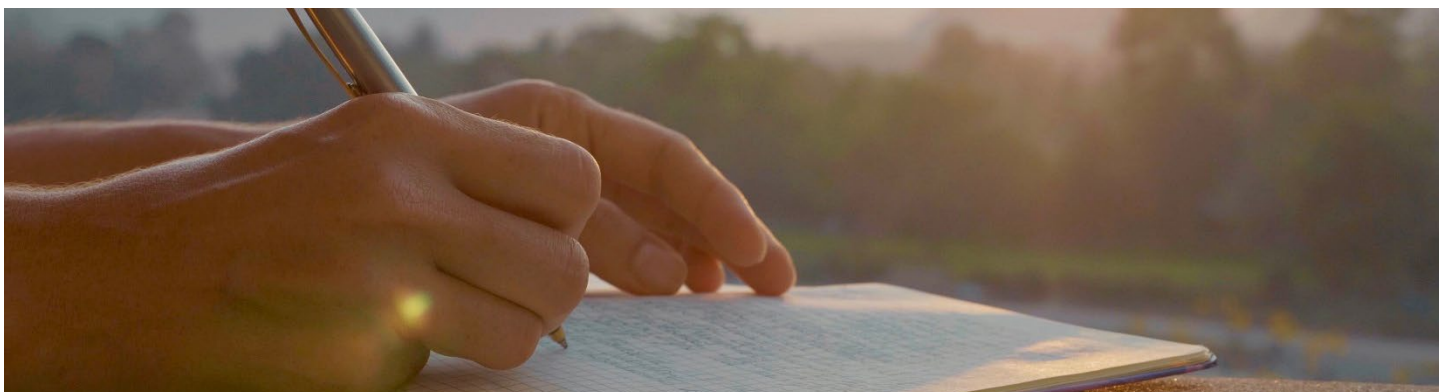


# Corporate Sustainability Disclosures: Checklist for Assessing Risk



**Companies are faced with a rising baseline of mandatory disclosure requirements on a range of sustainability topics – whether product-related, facility-related or supply-chain related.**

Navigating compliance with those requirements involves balancing:

- ◆ The potential compliance, market access and reputational risks if companies do not disclose enough.
- ◆ The potential exposure of providing disclosures that go beyond the legal baseline in order to meet NGO, shareholder or investor expectations.

## Risks of Under-Reporting

- ◆ Enforcement for non-compliance with disclosure requirements.
- ◆ Alleged false or misleading statement (by omission).
- ◆ Reputational risk.
- ◆ Investor and customer deselection.
- ◆ Shareholder action.

## Risks of Over-Reporting

- ◆ Alleged false or misleading statements.

### KEY CONTACT

[Lauren Hopkins](#)  
Choose an item.  
+1.415.262.4013  
[lhopkins@bdlaw.com](mailto:lhopkins@bdlaw.com)



### ABOUT B&D

Beveridge & Diamond's lawyers across the U.S. focus on environmental and natural resources law, litigation and alternative dispute resolution. We help clients around the world resolve critical environmental and sustainability issues relating to their products, facilities, and operations.

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- ◆ Consumer protection lawsuits (e.g., if companies perceived as not living up to sustainability commitments).
- ◆ Competitor claims.
- ◆ Investor suit liability.
- ◆ Implications under other legal regimes (e.g., sanctions, import bans)

Companies can manage these risks by carefully reviewing all external statements and claims relating to sustainability, regardless of the vehicle for disclosure. In doing so, they should ask the following:

- ◆ Are all baseline regulatory requirements met?
- ◆ Can all statements, whether voluntary or mandatory, be fully substantiated?
- ◆ Do statements provided in one disclosure have any implications for statements (or potential omissions) in other public statements? Are they consistent?
- ◆ Are any adjustments needed based on new information emerging from the supply chain, media or NGO reports?
- ◆ Have the right internal experts been involved for each set of environmental, social and governance information being disclosed?

**Companies can manage risks by carefully reviewing all external statements and claims relating to sustainability.**

Companies should also monitor for litigation and regulatory enforcement of corporate sustainability disclosures to identify additional or new potential risks, lessons learned, grounds for legal challenges, and the availability of potential defenses.