The GC Handbook: Navigating ESG Disclosure Considerations in Today's Environment

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Agenda

- ESG Regulatory Trends and Developments
- ESG Engagement Trends and Developments
- Commercial ESG Expectations
- The Anti-ESG Movement
- Litigation and Enforcement Developments
- Recommendations for 2024 Disclosures

Two Continuums: The Current ESG Landscape

Regulatory

Voluntary Reporting / Practices

- Much of the ESG reporting that companies have done to date has been voluntary, particularly in the US.
- Because ESG adoption has been "voluntary," companies often have not had the internal controls that they have for compliance with requirements.

Non-voluntary Reporting / Practices

- Companies are experiencing "non-voluntary" reporting pressures from capital providers, including investors, banks and insurance providers.
- At the same time, conservative political pressures are pushing in the opposite direction.

Required Reporting / Practices

- We are moving towards increasing levels of ESG regulation and legislation. It is possible that in the US, some of this will change with political winds.
- While foreign and private companies may not be directly subject to state-level reporting, they may feel indirect effects.

Engagement

Activist Engagement

- Much of ESG engagement in the US began with a small group of investors focused on ESG matters. These investors continue to push companies for improvements.
- Now conservative activists are following a similar playbook.

Capital and Third-Party Engagement

- Increasingly, ESG expectations are part of capital raising and third-party engagement, including in private contracting.
- Companies can expect to see ESG asks from customers, suppliers, and insurers, in addition to capital providers.
- An increase in litigation is likely to follow.

Regulatory Engagement

- As ESG legislation and regulation come into effect in the US, companies can expect enforcement efforts to rise as well.
- Greenwashing allegations are likely to increase in sophistication and complexity.

Key ESG Challenges for the General Counsel

1. Understanding the global tapestry of emerging ESG regulation
2. Appropriately assessing the enforcement and litigation landscape, including greenwashing and anti-DEI related risks
3. Navigating the internal teams necessary address ESG risks, strategies and disclosures
4. Identifying and assessing the external teams needed to support the Company’s ESG legal needs
5. Understanding stakeholder expectations in an increasingly polarized space

Understanding the Regulatory Continuum

Risk sensitivity

Increased Pressure on ESG Visibility and Transparency

- Increased ESG regulation on various matters
- A focus on supply and value chain considerations
- Rise of the ESG data industry
- Increased ESG-related expectations in business-to-business contracting
- Reshoring or near shoring trends
- Goals/targets come under pressure

Value protection

Increased Expectation Regarding Accuracy and Nexus to Value

- Increased expectations regarding controls and assurance
- Greenwashing and social washing pressures and concerns
- Calls for more regulation of ESG-related financial instruments, funds and ratings
- "Materiality" confusion
- "Anti-ESG" political winds

Current Expectations: SEC Final Climate Change Disclosure Rule

- The SEC's proposed climate change disclosure rules would require companies to include the following details in their annual reports and registration statements:
  - The company's oversight and governance of climate-related risks by board and management and relevant risk management processes;
  - Climate-related risks and their actual or likely material impact on the company's consolidated financial statements, business operations or value chains;
  - Any analytical tools, such as scenario analysis, that the company uses to assess the impact of climate-related risks;
  - Details regarding the use of carbon offsets or renewable energy credits or certificates ("RECs") or an internal carbon price;
  - GHG emissions data, including Scope 1 and Scope 2 and, in some cases, Scope 3;
  - Any adopted climate-related targets or goals; and
  - Details regarding any transition plans.
- *Financial Statement Notes Disclosure Requirements*. Companies would also be required to include climate-related financial statement metrics and related disclosure in a note to their consolidated financial statements.
- *Attestation*. Certain companies would also be required to acquire a level of assurance with respect to Scope 1 and Scope 2 emissions.

We believe that:

- We can likely still expect final rules or an update soon;
- The disclosures likely will be required in a separate report, outside of Form 10-K and potentially at a different time of the year;
- Scope 3 is under discussion, including with respect to the potential liabilities associated with those disclosures; and
- Regulation S-K and Regulation S-X disclosures may be included in separate rules.

