simmons+simmons

ESG View

September 2024

18 September 2024

Welcome to the September edition of ESG View! We hope you had a restful summer.

We are back to school with renewed energy as this quarter boasts a packed sustainability calendar. We kick off the season with New York Climate Week this month, followed by not one but three COPs: the 16th Conference of Parties on Biological Diversity (COP16) in October in Cali, Colombia, the 29th UN Climate Change Conference in Baku, Azerbaijan (COP29) and the 16th Conference of Parties to Combat Desertification in Riyadh, Saudi Arabia (COP 16). We'll be following developments closely as this series of pivotal meetings hopefully create historic change on these pivotal topics.*

In other momentous news this month, Pacific Island nations formally introduced the crime of ecocide for consideration by member states of the International Criminal Court (ICC). Should the ICC adopt ecocide rules, this could allow for the prosecution of individuals for severe environmental damage, alongside the ICC's existing jurisdiction to prosecute genocide, crimes against humanity, and war crimes. The concept of ecocide is by no means completely novel, as it has already been making its way into national and regional regulatory frameworks, including Belgium's recently amended Criminal Code and the EU's Environmental Crimes Directive.

This month also marks a milestone for the UK's green energy transition, with the closure of the country's last coal-fired power station, Ratcliffe-on Soar and the High Court's decision last week to quash planning permission for the Cumbria Coal Mine. Additionally, we saw the introduction of the Water (Special Measures) Bill to the UK Parliament, which will give regulators new enforcement powers against water companies damaging the environment . The Bill was promised during the King's Speech in July (as covered in our last ESG View) and shows speedy progress on the topic under the new Government.

Across the Channel, "The future of European competitiveness" report by Mario Draghi also made waves on the sustainability-front by reaffirming decarbonisation as "a source of growth" for the region whilst also labelling the EU's sustainability reporting and due diligence framework as "a major source of regulatory burden magnified by a lack of guidance". It awaits to be seen whether this observation will serve as a clarion call for regional regulators to expedite efforts to achieve interoperability.

In this month's ESG View, we have updates from South Africa, Costa Rica, Botswana, among others including a list of 'best of the rest' comprising stories that you may have missed over the summer.

**Our cheeky contribution to lighten the load: Three COPS walk into a bar and the alarmed bartender goes, "It's not a triple planetary crisis, is it?"*

Best wishes,

Sonali Siriwardena
Partner, Global Head of ESG
T +44 20 7825 4595
E Sonali.Siriwardena@simmons-simmons.com

EUROPEAN DEVELOPMENTS

1. European Commission publishes FAQs on CSDDD (multi-sector)

What: On 25 July, The European Commission published a set of frequently asked questions (FAQs) on the Corporate Sustainability Due Diligence Directive (CSDDD).

Key details: Notably, the FAQs confirm that:

- CSDDD must be transposed by the Member States by 26 July 2026, and that it will have a phased application based on company size and turnover, with full application stretching from 2027 to 2029;
- financial services provided in the context of relationships with clients are excluded from the material scope of the CSDDD, which will be reviewed within the first two years after its entry into force;
- financial undertakings are required to adopt and put into effect a climate transition plan, including absolute emission reduction targets for scope 3 greenhouse gas emissions, where appropriate;
- the CSDDD's concept of "chain of activities" covers both upstream and downstream activities (noting the derogation for financial undertakings described above). The FAQs give a helpful illustration of these activities, in the context of manufacturing;
- both EU and non-EU undertakings are in scope and will be subject to the same obligations however, there are two important differences relating to turnover and employee thresholds.

See further detail of the FAQs in our client note here.

2. European Commission draft notice containing FAQs on CSRD (multi-sector)

What: On 7 August, the European Commission published a draft Commission Notice on the interpretation of certain legal provisions in the Accounting Directive, Audit Directive, Audit Regulation, Transparency Directive, Commission Delegated Regulation (EU) 2023/2772 - containing the first set of European Sustainability Reporting Standards (ESRS) - and the Sustainable Finance Disclosures Regulation (SFDR) as regards sustainability reporting.

