



TCB Digest for Executives

February 29th, 2024

Welcome to the 16th edition of our Digest for Executives – a summary of key climate-related events, publications, and insights for cross-functional corporate leaders.

The “ESG backlash” keeps making headlines. The latest development concerns Wall Street giants JPMorgan, BlackRock and State Street, which are backing away from a global investor coalition that pushes companies to rein in emissions.

Nevertheless, news items keep trickling in suggesting that long-term sustainability trends are here to stay, regardless of how executives change their messaging. BlackRock, a frequent target of Stateside politicians, has boosted its ESG business by 53% in recent years, even as the wider fund market shrank. In China, meanwhile, stock exchanges are planning disclosure requirements for listed companies, aiming to align with European CSRD standards.

It’s a mixed picture in Europe ahead of key elections in June. German opposition appears to have delayed the proposed sustainability due-diligence standard, perhaps indefinitely, on the grounds of perceived overregulation for small business. ([The Climate Board has studied this initiative - the CSDDD - in detail.](#)) Meanwhile, the EU reached a provisional agreement aimed at stimulating “high-quality carbon removal activities,” i.e. discouraging projects at risk of being considered “greenwashing.”

Government & Regulatory Updates

- [EU Corporate Sustainability Due Diligence Directive Most Likely Dead, For Now](#) (Forbes, February 16) - The CSDDD, which establishes a standard to address sustainability issues and would require businesses to publicly report their due diligence measures, is facing continued delays and is likely to be stalled until at least the EU elections in June. The European Council was originally supposed to vote on the directive in February, but the vote has been postponed indefinitely after [Germany indicated it would abstain](#). The CSDDD, if enacted, would have major reporting implications for business operating in the EU – see TCB’s overview of the CSDDD [here](#), and a general overview of Scope 3 reporting requirements [here](#).
- [European Council and Parliament Agree to Establish an EU Carbon Removals Certification Framework](#) (EU Council, February 20) - This will establish the first EU-level certification framework for carbon removal activities. By 2026, the Commission will produce a report on the viability of certifying activities that result in the reduction of emissions; actions that do not achieve carbon removal or soil emissions reduction (e.g. avoided deforestation or renewable energy projects) will not be included in the scope of the regulation. The EU-wide registry, expected four years after the regulation is passed, will aim to increase high-quality carbon removal activities.
- [China Proposes New ESG Rules](#) (Bloomberg, February 21) - China’s main stock exchanges have released draft guidelines for new ESG disclosures. According to the

draft guidelines, 400+ companies will need to publish sustainability reports that include disclosure of ESG governance and strategy, energy transition plans, and impact on the environment and society, by 2026. These new requirements are designed to align with European standards (e.g. [CSRD](#)), boost China's environmental credibility, and attract more foreign investment into China's economy.

Corporate & Disclosure Updates

- [The Best and The Rest: The Sorry State of Sustainability Today](#) (Forbes, February 11) - Harvard Professor Robert Eccles discusses findings from a survey of 234 professionals - mostly in a sustainability function - across a wide range of industries that revealed a disconnect between the importance companies place on sustainability and their actual commitments to integrating sustainability into core business practices. While 93% of respondents believed sustainability is important for commercial success, only a quarter of companies are allocating sufficient capital to sustainability initiatives. There is also a significant lack of high-quality data on sustainability performance data, he says: only 29% of companies reported having this data, even though 95% of respondents believed it was important to have. To combat this disconnect, companies must bridge the gap between intention and reality; Eccles suggests adopting standards such as the International Sustainability Standards Board (ISSB).
- [BlackRock's ESG Fund Business is Soaring Despite Attacks by the GOP](#) (Bloomberg, February 13) - Despite criticism from the Republican party and waning client interest in the US, BlackRock has posted a 53% increase in ESG-related assets in the past two years, even as the wider ESG fund market suffered its first ever net client outflows at the end of 2023.
- [JPMorgan, State Street Quit Climate Group, BlackRock Steps Back](#) (Reuters, February 15) - The investment arms of JPMorgan and State Street have quit Climate Action 100+ (CA100+), a global investor coalition that pushes companies to limit climate emissions, while BlackRock has limited its involvement by transferring its membership to its international arm. The firms cited the group's new requirements that they publish details on their talks with companies on emissions reduction goals as reason for leaving, though the charged political landscape surrounding environmental issues may have played a role as well.
- [Bain & Co. Makes the Inaugural VCMI Carbon Integrity Claim](#) (VCMI, February 15) - The consulting firm becomes the first organization to make a Platinum claim, VCMI's highest tier. This claim requires the purchase and retirement of high-quality carbon credits in an amount equal to or greater than 100% of a company's remaining emissions. ([Read about TCB and VCMI's joint report on corporate perspectives of the carbon credit market here.](#))

Climate Updates

- [Chicago Sues Fossil Fuel Companies for Role in Climate Crisis](#) (The Guardian, February 21) - America's third-largest city sued large oil companies including BP, Chevron, and Shell, asserting that they misled the public about the negative environmental impact of their products despite established knowledge about climate change. Chicago also named the lobbying group American Petroleum Institute as a defendant, alleging that the group helped oil companies create doubt

about the climate crisis. This lawsuit is the latest in a wave of similar legal actions by U.S. cities and states seeking to hold oil and gas companies accountable for their part in exacerbating the impacts of climate change.

More Must-Reads

- Yahoo! Finance, February 4 - [Companies Test Out Different Ways to Talk About ESG Without Saying 'ESG'](#)
- Eurointelligence podcast, Feb. 4 - [Farmers rise](#)
- The New York Times, February 19 - [More Wall Street Firms Are Flip-Flopping on Climate. Here's Why.](#)
- Bloomberg, February 21 - [China's at Risk of Missing All Its Major Energy and Climate Goals for 2025](#)
- The New York Times, February 21 - [Here's Where Biden's Climate Law Is Working, and Where It's Falling Short](#)
- Fortune, February 22 - [The anti-ESG backlash is not just an American phenomenon as Europe waters down its sustainability agenda](#)
- Axios, February 22 - [Climate Advocacy Group Launches Campaign to Fight ESG Backlash](#)
- European Commission, February 22 - [Commission Invests Over EUR 233 Million in Strategic Environment and Climate Projects Across Europe](#)
- Canary Media, February 23 - [Nearly all new US power plants built in 2024 will be clean energy](#)

**Thank you,
The TCB Team**



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