It is possible that companies will need to comply with multiple regimes, including federal, state and EU-based requirements.

Regulatory mapping is recommended. Even if companies are not directly subject, supply chain should be considered.

California Climate Legislation

- In January 2023, California Senators Scott Wiener, Henry Stern, and Lena Gonzalez reintroduced revised versions of three climate bills that failed to pass the California Legislature last year. In October 2023, California Governor Gavin Newsom signed two of those bills into law: the Climate Corporate Data Accountability Act (SB 253) and the Climate-Related Financial Risk Act (SB 261).
- Starting in 2026 and annually thereafter, SB 253 would require companies doing business in California and with annual revenue of over $1 billion to publicly report to an emissions registry on their Scope 1 and Scope 2 greenhouse gas (GHG) emissions in accordance with the GHG Protocol. Scope 3 emissions would be required starting in 2027 for the prior fiscal year.
- Starting in 2026 and biennially thereafter, SB 261 would require companies doing business in California and with annual revenue of over $500 million to publish a climate-related financial risk report in accordance with the recommended framework and disclosures in the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD Recommendations).
- AB 1305 addresses voluntary carbon market disclosures. That bill also was approved – by substantial majorities in both the Assembly and Senate – before the 2023 session of the California State Legislature adjourned.
- The bill author characterized the current voluntary carbon offset (VCO) industry as a “wild west.” AB 1305 is intended to combat greenwashing relating to VCOs and provide their purchasers with a meaningful tool to decide which projects are worth investing in to reduce their carbon footprint.

Understanding US ESG Trends in the Global Context

- *A focus on investment labelling*. Examples: UK Financial Conduct Authority Consultation on UK sustainability disclosure requirements, EU Sustainable Finance Disclosure Regulation, IOSCO recommendations on sustainability-related practices in asset management, SEC rule on disclosures by certain investment advisers and investment companies about ESG practices.
- *A focus on supply chain and due diligence considerations*. Examples: UK Modern Slavery Act, EU Corporate Sustainability Due Diligence Directive, EU Forced Labour Product Ban, German Supply Chain Act (and similar legislation in other Member States), US Uyghur Forced Labor Prevention Act, California Transparency in Supply Chains Act, New York's Fashion Sustainability and Social Accountability Act.
- *A focus on defining core ESG concepts*. Examples: EU Taxonomy Regulation, the UK Green Taxonomy, the IFRS Sustainability Disclosure Taxonomy and the International Sustainability Standards Board (ISSB) two exposure drafts.
- *ESG disclosure legislation and regulation*. Examples: EU Corporate Sustainability Reporting Directive, SEC ESG agenda (climate, human capital management, diversity), US state-level responses to ESG, the ISSB exposure drafts.
  - Note that these developments are happening in the context of cross-jurisdictional negotiations regarding the extraterritorial nature of some regulation (i.e., the negotiation between CSRD and ISSB).
- *Emerging areas of regulation*. Other areas for potential and/or emerging regulation and guidance include potential regulation of ESG raters, environmental matters outside of climate change (TNFD releases), and an expanding attention to social matters.

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Supply Chain Considerations

Uyghur Forced Labor Prevention Act (UFLPA)

- Signed into force in December 2021, provisions took effect from 21 June 2022
- Rebuttable presumption that "goods, wares, articles, and merchandise mined, produced or manufactured wholly or in part in Xinjiang" are made using forced labor
- Extends to entities that work with the Xinjiang government to recruit, transport or receive forced labor from Xinjiang (e.g. mutual pairing program) that are published on a public list – i.e. extends past goods directly produced in Xinjiang
- Exception to the rebuttable presumption if the importer complies with guidance established by Forced Labor Enforcement Task Force and published as part of its Enforcement Strategy in June 2022
- High-priority sectors are also to be identified as part of the Strategy – these are apparel, cotton and cotton products, silica-based products (including polysilicon) and tomatoes and downstream products
- The UFLPA builds on a sanctions regime targeting Xinjiang that extends back a number of years, and has otherwise relied on pre-existing mechanisms (e.g. Withhold Release Orders) to impose restrictions