Key details: The notice contains a set of replies to frequently asked questions (FAQs) relating to the Corporate Sustainability Reporting Directive (CSRD) . It includes, among others, sections addressing:

- sustainability information reporting under Articles 19a and 29a of the Accounting Directive (individual and consolidated sustainability statements) and under Article 40a of the Accounting Directive (which relates to non-EU undertakings with an EU subsidiary or branch). Topics covered include, for example, scope and application dates, exemption rules, ESRS, value chain information, Article 8 Taxonomy Regulation disclosures, language requirements, timing of publication and supervision;
- assurance of sustainability reporting;
- key intangible resources disclosures;
- additional FAQs on requirements for third country undertakings; and
- SFDR.

3. Dutch Regulator's decision on competition rules for collaborative sustainability initiative (financial institutions).

What: The Netherlands Authority for Consumers and Markets (ACM) has approved an initiative among Dutch banks to collaborate on their sustainability reports. The decision follows a request from the Dutch Banking Association (NVB) to assess the initiative's compliance with competition rules. The initiative aims to standardise the reporting of sustainability criteria across the banking sector for financing activities relating to the transport, agricultural, and real-estate sectors, with banks working together to determine necessary data and reliable calculation methods.

Key details: The ACM has informally assessed the initiative under its Policy Rule regarding oversight over sustainability agreements and found no objections or negative effects on competition between banks, such as pricing, equality, choice, or innovation. Participation is open and voluntary, and banks are not required to exchange competition-sensitive (client) information. They are also free to deviate from the common interpretation in the data scheme, ensuring transparency and individual accountability in reporting. Each bank will also draw up its own report and determine what ESG criteria it does or does not report.

Our view: This marks yet another strident move by the ACM which has shown a willingness in the past to lead the charge amongst competition law authorities in the sustainability sphere. Whilst the ACM may investigate the initiative in greater detail in the future, its current approval of the scheme marks a significant step towards standardised sustainability reporting within the banking sector. The collaboration test (in Dutch) offered by ACM provides a valuable tool for businesses seeking to align their sustainability efforts with competition rules, fostering an environment where sustainable progress and competitive fairness coexist. It's notable that the UK Competition and Markets Authority is also operating an open-door policy where organisations can reach out for informal guidance on proposed environmental sustainability initiatives. See further details on this here.

UK DEVELOPMENTS

1. The FCA introduces a temporary extension to the naming and marketing rules under SDR (asset management)

What: On 9 September, the Financial Conduct Authority (FCA) announced a temporary extension to the naming and marketing rules under the Sustainability Disclosure Requirements (SDR) from 2 December 2024 to 2 April 2025 at 5.00pm. The naming and marketing rules regulate the way in which firms can use ESG-related terms in the names of financial products and in marketing materials.

Key details: The temporary extension will only apply to exceptional circumstances where the firm:

- has submitted a completed application for approval of amended disclosures in line with ESG 5.3.2R for that fund by 5pm on 1 October 2024; and
- is currently using one or more of the terms 'sustainable', 'sustainability' or 'impact' (or a variation of those terms) in the name of that fund and is intending either to use a label, or to change the name of that fund.

The FCA has stated that where firms can comply before 2 April 2025, they are expected to do so.

Read more about SDR and investment labels here.

MIDDLE EAST AND AFRICA DEVELOPMENTS

1. South Africa signs into law a new Climate Change Act (multi-sector)

What: On 23 July, President Ramaphosa signed into law the Climate Change Act, which sets a strategic roadmap for South Africa to enhance its ability and capacity over time to reduce greenhouse gas (GHG) emissions, and build climate resilience, in alignment with its international commitments under the Paris Agreement.

Key details: The Act contains a range of provisions including:

- a requirement for public bodies that perform functions affected by climate change or that are entrusted with powers aimed at achieving a sustainable environment to review and if necessary amend their policies to ensure climate change is taken into account;
- within two years of the Act, Ministers must publish a National Adaptation Strategy and Plan;
- Ministers must set national GHG targets and publish them in the Gazette (these targets will sit outside of the Act) along with the GHG emitting sectors and sub-sectors that are subject to sectoral emissions targets; and
- Ministers responsible for each sector and sub-sector must then, within one year of publication of the sectoral emissions targets, develop and implement policies and measures to achieve those targets.

