

For What It's Earth

Global ESG Headlines from Step toe

March 22, 2023 – Issue 20

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Litigation

DWS, a leading German investment fund manager, has settled a greenwashing lawsuit that alleged it misled investors by claiming that its climate technology fund excluded companies active in sectors such as coal or defense equipment. The lawsuit, which was led by consumer protection group VerbraucherzentraleBaden-Wuerttemberg, has been settled under a cease-and-desist declaration that requires DWS to refrain from marketing certain features of the fund as sustainable in the future.



Legislation

President Biden has issued the first veto of his presidency, frustrating Republican attempts to overturn a recently enacted Department of Labor rule allowing fund managers for ERISA plans to include ESG considerations in the investment process. President Biden stated that the rule would not result in fund managers sacrificing financial returns to pursue a political agenda and would allow retirement plan fiduciaries to take ESG factors into account that could impact investment returns.



Supply Chain

The European Commission is looking to establish a critical raw materials club with international partners to secure access to these strategic and, at times, scarce commodities. Essential to the technology underpinning the net zero transition as well for use in defense and high-tech consumer electronics, the Commission also has proposed a Critical Raw Materials Act. The initiative's goal is to reduce dependency on supplies from a handful of countries, including China.



Standards

The latest report from the Parker Review Committee into ethnic minority representation at UK companies has extended its expectations for businesses by calling on FTSE 350 companies to set a percentage target for senior management positions that will be occupied by ethnic minority executives by 2027. 50 of the UK's largest private companies also have been asked to have at least one ethnic minority director on the board by the end of 2027.



Statement

In his annual letter to investors, Larry Fink, Chairman and CEO of BlackRock, has confirmed that the firm will maintain its stance on climate risk being an investment risk. The statement was made in response to a series of allegations by anti-ESG politicians, including claims that BlackRock forces companies to reduce emissions, and "boycotts" energy companies.

"In the near term, monetary and fiscal policy will be the major driver of returns. Over the long run, investors also need to consider how the energy transition, among other factors, will impact the economy, asset prices, and investment performance. ... For years now, we have viewed climate risk as an investment risk. That's still the case."

Chairman and CEO of BlackRock Larry Fink, Annual Letter to Investors, March 15, 2023