Other considerations

- CSDDD: The Corporate Sustainability Due Diligence Directive was proposed by the European Commission in February 2022, establishing 'due diligence' obligations, requiring companies to identify, prevent or at least mitigate adverse impacts on human rights and environmental protection

Understanding the Engagement Continuum

License to operate

Addressing the Market's Rising ESG High-Water Line

- Increased complexity with respect to capital provider expectations and needs, including pre-IPO and public company requirements
- The "hot potatoes" of ESG data, cost and liability
- Supply chain management
- Understanding the implications of auditability and assurance

Navigating liability

Avoiding Common ESG Commercial Pitfalls

- The risks/rewards of ESG ratings
- Understanding the long-term implications of setting ESG goals and targets
- The full legal and compliance implications (internal team management)
- Using RECs and offsets appropriately
- Not over-disclosing

Current ESG Investor Engagement Trends

What We Have Seen

- Increased environmental and social shareholder proposals, lower average support
- Increased complexity of environmental and social proposals
- "Anti-ESG" proposals increase in number
- Proposals coupled with public campaigns
- Increasing use of exempt solicitation filings, turning some proposals into mini-activist events
- More nuanced ESG approaches from large institutional investors

What We Are Likely To See

- Increased number of political/lobbying proposals
- Increased proposals regarding value and supply chain considerations
- Increased number of "anti-DEI" proposals
- More negotiation options with large institutional investors
- Increased use of books and records request coupled with shareholder proposals
- Increased proposals reflecting litigation or quasi-litigation actions

Sample Business-to-Business Expectations

Company	Industry	Examples of Commitments
J.P. Morgan	Financial	▪ Portfolio-level emission reduction targets that include, for oil and gas, reductions of 35% for Scopes 1 and 2 and 15% for Scope 3 by 2030 against a 2019 baseline ▪ Finance target of $2.5 trillion over 10 years (2021 – 2030) to advance long-term solutions that address climate change and contribution to sustainable development
Citi	Financial	▪ Net zero commitment for 2030, which includes baseline financed emissions for carbon-intensive sectors and reduction targets for 2030 ▪ Finance target of $1 trillion to sustainable finance by 2030
Bank of America	Financial	▪ Net zero commitment for 2050 ▪ Committed to disclosing its financed emissions this year (2023) ▪ Finance target of $1 trillion in low-carbon, sustainable business initiatives through 2030
Allstate	Insurance	▪ Committed to setting net zero targets for investment portfolio by 2025
AIG	Insurance	▪ Committed to reaching net zero GHG emissions across its underwriting and investment portfolios by 2050
TotalEnergies	Energy	▪ Carbon neutrality/net zero emissions commitment for 2050 ▪ Multiple commitments to increased investment in renewable energy efforts
Duke Energy	Energy	▪ Committed to fully exiting coal by 2035 ▪ Net zero commitment for 2050, including a natural gas commitment that includes upstream methane and carbon emissions for purchased natural gas and downstream consumption
CalPERS, CalSTRS, NYSCR, NYCR	Pension Funds	▪ Many of the largest pension funds in the U.S. have carbon neutral and net zero strategies and commitments that they will likely pass on to their GPs

Examples of Other Third Party ESG Expectations

Requirements for licensee to collect ESG data for licensor's ESG compliance efforts	Customer requiring service provider to track ESG-related data and set ESG-related goals	Company adopts supplier business review and assessment process which gives the company termination rights
Insurance carve outs or qualifications for certain ESG-related risks or ESG-related misconduct	An expectation from capital providers that a company achieve and maintain a particular ESG rating or certification	Broadening definition of "misconduct" for the purposes of employment-related provisions

