its Member States to move towards a greener economy, which sends a strong message to businesses to work with the EU in developing long-term sustainability strategies.



### Statement

Addressing Cypress Creek Renewables' plant in North Carolina on September 26, US Treasury Secretary Janet Yellen said the US government needs to give the private sector confidence that policies designed to incentivize investments in clean energy will last.

***"A cornerstone of the Biden Administration's approach on climate change rests on harnessing the engagement of the private sector. Specifically, government must provide the basic foundations and long-term certainty that businesses need to invest at scale and drive the transition toward a clean energy future."***

Janet Yellen, US Treasury Secretary, September 26, 2022