

An ESG Review

10 factors to heed in your environmental, social and governance plans.



Impact

Carbon Emissions

An intensifying demand from regulators, investors, and the public is leading to a global effort to reduce greenhouse emissions to combat climate change and help protect the planet. Companies aiming to do so should find solutions, such as carbon sequestration, to help them with this effort.



Corporate oversight of environmental practices

78% of leaders at the world's top 500 companies reported that managing climate-related risks will be critical in keeping their jobs over the next five years. Greenwashing, shareholder lawsuits, and SEC investigations could present challenges for directors and officers.



Resiliency planning

With significant weather events becoming more frequent, companies should assess how to incorporate resiliency into their operational footprints. Areas to consider include building in less prone areas and using materials that can withstand severe weather exposures.



Public Nuisance Lawsuits

Investment in DEI- and ESG-related initiatives is now a critical business priority for many companies. However, those that under deliver or appear negligent could find themselves subject to public nuisance lawsuits brought by state or local governments or private plaintiffs on behalf of constituents.



Talent Acquisition

By 2029, Millennials and Gen Z will make up 72 percent of the world's workforce. These younger generations are expected to place greater importance on ESG issues and find employers with stronger ESG performance more attractive.



M&A

Separate ESG due diligence reports are becoming the new norm in sales processes, which is likely to become standard market practice for future M&A deals. Businesses should anticipate more claims arising from ESG-related issues go forward.

Professional Liability Concerns

As companies make promises and adapt to an ESG model, those who advise during transition, such as law firms or consulting firms, could face lawsuits alleging errors, incorrect advice, or wrongful acts that result in errors & omissions liability claims.



Employment Practices Liability (EPLI)

Even if a company has clear hiring and employment policies and practices, lawsuits alleging workplace unfairness or other wrongful acts can still occur. With a deeper focus on ESG and DEI, companies should review internal practices and their EPLI needs.



Financial Performance and Reputation

85 percent of investors looked at ESG factors when making investment decisions. Consumer preference and spending are also shifting towards more sustainable products. Companies that fail to meet expectations may experience a dip in investor confidence, financial performance, and reputation.



Political Activity

The political environment can impact the broader ESG agenda. As an example, regulators are debating as to how climate risk should be considered as part of investment strategies.



Frequency