Our view: This marks a significant stride in climate change policy for South Africa and could serve as a catalyst for similar policy advancements in other African countries. It will likely be just the starting point for further policy developments that should be watched closely by the market.

2. Botswana's voluntary sustainability disclosure guidance (multi-sector)

What: On 8 August, the Botswana Stock Exchange (BSE) published Sustainability Disclosure Guidance, which is a voluntary guide for companies listed on the BSE, designed to align sustainability disclosure with emerging global standards. It replaces 2019 guidance and is informed by international frameworks like the Global Reporting Initiative (GRI), European Sustainability Reporting Standards (ESRS), and IFRS S1.

Key details: Some of the key recommendations include:

- **Governance**: the disclosure of governance structures for managing sustainability risks and opportunities, including board oversight;
- **Strategy**: an explanation of how sustainability factors impact business models, financial planning, and strategy over the short, medium, and long term;
- **Risk and Impact Management**: the disclosure of processes for identifying and prioritising sustainability risks, particularly financial impacts and broader environmental and social effects;
- **Metrics and Targets**: the reporting on sustainability performance using specific metrics in governance, social, and environmental categories, including climate change, labour standards, and biodiversity.

Our view: This step by the BSE is a welcome step to align Botswana's corporate governance with international best practices. It is expected to aid investors by enhancing transparency, fostering accountability, and promoting the development of ESG-aligned financial products like green bonds, thus boosting Botswana's market attractiveness to sustainable investment.

AMERICAS DEVELOPMENTS

1. New Bill proposing updates to California's Climate Accountability Package (multi-sector)

What: California's law-making machinery has been proposing key developments to the State's incoming climate reporting obligations, with some disagreement on the timings for implementation between the Governor and Legislators.

Key details: Last year, Governor Newsom signed into law two landmark Bills (collectively the Climate Accountability Package):

- SB-253 the "Climate Corporate Data Accountability Act", requiring companies with more than $1 billion in annual revenues that do business in California to publicly disclose their scope 1 and 2 emissions from 2026 and their scope 3 from 2027; and
- SB-261, "Greenhouse gases: climate-related financial risk", requiring companies with more than $500 million in annual revenues that do business in California to report climate-related financial risks using the TCFD framework from 2026.

On 29 June, Governor Newsom released a draft budget trailer bill that would push back compliance by two years, however this did not advance in the legislature. On 13 August, Senators introduced a new Bill SB-219, proposing several amendments to the Climate Accountability Package. Notably SB-219 does not propose delays to the compliance date of the Climate Accountability Package but instead includes:

- a six month extension for the California Air Resources Board (CARB) to adopt implementing regulations for SB-253;
- CARB to publish a schedule for reporting for scope 3 emissions (rather than the current requirement where disclosures of scope 3 are required no later than 180 days after scope 1 and 2 emissions disclosure) for SB-253; and
- payments of annual fees would be delinked from filing and publication of disclosures for SB-253 and SB-261.

Next steps: Governor Newsom has until the end of September to sign or veto SB 219. If signed, the bill will take effect on 1 January 2025.

2. Costa Rica publishes a sustainable finance taxonomy (multi-sector)

What: On 12 August, Costa Rica published its first sustainable finance taxonomy (the Taxonomy). The Taxonomy was developed under the leadership of Costa Rica's Ministry of Environment and Energy (MINAE), the Ministry of Finance, the Central Bank of Costa Rica and the four financial sector superintendencies. The technical development was also coordinated by the United Nations Environment Programme Finance Initiative (UNEP FI).

Key details: The Taxonomy focuses on 8 key sectors:

- construction;
- transport;

- supply of electricity, gas, steam and air conditioning;
- solid waste management and emission capture;
- water supply and treatment;
- information and communication technologies;
- manufacturing; and
- land use (agriculture, livestock and forestry).

The Taxonomy uses science-based criteria to identify economic activities and assets that show a "substantial" contribution to climate change mitigation and adaptation. It also outlines additional requirements that investments must meet in order not to cause significant damage to other environmental objectives (such as, the protection, restoration and sustainable use of biodiversity and ecosystems).

APAC DEVELOPMENTS

1. Australia passes legislation introducing mandatory climate-related disclosures (multi-sector)

What: On 9 September, the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024* (the Regulation) passed both houses of the Parliament of Australia. The Regulation will require in-scope entities to disclose climate-related risks and opportunities in accordance with sustainability standards starting from 1 January 2025.

