

For What It's Earth

Global ESG Headlines from Steptoe

December 01, 2022 – Issue 13

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International Cooperation

At COP27, Canada announced the Global Carbon Pricing Challenge, which “calls on all countries to adopt pollution pricing as a central part of their climate strategies.” The goal is to increase coverage of global greenhouse gas (GHG) emissions covered by carbon pricing to 60% from the current 20% by 2030 by sharing best practices and new carbon pricing measures and promoting additional participation in the Challenge. The UK signaled its intent to participate in the Challenge at the conference.



Regulation

On November 10, the Biden Administration proposed a major new rule aimed at addressing the Federal government's exposure to climate-related financial risks in its supply chains. The proposed rule would require “major” and “significant” Federal contractors to publicly disclose their greenhouse gas (GHG) emissions and climate-related financial risks and set science-based emissions reduction targets. Interested parties have until January 13, 2023 to submit comments.



Legislation

The Council of the EU approved on November 28 the final text of the Corporate Sustainability Reporting Directive, paving the way to an overhaul of corporate sustainability reporting for all large EU companies, companies listed on EU regulated markets (except for listed micro-companies), as well as for certain EU SMEs. Third-country companies meeting certain thresholds and having at least one subsidiary or branch in the EU, or with securities traded on EU regulated markets, would also be covered. The reporting would cover issues such as impacts on the environment and human rights.



Companies & Investors

Last week the US Department of Labor released a final rule under ERISA to “safeguard the savings of America's workers by clarifying that fiduciaries may consider climate change and other environmental, social, and governance (ESG) factors” in investment decisions and also in exercising shareholder voting rights when such factors are relevant to a risk and return analysis. The rule could have a significant impact on financial decision-making and seems to signal that the Administration intends to be aggressive in pushing its climate agenda through the regulatory process after the midterm elections.



Statement

In late November, the US Securities and Exchange Commission (SEC) announced that it had charged an asset management company for alleged failures in its policies and procedures related to some of its ESG funds.

“Today’s action reinforces that investment advisers must develop and adhere to their policies and procedures over their investment processes, including ESG research, to ensure investors receive the advisory services they would expect to receive from an ESG investment”

Andrew Dean, Co-Chief of the SEC Enforcement Division's Asset Management Unit, November 22, 2022