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MPs Call on the UK Government to Accelerate ESG Efforts

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On April 25, the UK All-Party Parliamentary Group on ESG (APPG) **published a report** on environmental, social and governance issues. All-Party Parliamentary Groups are informal groups of Members of the House of Commons and House of Lords with a common interest in particular issues. The views expressed in the report are those of the group. The report's objective is to "aid parliamentarians' understanding of ESG with the aim of injecting momentum into the UK Government's policy agenda," and also "give clarity of purpose across the political spectrum to how businesses can deliver public goods through the adoption of ESG frameworks." The report defines ESG and related key terms; explains how they relate to business practices and government policy; sets out recommendations for the UK Government; "highlights ESG's capacity to align public policy objectives with commercial ones;" and advocates for legislative and regulatory action by the UK Government to ensure that published ESG data is accurate and comparable.

The APPG report specifically highlights the risks posed by greenwashing as well as the need for standardized definitions and disclosure requirements. "Greenwashing will thrive without common ESG metrics, standards, frameworks and disclosures, and crucially, clearly understood definitions of what constitutes sustainable and socially responsible economic activity." The APPG recommends that a UK ESG strategy should:

- include an action plan for a considerably wider disclosure regime applying to more businesses as well as more ESG factors, and ensure via legislation that regulators have necessary powers;
- mandate the formation of an ESG disclosures Advisory Group composed of small and medium-sized businesses (SME), business groups, investors and larger businesses to provide recommendations for a strategy on how to support SME disclosures; and
- examine ways of developing a larger UK cohort of ESG professionals.

The APPG Report notes concerns around the increasing politicization of ESG in the U.S., describing the situation as a “cynical misunderstanding of ESG” being used as a “weapon in the country’s culture wars.” Referring to statements by Florida’s Republican Governor, [Ron DeSantis](#), the APPG further said that it strongly disagrees with the kinds of “disparaging claims” describing ESG as “woke.”

Taking the Temperature: The report highlights some key takeaways that, although focused on the UK, have application in other jurisdictions facing similar challenges.

First, the report warns that the UK risks falling behind other leading economies by failing to swiftly develop and implement a regulatory framework that applies to ESG issues. The APPG suggests that the UK “can and should go further” on ESG regulation if it is to remain globally competitive. We [recently reported](#) on delays on key policy initiatives in the UK, including the FCA Policy Statement on Sustainability Disclosure Requirements and investment labels. There also currently is [no clear timeline](#) for the UK’s green taxonomy to enter into force.

Second, the report argues that the increasing number of ESG-related regulations and guidelines being rolled out necessitates a more coordinated approach both nationally and internationally. The APPG advocates for a UK ESG strategy that links together existing initiatives including, among others, the [Green Finance Strategy](#), the Net Zero Strategy, Sustainability Disclosure Requirements and the [UK Green Taxonomy](#).

Finally, the report emphasizes the need to have a clear understanding on what ESG means for the broader economy, businesses and public policy. In particular, it notes challenges faced by SMEs where there may be a lack of knowledge and resources with regard to monitoring and disclosure of ESG data. Although they may not face statutory reporting requirements in the UK, SMEs are already being required to provide ESG disclosure data to companies they supply to in other markets, such as the EU. As highlighted in the report, policy frameworks are still needed to bring about common and comparable metrics, allied with clear definitions of what qualifies as green or environmentally responsible.