

## Republican Congressmen Announce ESG Working Group To Counter Federal ESG Regulations

Article By:

Jacob H. Hupart

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Last week, the Chairman of the House Financial Services Committee, Patrick McHenry (R-NC), "announced the formation of a Republican Working Group" composed of nine (9) Republican congressmen and "led by Oversight and Investigations Subcommittee Chairman Bill Huizenga (R-MI)." According to a press release issued by Congressman Huizenga, "[t]he purpose of the working group is to combat the threat to our capital markets posed by those on the far-left pushing environmental, social, and governance (ESG) proposals." Huizenga elaborated further, stating that "[t]he SEC's [proposed] climate disclosure rule is a prime example of [regulatory] overreach," and invoked the recent Supreme Court decision of *West Virginia v. EPA* in support of this legal proposition. Additionally, highlighting this ESG Working Group's focus on countering the recent pro-ESG regulations enacted or proposed by the federal government, Congressman McHenry stated that "[p]rogressives are . . . using our institutions to force their far-left ideology on the American people [and] [t]heir latest tool in these efforts is environmental, social, and governance proposals. . . . This group will . . . hold Biden's rogue regulators accountable."

There are a number of different tactics that will likely be embraced in order to advance the agenda of this Congressional group. Specifically, according to the press release, the mandate of the Republican ESG Working Group will be to: (1) "[r]ein in the SEC's regulatory overreach"; (2) "[r]einforce the materiality standard as a pillar of our disclosure regime"; and (3) "hold to account market participants who misuse the proxy process or their outsized influence to impose ideological preferences in ways that circumvent democratic lawmaking." In other words, the targets of this Republican ESG working group extend beyond the SEC itself to market actors who encourage pro-ESG activities by allegedly "misus[ing] the proxy process or their outsized influence to impose ideological preferences."

The establishment of this Republican ESG Working Group is yet another example of how ESG has become increasingly politicized in the United States.

Today, House Financial Services Committee Chairman, Patrick McHenry (R-NC), announced the formation of a Republican Working Group led by Oversight and Investigations Subcommittee Chairman Bill Huizenga (R-MI). The purpose of the working group is to combat the threat to our capital markets posed by those on the far-left pushing environmental, social, and governance (ESG) proposals. Upon being selected to head the new ESG Working Group, Congressman Huizenga released the following statement:

“Last year, the Supreme Court ruled in *West Virginia vs EPA* that government bureaucracies cannot arbitrarily expand their own regulatory reach,” said Congressman Bill Huizenga. “The SEC’s climate disclosure rule is a prime example of this overreach- that would have a wide-ranging impact on hard working Americans across all walks of life. I look forward to leading our committee’s ESG working group . . . .”

<https://huizenga.house.gov/news/documentsingle.aspx?DocumentID=401531>

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