



TCB Digest for Executives: An invitation to answer our sustainability survey, optimism about CSRD and the limits of anti-ESG laws

June 25, 2024

Welcome to the 21st edition of our Digest for Executives – a summary of key climate-related events, publications, and insights for cross-functional corporate leaders. While early 2024 was notable for the “ESG backlash” and setbacks for the SEC, this edition of our Digest highlights recent signs of what is likely to be the long-term direction of travel. Companies subject to EU disclosure rules are expecting measurable financial and climate progress as a result, while Stateside, investment managers don’t expect to abandon pro-ESG pledges even as hostile legislation ups the compliance burden. We also note the release of more final rules related to the Inflation Reduction Act.

On another note, the Climate Board is planning to conduct **a best-practice study related to sustainability effectiveness, and we want your input**. We’re very interested to hear your top challenges to guide our focus for this study and invite you to take our one-minute survey [here](#).

We will interview a variety of sustainability leaders to understand how they’re addressing these challenges and will incorporate insights from the recent publications on our chosen topic. If you aren’t a current TCB member but would still like to participate in our survey, please do so. **If you’re willing to participate in a 30min research call to help inform our study, we’ll be pleased to grant you access to our final research project once published.**

Corporate & Disclosure Updates

- [Three-Quarters of Companies Say CSRD Leading to Increased Sustainability Integration in Business Decisions: PwC Survey](#) (ESG Today, June 18) – Complying with Europe’s new Corporate Sustainability Reporting Directive ([CSRD](#)) is already having a significant effect on companies’ processes and expected outcomes. This [survey](#) of more than 500 senior executives and business professionals found that a strong majority of firms reporting under CSRD said they are increasing integration of sustainability into their decision-making processes. Many respondents expect CSRD efforts to pay off in the form of improved environmental performance, stakeholder engagement and risk mitigation. The survey also found that the most common and challenging barriers to meeting CSRD obligations were data availability and quality and value-chain complexity. About 30% of companies said that CSRD efforts will eventually boost revenue growth and/or cost savings; mid-sized companies closer to

their reporting deadline (2025) had more confidence in this regard than the smaller companies whose reporting deadline comes in 2026.

- [Materiality, Interoperability Aspects of Climate Reporting Merit Continued Focus](#) (Deloitte sponsored content in WSJ, May 21) - Although the SEC has [stayed the effective date](#) for its [new climate reporting rules](#), companies should continue to implement disclosure efforts, Deloitte argues; reporting requirements will only continue to grow globally, and the final SEC rule could significantly increase both the breadth and depth of climate disclosures needed in corporate filings. It is also crucial to consider interoperability, as companies may very well need to comply with multiple requirements (e.g. California's climate laws or the EU's CSDDD). Deloitte's Kristen Sullivan suggests a rigorous materiality assessment with the goal of "optimizing consistency in disclosure objectives...guided by the information needs of stakeholders." Good climate-related governance is key in strategizing for many different disclosure frameworks and can allow a company to report information only once - but then tailor disclosures to specific requirements.

Government & Regulatory Updates

- [Some Anti-ESG Laws Haven't Deterred Some Investors](#) (Bloomberg Law, June 12) - A [new report](#) by [Principles for Responsible Investment](#) found that anti-ESG laws have not caused previously committed investment managers to abandon ESG pledges and strategies, but notes that the new requirements have introduced extra paperwork and compliance questions. PRI's interviews with over a dozen of its signatories found that investment managers have reconsidered how they present ESG information and expressed the need for "additional clarity in order to avoid misinterpretation." The report also highlighted the extra workload from responding to state inquiries, ambiguity in interpreting terms such as "pecuniary," and potential legal risks posed by diverging interpretations.