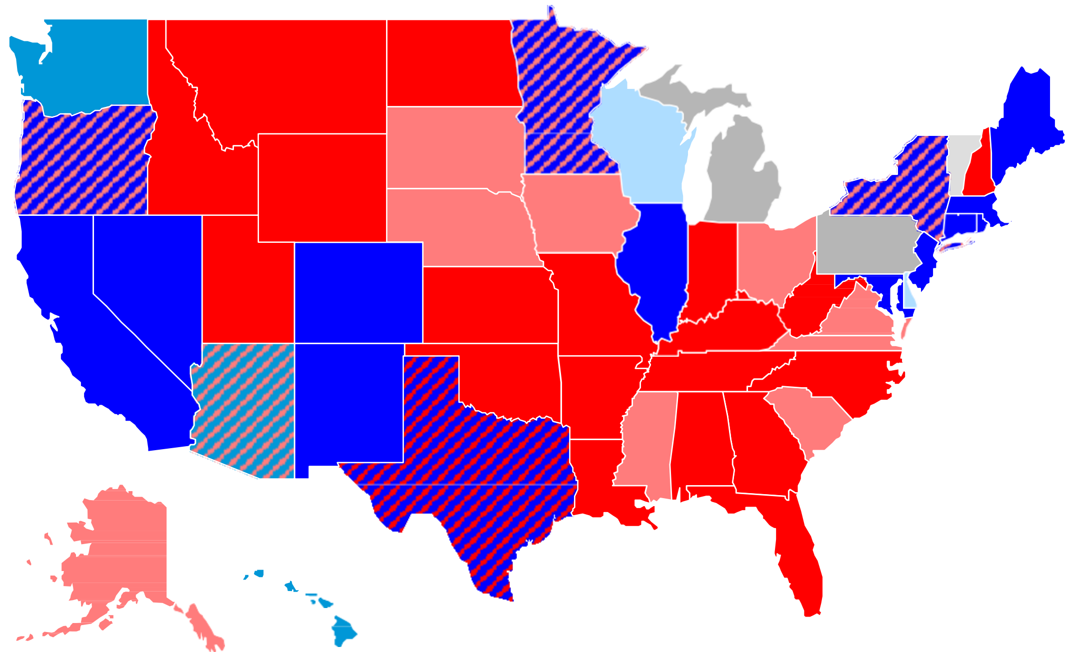
Anti-ESG Trends

States and various political entities opposed to ESG are taking action to through a variety of channels to constrain its consideration:

- ***Industry "Boycotting"***
  - Various states have introduced laws prohibiting state contracts with and/or investment by state funds in financial institutions deemed to "boycott" certain industries (often, fossil fuels); however, state determinations of "boycotting" are inconsistent
  - Some, but not all, such laws have exceptions for investments through private funds or if deemed inconsistent with fiduciary duty
- ***Fiduciary Duty***
  - Certain states have introduced laws to revise the definition of state fund's fiduciary duty to explicitly prohibit consideration of certain ESG factors
  - Other states have introduced laws to revise the burden of proof to sit with companies' boards (instead of plaintiff investors) for the consideration of ESG factors
  - Have also started to see litigation in this space: Utah v. Walsh (requesting injunction and vacatur of 2022 ERISA revisions); Spence v. American Airlines (arguing that ERISA requires plans solely consider financial return and that certain ESG-related considerations and offerings breached fiduciary duties); Wong v. NYCERS (arguing that NYC pension funds breached fiduciary duty in connection with their sale of holdings in oil and gas companies)
- ***Unfair/Unsound Trade Practice***
  - Certain states have introduced laws to characterize consideration of certain environmental and social standards, scores, etc. as an unfair or unsound trade practice, prohibited under pertinent laws
- ***Antitrust***
  - Several attorneys general have advanced theories that ESG initiatives run afoul of antitrust, particularly participation in groups such as Climate Action 100+ or the various GFANZ subsidiaries, NZAM, NZIA, NZBA, etc.

Anti-ESG Trends

More than half of U.S. states have adopted legislation or regulation that is either “pro” or “anti” ESG. States are rapidly “taking sides” with respect to ESG and sustainability matters, including DEI, and the polarization of such matters is likely to make the regulatory landscape in the U.S. increasingly more complex over the next few years.



