

ESG View

November 2025

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Welcome to the November ESG View!

COP30 has just wrapped up, and, as with every summit, opinions will differ on whether it was a success or a disappointment. As COP30 President André Corrêa do Lago put it, this conference should be remembered as “the beginning of a decade of turning the game.” Achieving consensus proved challenging, particularly on fossil fuels and deforestation, as geopolitical tensions continue to dominate climate negotiations. When energy, artificial intelligence, defence, and sovereignty shape political agendas and investment strategies, climate, and the broader social dimension—risks being pushed down the list of priorities. Against this complex backdrop, COP30 concluded two weeks of intense negotiations in Belém with ratified decisions poised to influence corporate climate strategy for years to come.

Meanwhile, sustainable investing continues its rapid evolution. According to the Global Sustainable Investment Alliance, what was once a niche practice has become mainstream, with fund-level sustainability disclosures gaining depth and consistency. The report notes a growing emphasis on aligning industry practices with measurable, real-world impact. SFDR 2 proposals, Omnibus 1 reforms, and ICMA’s new Climate Transition Bond Guidelines signal higher expectations for transparency and credibility, and high-profile ESG disputes continue to make headlines.

This edition summarises the developments ESG professionals need to track and highlights the implications for corporate strategy, risk management, and investment opportunities.

Best wishes,

Rob

Robert Allen

Partner, Global Head of ESG

T +44 20 7628 2020

E robert.allen@simmons-simmons.com



GLOBAL DEVELOPMENTS

1. COP30 Global Mutirão (multi-sector)

 **What:** At COP30 in Belém, nearly 200 countries [adopted](#) a “Global Mutirão”, a collective effort framework signaling renewed multilateral commitment to climate action. Although the final agreement delivered some advances on climate finance, adaptation, just transition and resilience, it conspicuously omitted binding language on fossil fuel phase-out and failed to commit to deforestation elimination, highlighting persistent political divisions despite broad calls for urgent action.

 **Key details:**

- **Adaptation and resilience gains:** COP30 adopted a (slightly pared down) global indicator framework under the Global Goal on Adaptation (GGA), enabling countries to report progress on water security, health, ecosystems, infrastructure, poverty and more. COP30 also called for a tripling of adaptation finance by 2035.
- **Climate finance mobilisation:** The Global Mutirão reaffirmed calls for scaling up public and private climate finance, with renewals of prior targets and renewed emphasis on transparency, investment planning and implementation.
- **Just transition and inclusion:** The agreement establishes a new just transition mechanism, with explicit references to Indigenous rights, labour protections and biodiversity, a broader take than prior COP texts on equity and social dimensions of climate action.
- **Commitment momentum on NDCs:** As of the start of the conference, roughly two thirds of Parties had submitted (or updated) their Nationally Determined Contributions, up from about one third at the outset. This renewed wave of ambition responds to the findings of the first Global Stocktake under the Paris Agreement.
- **Water and resilience themes elevated:** Water was treated as a core pillar of resilience planning. COP30 elevated water adaptation programmes and recognised water risks as central to sustainable finance assessments.

 **Our view:** COP30’s Global Mutirão reflects a pragmatic bargain – progress where possible, compromise where necessary – but also underscores the limits of consensus driven climate diplomacy in a fractious world. For investors, companies and public policy actors, the takeaways are mixed.

On the positive side, the strengthened adaptation framework, just transition commitments and renewed NDC momentum create an environment more favourable to resilience oriented investments, climate risk disclosure and transition planning. The explicit elevation of water risk and resilience opens a new lens for credit risk models, sustainable infrastructure financing and climate resilient project design.

On the downside, the failure to lock in fossil fuel phaseout or forest protection means decarbonisation remains partial and uncertain. The reliance on voluntary, presidency driven roadmaps adds additional uncertainty about long-term systemic change.

Looking ahead to COP31, jointly organised by Türkiye (host) and Australia (presidency), negotiators will face mounting pressure to turn voluntaristic signals into binding commitments, especially on fossil fuels and forests.

2. ICMA launches climate transition bond label (multi-sector)

 **What:** On 6 November, the International Capital Market Association (ICMA) [released](#) the Climate Transition Bond Guidelines (CTBG), introducing a new, standalone label, the Climate Transition Bond (CTB), under the umbrella of the global sustainable bond market. The new guidance provides issuance-level standards aimed at enabling credible transition financing, especially for high-emitting issuers and hard-to-abate sectors that have struggled to benefit from traditional green or sustainability financing instruments.

