Steptoe

For What It's Earth

Global ESG Headlines from Steptoe

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Litigation

The US Chamber of Commerce, along with other business groups, sued California in federal district court over two new climate disclosure laws, SB 253 and 261. The lawsuit contends that the laws violate the First Amendment by "unlawfully attempt[ing] to regulate speech related to climate change," are precluded by the Clean Air Act, and are also invalid under the Dormant Commerce Clause and principles of federalism. The lawsuit may also be a preview of likely legal challenges to the US Securities and Exchange Commission's climate-disclosure rule, which is expected to be finalized later this year.

Standards

The Global Reporting Initiative, a leading sustainability reporting standards setter, has published a revised version of its biodiversity standard (GRI 101) to require more stringent mandatory reporting across a range of categories to drive increased transparency and accountability, as well as to incorporate international best practices for halting and reversing biodiversity loss such as reporting on the primary drivers of such loss and the effect of location-specific impacts on communities.

Legislation

According to a letter from the German Finance and Justice Ministers, the German government may abstain from the impending sign-off of the EU Corporate Sustainability Due Diligence Directive over concerns regarding legal uncertainties and the burdens it would place on businesses, potentially leaving a path open for other countries to follow suit, blocking approval of the legislation, as a qualified majority of 55% of member states, representing at least 65% of the EU's population is required for its adoption.

Regulation

European Union lawmakers have approved a draft proposal from the European Commission to delay until June 2026 sector-specific rules for the oil and gas, mining, road transport, food, car, agriculture, energy production, and textile industries under the Corporate Sustainability Reporting Directive requiring more detailed disclosures on environmental, social, and governance factors to ease the regulatory burdens on companies and permit an initial focus on implementing broader ESG disclosures in annual reports for 2024 and beyond under the same legislation.

Statement

According to a new study released by professional services and solutions provider, WTW, more than 80% of companies are adopting ESG metrics in executive compensation plans.

"Companies in some industries such as IT and consumer goods that have previously shied away from using ESG measures are now joining in with the wider trend and have narrowed the gap with other industries. The ongoing growth we are seeing reflects the continued focus from companies across markets and countries to articulate to stakeholders how ESG priorities are embedded in their business strategy and how they are used as a key measure of non-financial performance."

Richard Belfield, Executive Compensation & Board Advisory Practice leader at WTW, January 23, 2024

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