As of October 1, 2023

- Anti-ESG (In Force)
- Anti-ESG (Proposed)
- Pro-ESG (In Force)
- Pro-ESG (Proposed)
- Signed letter opposing ESG backlash but no affirmative pro-ESG policy identified

Select Examples:

State	Example
Florida	Stop Woke Act – prohibits instruction in schools and workplaces regarding critical race theory
Florida	HB 3 – prohibits consideration of various environmental and social factors, including DEI, by financial institutions
Hawaii	House Bill 1191 proposes requiring gender diversity on boards
Illinois	Sustainable Investing Act requires those managing state funds to consider certain sustainability factors, including DEI
Illinois	Equal Pay Act requires businesses above a certain size to certify compliance with certain non-discrimination laws or face a fine of 1% of gross profits
Massachusetts	Pension Reserves Investment Management Board adopted voting guidelines with various provisions meant to promote board and workforce diversity

***General Notes:** As the space is quickly developing, this map should not be relied on as an exhaustive representation of all state initiatives. It primarily represents policies enacted by legislative or high-level executive bodies. In some cases, it also reflects investment policy statements of state pensions such as in California, Georgia, New Jersey, and New York, and does not necessarily cover the individual proxy policies of every state entity. Furthermore, the “Proposed” categories include legislation from the 2023 legislative session that did not pass but was not affirmatively rejected to reflect trends in the relevant state. The coding is general so may not reflect variations between policies*

Litigation Trends

- <u>*Notable ESG Litigation*</u>
  - Rikki Held, et al. v. State of Montana, et al. - A group of young people in Montana won a landmark lawsuit when a judge ruled that the state's failure to consider climate change when approving fossil fuel projects was unconstitutional.
  - Milieudefensie v Shell – Dutch High Court held that Shell were under an obligation to reduce their emissions by 45% by 2030, including in relation to Scope 3 emissions (on a best-efforts basis)
  - ClientEarth v Enea – Determination by a Polish court that a coal power project had not been validly authorized on the basis that it could not be demonstrated that the projects would be viable throughout their proposed lifespan
- <u>*Directors' Duties*</u>. Emerging area of legal challenge, which is likely to increase in importance as additional regulation continues to be passed.
- <u>*Parent/Subsidiary Relationships*</u>. Recent years have seen a number of cases focused on the relationship between parent and subsidiary entities, which add nuance to the traditional common law principle of corporate separateness
- <u>*Greenwashing*</u>. Greenwashing allegations can be raised by a wide variety of a company's stakeholders, some of whom may not be initially considered in this context. Challenges can also be brought in a variety of forums, including courts and under "soft law" regimes.
- <u>*Diversity-related Cases*</u>. A number of cases have been brought regarding "anti-DEI" positions and challenges around DEI efforts.

Litigation Trends (anti-DEI)

- Grant programs
  - *American Alliance for Equal Rights (AAER) v. Fearless Fund Management, LLC* – suit against Fearless Fund program providing $20,000 grants and mentorship to Black-women-owned small businesses
    - Alleging violation of **Section 1981** with the “terms & conditions” of the application as the contract
- Scholarship and internship/fellowship programs
  - *AAER v. Winston & Strawn LLP* – suit against law firm fellowship program, providing financial stipend and summer internship
    - Alleging violation of **Section 1981** due to race being one category for criterion of “membership in a disadvantaged and/or historically underrepresented group in the legal profession”
    - Complaint raises and conflates case law associated with both Section 1981 and Title VII
- Supplier diversity programs
  - *Bolduc v. Amazon.com, Inc.* – suit against Amazon for providing $10,000 bonus to underrepresented minorities who operate as delivery service partners
    - Alleging violation of **Section 1981** due to provision of bonus to Black, Latino, and Native American contractors but not white or Asian contractors

Litigation Trends (anti-DEI) (2 of 2)