Key details: Entities that are required to prepare annual financial reports under Chapter 2M of the Corporations Act and meet relevant sustainability reporting thresholds, will be required to prepare sustainability reports under the Regulation. The largest entities (Group 1- i.e., >$500m consolidated annual revenue and >500 employees) will be required to submit sustainability reports (prepared in accordance with the relevant (and not-yet-final) (ASRS)) for their financial years commencing from 1 January 2025, while other in-scope entities (Groups 2 and 3) will be phased into reporting obligations over three transitional periods.

A key development in the final round of amendments to the Regulation was the additional requirement to disclose scenario analysis for a low warming scenario (1.5°C) and a high warming scenario (> or = 2.5°C).

Next steps: The Governor-General must now sign the Regulation for it to become an Act of Parliament. Entities caught by the new rules should begin thinking about implementation and keep an eye on developments of the ASRS.

2. China issues guidelines to ramp up green transition efforts (multi-sector)

What: On 11 August, China released a set of 33-point guidelines, which is the country's first systematic plan of its green and low-carbon goals. The guidelines set two target milestones with regard to China's path to achieving carbon neutrality in year 2060: by 2030, notable progress to be made in key areas in green transition, and by 2035, a green, low-carbon, and circular economy to be largely established. These milestone targets are underpinned by specific goals for 2030, clarifying where China will be investing to achieve its ambition.

Key Details: According to the guidelines, China will introduce fiscal and taxation policies to promoting green and low-carbon development, and it will aim to boost a green "consumption model". The latter is expected to include an expansion of government procurement of green products, promoting trade-in programs and marketing efforts to boost consumer spending on green products. The guidelines will likely mean greater green investment by the government, given its commitment to "actively develop financial instruments such as green equity financing, green financial leasing, and green trusts".

For example, following the new guideline, the People's Bank of China (PBoC) is set to extend its offering of low-cost loans to commercial lenders to fund green loans until at least 2027. Commercial lenders will, in turn, provide loans to qualified green investment projects at an annual rate close to the PBoC's benchmark rate of 1.7%, under the Carbon Emission Reduction Facility (Cerf) program. This program is also open to international lenders for example, the Singaporean bank DBS announced on 21 August that it approved a 500-million-yuan loan to develop a windfarm in China's Henan Province with Cerf support.

Our view: The guidelines emphasise expanding green development in the industrial sector as well as boosting green transformation of consumption. It is expected a variety of policy tools will be used in the future to support the green transition, including fiscal and tax incentives as well as credit support.

BEST OF THE REST

A round-up of key ESG regulatory and policy updates from around the globe worthy of a mention in this edition:

- Global: SBTi has launched a framework to accelerate buildings sector's alignment with net zero.
- Global: The G20 has agreed to 10 high-level voluntary principles which bioeconomy activities are expected to adhere to.
- Europe: ECB Paper on climate risk, bank lending and monetary policy finds that companies without emissions reductions targets on average are charged higher interest rates by banks.
- The Netherlands: The Hague will become the first City to ban fossil fuel advertising.
- Italy: Securities market regulator CONSOB (Commissione Nazionale per le Società e la Borsa) has issued a Call for Attention to Intermediaries, highlighting the importance of making information on sustainable finance and ESG topics clearer and more understandable, even for less experienced clients.
- UK: The Pension Regulator published findings of review of trustee compliance with ESG duties.
- UK: August has seen a flurry of activity and developments from the Equality and Human Rights Commission. Read a summary of these developments in our Employment Law Alert UK.
- APAC: Supplementary Document to the ASEAN Taxonomy for Sustainable Finance published, specifically designed to assist small to medium sized enterprises.
- Hong Kong: The Hong Kong Monetary Authority has published good practices on climate-related risk governance.
- Australia: The Climate Change Authority has published its Sector Pathways Review into the potential technology transition and emissions pathways for the government to reach net zero emissions by 2050.

