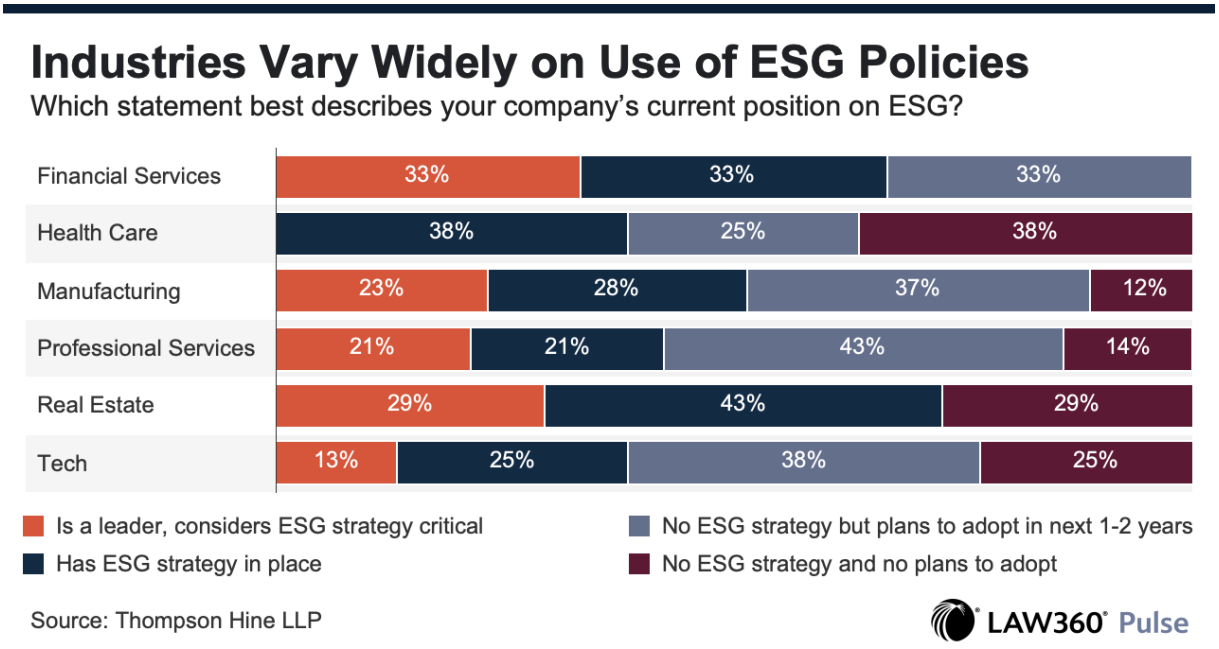
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Cos. Face Data Collection Challenges Amid ESG Strategy

By **Clarice Silber**

Law360 (September 30, 2021, 4:50 PM EDT) -- Companies across all major industries have undertaken or are currently examining how to integrate environmental, social and governance policies into their overall strategy, but public and private corporations alike are citing data collection and verification to be their biggest challenge in tackling their ESG reporting, according to the results of a new report.

Business law firm Thompson Hine LLP's ESG snapshot report released this week found that 28% of companies surveyed have an ESG strategy in place, while 34% have not yet formally adopted ESG efforts but expect to do so in the next one to two years. The report included responses from 134 in-house counsel and senior business executives across a variety of industries, company sizes and locations.



Heidi Friedman, a partner of Thompson Hine's environmental and product liability practice groups and a co-author of the report, told Law360 Pulse on Thursday that companies' drive toward adopting ESG strategies has gone through a noticeable shift from initially being investor driven to now being pushed by stakeholders that also include communities, employees and board members.

"I think the holistic stakeholder push is going to make this less of a decision and more of a mandate as we move forward," Friedman said.

According to Jurgita Ashley, a co-chair of the firm's public companies group and the other author of the report, ESG policies cover a broad set of discrete issues that requires direction on matters related to workforce measures, climate change and supply chains, among other areas.

Ashley said the wide range of relevant matters leaves companies responsible for tracking data on all fronts and usually requires pulling information from a number of locations in a decentralized fashion. She said corporations are equally challenged by crafting ESG disclosures properly and carefully describing that data.

The report found that when working on ESG and sustainability, 77% of public company lawyers spend the bulk of their time focused on preparing disclosures, and 71% noted they are working on planning and strategy. In comparison, 40% of private company in-house counsel reported focusing the majority of their efforts on developing policy and procedures, and another 34% said they are working on planning and strategy.

Friedman said that private and public companies typically have the easiest time collecting diversity, equity and inclusion data because that information is usually tracked by human resources departments. She said areas involving environmental protocols are usually more complex and require more scientific information and knowledge to ensure the data is verifiable, quantifiable and able to be disseminated in a way the public can understand.

Friedman said she was surprised that more respondents did not raise concerns with litigation in the short term, noting only a little over 10% of respondents identified significant short-term concern in that area.

Friedman added that potential "greenwashing" allegations, where businesses exaggerate their eco-friendly credentials, typically ensnare companies in legal problems.

--Editing by Orlando Lorenzo. Graphic by Jason Mallory.

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