- Corporate DEI programs
  - *Harker v. Meta Platforms Inc.* – suit against Meta for participation in a program providing inexperienced, but otherwise qualified, BIPOC crew members with training/exposure in the advertisement production industry
    - Alleging violation of **Title VII, Section 1981, Section 1985, and NY State Human Rights Law** for discrimination based on race, national origin, and/or color
  - *Netzel v. American Express* – class action against Amex for various DEI initiatives, e.g. allegedly biased trainings and tying executive compensation to workforce representation goals and, and retaliation
    - Alleging violation of **Title VII and Section 1981**
- Litigation has also been brought by activist shareholders on similar topics or under other legal theories:
  - *National Center for Public Policy Research (NCPPR) v. Schultz et al.* – suit against Starbucks' DEI efforts, including workforce representation goals for BIPOC in different company functions (corporate, retail, etc.)
    - Alleging violation of **Section 1981, Title VII, various state laws, and fiduciary duties**
    - Brought after a letter from NCPPR to Starbucks on the "illegality" of the company's DEI initiatives
  - *Craig v. Target Corporation* – suit against Target for allegedly misleading disclosures about DEI initiatives and oversight of ESG/DEI risks, pointing to PRIDE month backlash
    - Alleging violations of the **Exchange Act** due to allegedly misleading disclosure

Activism (anti-DEI)

- EEOC Complaints
  - America First Legal (AFL) has filed 20+ complaints with the EEOC, alleging "discriminatory employment practices" associated with companies' DEI initiatives
    - References actions by other activists in certain letters (e.g. letters sent by anti-DEI shareholder activists like National Center for Public Policy Research)
    - Such concatenated actions appear aimed at increasing the relative risk to corporations by trying to create a context of alleged intentionality and/or reckless indifference
- Letters from state and federal policymakers
  - 13 state Attorneys General wrote to all Fortune 100 CEOs to "remind [them] of [their] obligations as an employer under federal and state law to refrain from discriminating on the basis of race, whether under the label of 'diversity, equity, and inclusion' or otherwise."
  - A smaller group of state Attorneys General also wrote to a selection of law firms for similar ends
    - Senator Tom Cotton also wrote to various law firms alleging that various DEI initiatives are unlawful, referencing the article published by EEOC Commissioner Lucas
  - In response, several other state Attorneys General from more liberal states rebuked the Republican letter, pushing back against claims that common DEI efforts allegedly violate civil rights laws

Enforcement Trends

- A number of UFLPA cases have been brought, with the Forced Labor Enforcement Task Force reporting that U.S. Customs and Border Protection reviewed more than 4,000 ships valued at over $1.3 billion as of the beginning of August 2023.
- The SEC has shown an increased interest in greenwashing allegations. Commission activities of note include:
  - A two-year probe into allegations of greenwashing by a European fund manager;
  - A charge against a U.S. investment advisor for misstatements and omissions about ESG considerations in making investment decisions; and
  - An investigation of an international energy company for possible violations of the federal securities laws based on alleged overstatements regarding its investments into renewable energy.
- In addition to Commission action, a number of lawsuits and public campaigns have been brought against companies in a range of industries alleging greenwashing and social-washing in various public statements and disclosures. These trends are likely to continue.
- At the state level, Attorneys General have been very active with respect to ESG, both on the "pro" and on the "anti" sides.
- We may see the Federal Trade Commission become more active after revising its Green Guides.

Key Considerations for 2024 ESG Disclosures

1. ***Reviewing 2025 and 2030 goals and targets***: For companies with 2025 goals and targets that may not be met, their 2023 Form 10-K may represent a critical moment to address the possibility in their risk factors. 2030 goals and targets should also be assessed for viability.

2. ***Considering DEI-related goals***: Following the recent Supreme Court decisions on affirmative action, we recommend that companies consult with counsel to review any diversity-related goals, compensation metrics, and public disclosures. We also note that reviewing diversity-related compensation metrics before the end of the year may provide companies with more options for addressing any issues that are identified before companies create their compensation-related disclosures for the purposes of their 2024 proxy statements.

3. ***Risk factor review***: As we head into the fall, it is a great time to review risk factors, including ESG-related disclosures. Companies are advised to consider the risks identified in their voluntary reporting as potential topics to be covered.