ESG DISPUTES ROUND-UP

Before we dive into our disputes round-up this month, here are some notable mentions:

- On 14 August, the High Court of Justice of England and Wales dismissed an application for judicial review of the Government's decision to grant the development for the Net Zero Teesside Project. The decision highlights that disagreement with the merits of policy decisions cannot be grounds for judicial review. Challenges are unlikely to be successful as long as the reasoning behind the decision of the public authority, read sensibly and taken as a whole, is clear and lawful.
- On 29 August, in South Korea, the Constitutional Court found that the country's current national climate measures are insufficient and violate people's fundamental rights. The lack of long-term targets for greenhouse gas reduction was found to shift an excessive burden of climate change to the future and younger generations. The ruling comes after four years of climate litigation lawsuits that comprised 255 plaintiffs, many of whom were minors when the claims were filed.
- On 10 September, the US Securities and Exchange Commission charged Keurig Dr Pepper Inc. with making inaccurate statements regarding the recyclability of its K-Cup single use beverage pods. To settle the SEC's charges, Keurig agreed to pay a $1.5 million civil penalty.

Remember, you can keep up to date with contentious ESG news as and when it happens by signing up to our ESG Disputes Radar.

1. Greenwashing-related updates from across the globe – Summer 2024 update (multi-sector)

What: Several jurisdictions have seen recent greenwashing-related regulatory / litigation activity, highlighting the ever-increasing focus from regulators, courts and activist groups:

- On 14 August, the South African Advertising Regulatory Board (ARB) ruled energy giant TotalEnergies' climate claims to be 'misleading'. The complaint was made by Fossil Free SA, an environmental advocacy group, and is a landmark first decision from the ARB regarding greenwashing. This is not the first time that TotalEnergies has faced greenwashing accusations – see for example, our June 2024 edition of ESG View.
- The Australian Securities & Investments Commission (ASIC) has published its report on greenwashing interventions between 2023 and 2024. They concerned investments inconsistent with disclosed ESG policies, unsupported sustainability claims, insufficient disclosure on the application of ESG metrics in investments and insufficiently detailed sustainability claims. The report makes several recommendations on good practice to avoid greenwashing and outlines ASIC's focus on surveillance and enforcement activities.
- Meanwhile, in the United States:
    - A class action lawsuit has been filed against athleisure brand Lululemon in the US District Court of the Southern District of Florida. The suit claims that Lululemon's 'BePlanet' marketing campaign is a misrepresentation of the company's detrimental climate impact designed to justify elevated pricing. A similar investigation has been launched by Canada's Competition Bureau.

- The District of Columbia Court of Appeals overturned the dismissal of a case brought by Earth Island Institute against the Coca-Cola Company on 29 August 2024. The suit alleges that Coca-Cola engages in misleading marketing practices that exaggerate the brand's sustainability credentials. The Court of Appeals found Earth Island Institute's claim to be sufficiently plausible to proceed to trial.
- In contrast, the US District Court in Maryland has thrown out a class action lawsuit against United Airlines for false claims about the sustainability of the fuel used on passenger flights. United Airlines successfully argued that the suit was barred by the Airline Deregulation Act, which prevents States from enforcing laws that may impact an airline's rates, routes or services.

2. European Commission faces legal challenge from NGOs over criteria for "green" investments in aviation and shipping (multi-sector)

What: On 27 August, a coalition of NGOs filed a lawsuit at the European Court of Justice challenging the European Commission's refusal to review the sustainability criteria for aviation and shipping activities under the EU Taxonomy Regulation.

Key details: The Taxonomy Regulation, which applies to financial market participants that make financial products available, establishes criteria for determining whether an economic activity is environmentally sustainable for investment purposes in the EU.

In November 2023, the European Commission added new technical criteria to determine the environmental sustainability of manufacturing low carbon vessels and aircraft. In June 2024, the European Commission rejected the coalition's request for a review of these criteria. Now, the coalition - which consists of Dryade, Fossielvrij NL, Protect our Winters Austria, Opportunity Green and CLAW and is supported by 35,000 citizens - is asking the European Court of Justice to annul this decision because, as they argue, *"there is clear and conclusive evidence that the criteria do not support a 1.5 degree pathway as required by the Taxonomy Regulation."*

Our view: This challenge is the latest in a series of legal challenges to the Taxonomy Regulation. If successful, we can expect to see further challenges over technical criteria, including in other sectors covered by the regulation. More broadly, if the Taxonomy Regulation proves vulnerable to successful legal challenges over its technical criteria, its usefulness as an established market standard for a transitioning economy may suffer.