Climate Updates

- [Climate Change Funding Talks Stuck Ahead of COP29 Summit](#) (Reuters, June 13) - Reaching consensus on a new global funding target to help developing countries combat climate change will be a major challenge at the upcoming COP29 summit in Azerbaijan. Recent preliminary negotiations in Germany failed to reach major breakthroughs, highlighting disputes regarding financial responsibility: climate-vulnerable nations expressed frustration at wealthy countries' inconsistencies and lack of climate finance, while developed countries were hesitant to set overly ambitious targets. Disagreements persist over the amount, sources, and recipients of funding. With the current \$100 billion annual commitment expiring, countries must agree on a new target that exceeds this amount; proposed figures range from \$441 billion to over \$1 trillion per year.

- [Russia's War with Ukraine Accelerating Global Climate Emergency, Report Shows](#) (The Guardian, June 13) - The Initiative on Greenhouse Gas Accounting of War, a research collective partially funded by the [European Climate Foundation](#), reported on the often-overlooked environmental costs of war. Russia's invasion of Ukraine has resulted in approximately 175 million tons of carbon dioxide equivalent emissions, exceeding the annual greenhouse gas emissions of 175 countries. This total accounts for direct military activity, reconstruction efforts, fires, rerouted commercial flights, strikes on energy infrastructure, and population displacement.
- [Climate Change Made Recent Heat Wave in U.S. and Mexico More Likely, Study Says](#) (The New York Times, June 20) - According to a report by [World Weather Attribution](#), the recent extreme and deadly heat waves experienced in the U.S. and Mexico were made 35 times more likely by human-caused climate change. North American businesses take note: as greenhouse gases (GHGs) accumulate in the atmosphere, the likelihood of heat waves becomes more frequent - and they will become longer and hotter. Heat is the [number one weather-related killer](#).

Publications / Opinion Pieces

- [The 'Climate Crisis' Fades Out](#) (The Wall Street Journal, June 10) - This article examines progress of the global energy transition since the 2015 Paris Agreement through the lens of the "[issue attention cycle](#)" - a cycle that marks public attention and salience of major issues. Despite significant investments in renewable energy, fossil fuels still dominate the world's energy supply, and global emissions reached an all-time high in 2023. The article argues that the energy transition is entering a phase in which ambitious climate goals are at odds with technological and economic realities (Phase III of the cycle - "realizing the cost of significant progress"), leading to fatigue among the public. More encouragingly, progression through the issue attention cycle framework might ultimately lead to the abandonment of inefficient climate-mitigation strategies and make room for a more informed approach.

More Must-Reads

- Ropes & Gray, June 6 - [EU Corporate Sustainability Reporting Directive Value Chain Guidance Finalized - Key Points from the Guidance](#)
- The New York Times, June 3 - [EVs Are Suddenly Becoming More Affordable](#)
- Vogue Business, June 10 - [Should Fashion Suppliers Bear the Cost of Becoming More Sustainable?](#)
- BBC, June 12 - [Swiss Parliament Defies ECHR on Climate Women's Case](#)
- The New York Times, June 12 - [Opinion: I'm a Conservative. We Need to Make the Environment Nonpartisan.](#)
- LA Times, June 12 - [As Earth Warms, California Gets Federal Funding to Train Climate-Ready Workforce](#)

- NOAA Research, June 12 - [Nitrous Oxide Emissions Grew 40 Percent from 1980 to 2020, Accelerating Climate Change](#)
- ESG Today, June 13 - [BlackRock Launches New Suite of ETFs Investing in Companies Leading Low Carbon Transition](#)
- Bloomberg, June 17 - [The Deadly Mining Complex Powering the EV Revolution](#)
- GreenBiz, June 17 - [GreenBiz 30 Under 30: Meet the Rising Stars of Sustainability](#)
- The White House, June 18 - [Fact Sheet: Biden-Harris Administration Announces Historic Rules to Create Good-Paying, High-Quality Clean Energy Jobs](#)
- Business of Fashion, June 21 - [Who Will Finance a More Sustainable Fashion Industry?](#)

Upcoming Events

- Moody's, June 27 - [Europe: Leader or Laggard in Green Tech Innovation?](#)
- Verdantix, June 27 - [Piecing Together Supply Chain Sustainability Using Software](#)

**Thank you,
The TCB Team**