4. ***Exercising good "document hygiene"***: Companies should consider the degree to which internal documents, including board materials, which can be discoverable, support the organization's public statements or create potential gaps or conflicts with public disclosure. This should be considered for both voluntary and required disclosures.

5. ***Navigating fragmentation***: Predictive and preventative stakeholder engagement has never been more important. Considering whether the company should engage in broader or more varied outreach is appropriate before the company's annual meeting season.

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Appendix

Regulation of Financial Institutions (Update)

- *SEC Names Rule changes for registered funds*: Amendments to the Names Rule were adopted requiring that registered investment companies whose names suggest a focus in a particular type of investment adopt a policy to invest at least 80% of the value of their assets in those investments. Notably, the amendments broaden the scope of applicability of the 80% investment policy requirement to registered funds with names that suggest the fund focuses on investments/issuers with particular characteristics, including Environment, Social, and Governance (ESG) characteristics. Any terms used in a fund's name that suggest an investment focus must be consistent with those terms' plain English meaning or established industry use.
- We may see the Federal Trade Commission become more active after revising its Green Guides.
- On 22 March 2023, the European Commission published a proposal for a Green Claims Directive. The proposal aims to address greenwashing by setting out requirements on how companies may promote environmental claims to consumers and introducing penalties against greenwashing.
- The European Securities and Markets Authority (ESMA) has consulted on proposals to restrict ESG and sustainability-related terms in the naming of funds in order to tackle greenwashing concerns. Under these proposals, if a fund has any ESG-related words in its name, a minimum proportion of 80% of its investments should be used to meet the environmental or social characteristics or sustainable investment objectives of the fund in accordance with the binding elements of the investment strategy as disclosed in the pre-contractual and periodic reports applicable to Article 8 and 9 funds under the Sustainable Finance Disclosure Regulation (SFDR).
- In the UK, the Financial Conduct Authority (FCA) has set out its expectation in a 'Dear AFM Chair' letter that authorized investment funds with references to ESG (or related terms) in the fund's name should fairly reflect the materiality of ESG/sustainability considerations to the objectives and/or investment policy and strategy of the fund.

CSRD

- The Corporate Sustainability Reporting Directive (CSRD) was proposed by the European Commission in April 2021 as an initiative to further develop corporate ESG reporting in the EU
- The CSRD will amend the existing EU ESG reporting requirements under the Non-Financial Reporting Directive (NFRD), by both significantly expanding the number of companies subject to the rules and introducing considerably more detailed reporting requirements
- The CSRD came into force in January 2023, although the substantive requirements will only begin to impact companies later
- The wide scope (including in relation to certain non-EU companies) and significant reporting requirements (including a requirement to receive third party assurance) have led to considerable interest in CSRD compliance among investors and corporate leaders worldwide
- CSRD is a Directive – therefore implementation (including scope) may differ across EU jurisdictions – this will be determined as the CSRD gets transposed into domestic legislation – Member States have 18 months to complete such transposition
- Reporting will be based on the concept of “double materiality”
- EU Parent Companies will likely be required to report on behalf of their entire group
- Companies within the scope of the CSRD will also be required to report on their Taxonomy-alignment pursuant to Article 8 of the Taxonomy Regulation

CSDDD

- CSDDD was proposed by the European Commission in February 2022, establishing 'due diligence' obligations, requiring companies to identify, prevent or at least mitigate adverse impacts on **human rights and environmental protection**
- This applies not only in relation to the reporting company, but also their subsidiaries and **value chains,** including activities relating to the production of goods or provision of services by the company
- Failure to do so may result in administrative sanctions and civil liability
- Companies within the scope of CSDDD will need to implement a number of specific human rights and due diligence measures
- Proposal is to be negotiated by EU political institutions, and may therefore materially change before it is introduced – the European Council issued its initial negotiating position on 30 November 2022 – European Parliament to vote on its initial position in May/June 2023
- Among other changes, the Council's proposal would limit the scope of the CSDDD to the "chain of activities" (e.g. supply chain), as opposed to the full value chain
- The Commission's initial proposal would have included private equity firms, although it now appears that these are unlikely to be in scope