3. French Court of Appeals upholds illegal deforestation conviction (multi-sector)

What: On 27 June, the Bourges Court of Appeal upheld the conviction of the Pierre Robert sawmill for importing illegally produced timber from Brazil through negligence in controlling its supply chain. The case was first brought by NGOs in 2019, for the violation of the European Union Timber Regulation (EUTR), which prohibits putting illegally harvested or trafficked timber on the market. Pierre Robert has lodged an appeal before the French Supreme Court.

Key details: Some key elements of the decision are outlined below.

- Due diligence requires the trader to collect information on timber and timber products, and on its suppliers, in order to assess the risks of marketing illegal timber.

- The complexity of the supply chain is one of the risk assessment criteria set out in Article 6 of the EUTR, and must therefore be taken into account in risk assessment and mitigation procedures.
- The documentation collected must be assessed as a whole, and traceability must be ensured throughout the supply chain. All information gathered must be verifiable.
- When the risk of corruption is real, even official documents issued by the authorities cannot be considered reliable.
- Checks that only concern the exporter contravene due diligence obligations to check all elements of the supply chain.

Our view: This decision is notable in the context of the new deforestation due diligence rules under the EU Deforestation Regulation (EUDR) that begin to apply on 30 December 2024. EUDR significantly expands the scope of EUTR as it targets deforestation that is legal in the country of production. To learn more about EUDR, read our client note and reach out if we can support.

ESG CONSULTATION ROUND-UP

Some notable ESG policy consultations in flight across the globe that are currently open for comment. Engagement is a great opportunity to influence the direction of travel for ESG matters.

1. GRI consults on revisions to three standards around labour rights (multi-sector)

What: On 10 June, the Global Reporting Initiative (GRI) initiated a consultation to revise three key standards to emphasise labour rights more strongly, in response to the International Labour Organization's (ILO) 2024 trends report highlighting the need for increased corporate accountability in labour practices.

Key details: This review aims to address employment relationships, remuneration, working hours, and the management of significant changes affecting workers. The first phase of this review has been launched for public consultation, focusing on proposed changes to three standards: GRI 402 (Labour/Management Relations), GRI 401 (Employment), and GRI 202 (Market Presence).

These efforts are part of GRI's broader project to update 11 standards with a human rights-based approach, ensuring alignment with international instruments for business and human rights. GRI's collaboration with the International Sustainability Standards Board (ISSB) aims to achieve full interoperability between their reporting standards.

Timing: The consultation period ends on 4 October.

2. IASB proposes illustrative examples to improve reporting of climate-related and other uncertainties in financial statements (multi-sector)

What: On 31 July, the International Accounting Standards Board (IASB) published a consultation document, proposing eight examples to illustrate how companies apply IFRS Accounting Standards when reporting the effects of climate-related and other uncertainties in their financial statements. The eight illustrative examples focus on areas such as materiality judgements, disclosures about assumptions and estimation uncertainties, and disaggregation of information. The examples do not add to or change the requirements in IFRS Accounting Standards but provide guidance on how the requirements should be applied. The IASB invites all stakeholders to provide feedback on the proposed illustrative examples.

Timing: The comment period is open until 28 November 2024.

3. SBTi consults on Scope 3 as part of its revision of the Corporate Net-Zero Standard (multi-sector)

What: On 30 July, the Science Based Targets initiative (SBTi) published four technical outputs as an early step in the process for the revision of the SBTi Corporate Net-Zero Standard. These include:

- Scope 3 discussion paper: A discussion paper setting out the SBTi's initial thinking on potential changes being explored around scope 3 target setting, including underlying principles and

concepts. The discussion paper is informative by nature and does not propose draft requirements or criteria;

- Evidence received on the effectiveness of Environmental Attribute Certificates;
- Synthesis report of evidence on the effectiveness of Environmental Attribute Certificates in corporate climate targets – Part 1: Carbon credits; and
- Findings of independent systematic review on the effectiveness of carbon credits in corporate climate targets.

