

For What It's Earth

Global ESG Headlines from Step toe

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Legislation

Two US senators have introduced the No Funds for Forced Labor Act, a bill that if passed would require the Secretary of the Treasury to instruct executive directors of international financial institutions to oppose projects that pose a significant risk of using forced labor, or that are carried out by state-owned or heavily state-influenced entities. The bill also would require these institutions to explain how they due diligence projects for forced labor risks and the steps they take to mitigate, monitor, and reduce those risks.



Standards

The European Commission has launched a consultation on a proposed EU flight emissions label to provide passengers with information about the carbon footprint of their flights as part of regulations designed to decarbonize aviation. The initiative would provide for a single standard and regulated methodology for estimating flight emissions, allowing passengers to see standardized information on the carbon footprint of flights in the EU when booking trips online.



Regulation & Standards

The UK Competition and Markets Authority (CMA) is closely scrutinizing the fashion industry's green credentials. On September 18, 2024, it published practical guidance for fashion brands, which builds on the CMA's 'Green Claims' code. It also formally warned several fashion brands about the way they display, describe and promote their green credentials. Finally, the CMA reminded fashion brands that they will soon have the power to fine companies up to 10% of worldwide turnover for breaches of consumer protection rules, including the making of false green claims.



Companies & Investors

Investors in General Mills Inc. have voted down an environmental proposal calling on the company to issue a report on its use of plastic packaging and efforts to increase use of sustainable packaging. Only around 40% of investors supported the proposal. The company said prior to the vote that the plastics proposal was unnecessary because it discloses progress toward a goal of designing 100% of its packaging to be recyclable or reusable by 2030.



Statement

On September 10, 2024, the CFA Institute Research and Policy Center published a report calling for greater rigour in the classification of ESG funds. The report analyzes existing ESG fund classification frameworks in the US, EU, and UK and finds current systems problematic due to vague definitions and incomplete structures. The report advocates for a more structured approach based on clear, measurable characteristics.

"There is much disagreement about how to categorically define and identify 'ESG funds.' And when ambiguous terms like these are used in regulation to create special rules for certain kinds of funds, it can create significant uncertainty in the marketplace."

CFA Institute Head of Global Industry Standards, Chris Fidler
September 10, 2024