

**ESG UPDATE**  
**EXECUTIVE SUMMARY**  
**APRIL 2022**

**Global ESG Disclosure Regimes**

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## EXECUTIVE SUMMARY

### GENERAL

- Finance and ratings house [MSCI](#) issued the results of its review of the carbon emissions disclosures of over 2,500 U.S. companies included in the [MSCI USA Investable Market Index](#). MSCI determined the following:
  - Only 28% of companies we analyzed recently disclosed Scope 1 and 2 emissions, and 15% disclosed any portion of their Scope 3 emissions.
  - Disclosure rates were highest on average in some of the most emission-intensive sectors and lowest in the least emission-intensive sectors – health care (12%), financials (17%), communication services (18%) and information technology (25%).
  - Less than 2% of companies had set a Scope 3 target but not disclosed Scope 3 emissions.
- Green Cognition participated in an [introductory webinar](#) hosted by The Global Standard on Responsible Climate Lobbying (“The Global Standard”). The Global Standard team shared that they are about to release a pilot assessment on how the Global Standard’s 14 indicators will be applied to the Road Transport sector, stating: “The impact of this sector on the transition to net zero makes this a natural place to start.” Subsequent pilot assessment will focus on the oil and gas sector and the steel sector.

### EUROPEAN UNION

- The European Financial Reporting Advisory Group (EFRAG) launched a public consultation on several Exposure Drafts (EDs) in support of the European Sustainability Reporting Standards. The 13 EDs released on April 28 “correspond to the first set of standards required under the proposal for a CSRD and cover environmental (5 EDs), social (4 EDs) and governance (2 EDs) matters. This set also includes cross-cutting standards (2 EDs).” The public consultation period closes on August 8, 2022.
  - ESG topics covered by the EDs include [climate change](#); [pollution](#); [water and marine resources](#); [biodiversity and ecosystems](#); [resource use and circular economy](#); [company workforce](#); [workers in companies’ value chains](#); [affected communities](#); [consumers and end-users](#); [governance, risk, management and internal controls](#); and, [business conduct](#). Each draft standard sets quantifiable corporate disclosure requirements for targets, plans, policies, performance metrics and strategies.
- On April 25, the European Financial Reporting Advisory Group (EFRAG) announced the members of its Sustainability Reporting Technical Expert Group.

The Technical Expert Group will provide technical advice to the EFRAG Sustainability Reporting Board on the development of the draft EU Sustainability Reporting Standards (ESRS). The Technical Expert Group is comprised of 22 members, representing 11 countries and several stakeholder groups.

## UNITED STATES

- The SEC’s proposed climate rule prompted vocal opposition, with third party observers asserting that there is a “100% likelihood of litigation” once the final rule is adopted. U.S. Senator Joe Manchin (D-WV) questioned whether the proposed rule was consistent with the SC’s mission and voiced concerns that it was targeting “our nation’s fossil fuel companies”. A group of 19 Republican U.S. Senators urged the SEC to withdraw the new disclosure requirements altogether. A coalition of Attorneys General from 16 states asked the Commission to extend the comment deadline for an additional 60 days, until July 19, 2022.
- SEC Chair Gary Gensler, in remarks delivered on April 12 to the Ceres Investor Briefing, stressed the importance of the TCFD Framework. He noted that numerous countries are developing reporting regimes around the Framework, including “Brazil, the European Union, Hong Kong, Japan, New Zealand, Singapore, Switzerland, and the United Kingdom.”

## UNITED KINGDOM

- Professional services firm Deloitte provided an update on how the pending ISSB sustainability disclosure standards will impact climate reporting in the UK. Deloitte noted that the UK Financial Conduct Authority has confirmed that “UK reporting under ISSB standards is consistent with existing and forthcoming disclosure requirements so that companies do not have to report the same information twice.”

## IFRS-ISSB

- On April 28, Green Cognition participated in an online session hosted by the ISSB: [Webinar on the ISSB’s exposure drafts](#). ISSB Vice-Chair Sue Lloyd led the event and was joined by ISSB technical staff. The ISSB Team noted the initiative’s focus on meeting needs of investors and driving consistency among global ESG reporting standards to facilitate compliance and comparison. The ISSB team subsequently posted the [slide presentation](#) used in the webinar.
- On April 27, the ISSB announced the creation of a working group of diverse jurisdictional representatives to advance compatibility between the ISSB exposure drafts and related sustainability disclosure initiatives in other jurisdictions.