Timing: Reponses to the discussion paper should be submitted here by the 4 October 2024. A draft Corporate Net-Zero Standard will be released for public consultation towards the end of Q4 2024, so keep an eye out for updates.

4. UK FCA consults on climate-related disclosures for IPOs (multi-sector)

What: In July, the UK Financial Conduct Authority (FCA) launched a consultation paper on the new Public Offers and Admissions to Trading Regulations regime (POATRs) (CP24/12). The sustainability-related topics that are open for comment include:

- mandatory disclosures on climate-related risks and opportunities deemed material by companies seeking to list on the London Stock Exchange;
- minimum information requirements to outline the areas of climate disclosure expected, aligned with the high-level categories common to the TCFD and ISSB standards;
- enhancements to disclosure on sustainability-related matters in prospectuses, including details of transition plans where the contents is financially material and details of any issuance of debt securities in accordance with industry-led standards for bond frameworks (e.g. green bonds and sustainability-linked bonds); and
- whether additional disclosures relating to climate-related matters for mining and/ or oil and gas companies are needed.

Read more in our recent client note here.

Timing: Consultation closes on 18 October 2024.

5. The Chilean Financial Market Commission (CMF) consults on embedding IFRS reporting standards into annual reporting (multi-sector)

What: On 19 August, the Chilean Financial Market Commission (CMF) published a consultation on amending existing rules relating to ESG-disclosures within annual reporting (General Standards (NCG) No. 30 and No. 461).

Key details: The proposed modifications to the existing rules include:

- adopting the International Sustainability Standards Board (ISSB) IFRS S1 and IFRS S2 standards as the international reference point for reporting material sustainability information;
- extending by one year the implementation period for securities issuers that have not yet reported in accordance with NCG No. 461; and

- introducing requirements for entities to consider the relevance of board diversity and inclusion efforts for investors and make express mention in reporting of existing policies regarding.

Timing: The consultation closes on 27 September 2024.

LATEST SIMMONS ESG INSIGHTS

Podcast series - Seas of opportunity: navigating the Blue Economy

- Episode 11 - Addressing ocean pollution & the role of local government in ocean recovery (13 August 2024)
- Episode 12 - Beyond blue sky thinking, learning from blue projects already in flight (3 September 2024)

Webinars On-Demand

- Webinar series: Insuring the Future 2024 (16 September- 10 October)
- The Regulatory View - Looking Forward to 2025 (17 September- 22 October)

Recent Publications

- Employment Law Alert UK – September 2024 (3 September 2024)
- ESMA publishes translations of its guidelines on fund names (21 August 2024)
- Prospectus regime reform: FCA proposes radical change (9 August 2024)
- Simmons client note on updated Consolidated Q&As on the SFDR (8 August 2024)

CONTACT US

Simmons & Simmons is a leading international law firm with over 320+ partners and 2,500 employees throughout our network of 22 offices in Europe, Asia, the Middle East and the US*.

Our ESG approach is not to have an ESG practice but to adopt an integrated, holistic, cross-discipline approach so that we can combine ESG experts and deep technical knowledge with product/business line expertise.

If you need help understanding the current and upcoming ESG legislative and regulatory landscape or your supply chain obligations or supply chain best practice, or you would like assistance in mitigating your supply chain risk, we can help.

Sonali Siriwardena
Partner, Global Head of ESG
T +44 20 7825 4595
E Sonali.Siriwardena@simmons-simmons.com

ESG Team
T +352 26 21 16 23
E esg@simmons-simmons.com

NOT YET A RECIPIENT OF OUR ESG VIEW?

If you would like to receive our ESG View in your inbox on a monthly basis, please subscribe here.

** representative office not practising US law.*

simmons-simmons.com

© Simmons & Simmons LLP and its licensors. All rights asserted and reserved. This document is for general guidance only. It does not contain definitive advice.

Simmons & Simmons LLP is a limited liability partnership registered in England & Wales with number OC352713 and with its registered office at Citypoint, 1 Ropemaker Street, London EC2Y 9SS, United Kingdom. It is authorised and regulated by the Solicitors Regulation Authority and its SRA ID number is 533587. The word "partner" refers to a member of Simmons & Simmons LLP or an employee or consultant with equivalent standing and qualifications. A list of members and other partners together with their professional qualifications is available for inspection at the above address.