

No Summer Slump at the SEC: ESG Board Duties, Exams, Rulemaking & Skepticism

In [this entry](#) on our firm's "Asset Management ADVocate" blog penned by Gwen Williamson, you can catch up by learning about a bunch of ESG-related musings by those at the SEC. Here's an excerpt from that blog: Commissioner Lee sees these developments as placing "ever greater responsibility" on boards "to integrate climate and ESG into their decision-making, risk management, compensation, and corporate transparency initiatives." Regardless of their stance on regulatory involvement in climate and ESG disclosures, Commissioner Herren Lee said, in keeping with their fiduciary duties and the federal securities laws, boards:

- are increasingly responsible for the "identification, assessment, decision-making, and disclosure" of ESG risks;
- may need to investigate ESG "red flags" and "climate change and other ESG issues as the regulatory landscape evolves;"
- should "proactively seek to integrate climate and ESG into their decision-making" to mitigate risk; and
- must ensure that corporate "public pledges on ESG issues are actually backed up by corporate action."

She added that boards might also seek to enhance their diversity, increase their level of climate and ESG risk expertise, and inspire management by tying executive compensation to ESG metrics.

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