The CTBG complements the entity-level recommendations of the updated [Climate Transition Finance Handbook](#) (CTFH), giving market participants a concrete toolkit for structuring and evaluating bonds that support decarbonisation or transition-related projects.

Key details:

- The CTBG establish the CTB label for use-of-proceeds bonds allocated to defined Climate Transition Projects (CT Projects).
- Eligibility criteria and safeguards for CT Projects are defined, with an initial non-exhaustive list of eligible project categories included in the Guidelines.
- Issuers are required to articulate a credible climate transition strategy and disclose climate-related governance and performance metrics.
- Issuers are encouraged to align projects with science-based decarbonisation pathways, official taxonomies, and transition roadmaps.
- High-emission entities can structure transition-themed Sustainability-Linked Bonds (SLBs) under the CTBG framework.
- Illustrative annexes guide issuers to relevant taxonomies, official and market guidance, decarbonisation pathways, and resources to avoid carbon lock-in.
- The CTBG provide a pathway for high-emitting sectors to access transition finance, complementing existing green, social, and sustainability bond markets.

 **Our view:** The publication of the CTBG marks a milestone in sustainable finance. It represents a significant evolution of the bond market's capacity to channel capital into transition, not just into already "green" activities, but into the sectors whose decarbonisation remains most challenging yet most critical for global climate goals. For corporates, financial institutions, and investors alike, the CTB label offers a credible and potentially scalable instrument to finance transition in high-emission sectors.

However, the impact of the CTBG will depend heavily on the rigour of implementation. The risk of greenwashing or "transition-washing" cannot be ignored, in particular, if issuers treat CTBs as simple re-labelling tools without committing to long-term decarbonisation or if external reviews lack depth. The independence and technical expertise of reviewers will be pivotal. External review, transparent reporting, and evidence of alignment with robust decarbonisation pathways must become the norm for CTBs to deliver real value.

From the investor perspective, CTBs broaden the investable universe, but may also bring additional scrutiny: credit-analysis must integrate transition-related risks, such as stranded-asset risk, future regulatory shifts, and carbon-price exposure, particularly in hard-to-abate sectors. For transition-focused funds and ESG-driven investors, CTBs are an opportunity.

EUROPEAN DEVELOPMENTS

1. SFDR 2.0: an ESG earthquake on its way (asset management)

 **What:** On 20 November, the European Commission [published](#) its highly-anticipated proposals for SFDR 2, to replace the current SFDR. The proposals are an earthquake for the ESG regulatory regime in Europe, and could be in force by 2027 or 2028.

 **Key details:** The proposals for SFDR 2 represent a complete overhaul of the existing SFDR regime. SFDR 2 would represent revolution (not evolution) for the current rules. In likely order of priority for asset management firms, the five most important changes are:

- The current Article 8 / Article 9 regime will be removed, with no specific grandfathering regime. Existing Article 8/9 funds would either need to meet the strict conditions to qualify for a new product category, or cease making sustainability claims about the product. In place of the Article 8/9 regime will be three mandatory product categories:
 - transition category,
 - ESG basics category (integration of sustainability factors); and
 - sustainable category.
- The product categories will be based around a common framework of minimum 70% alignment, mandatory exclusions, and a mandatory list of permitted investment types (and some of the detail will be in new RTS, which have not yet been published). A proposed exemption for marketing to professional investors only is not part of the draft.
- Portfolio management (and investment advice) will no longer be financial products in scope of SFDR, which means that SFDR disclosures will not be required (or available) in relation to segregated mandates.
- The current Principal Adverse Impact (PAI) regime will be removed.
- There will be new naming and marketing restrictions for the use of sustainability terminology.

All firms currently subject to SFDR will need to review the SFDR 2 proposals closely and begin an impact assessment process. Some aspects of the proposals are good news. However, the replacement of the current Article 8/9 regime with the three new product categories will represent a significant change in business models for firms that currently manage Article 8/9 funds. They will either need to upgrade or stop making sustainability claims.

To guide clients through these changes, Simmons & Simmons has prepared a client note "[SFDR 2: an ESG earthquake is on its way](#)".

 **Next steps:** It's worth emphasising that the text published by the Commission is not yet law. It is a legislative proposal, which is subject to the ordinary EU law process:

- The Commission's proposals have been submitted to the Council of the EU (representing the governments of the 27 Member States) and the European Parliament for scrutiny.
- Each co-legislator will assess what changes it wishes to see to the Commission's text - having decided this, they will hold trilogue negotiations to reach a political agreement on a final text.

- Once formally approved by each institution, the agreed text will be reviewed to remove any typos or obvious errors and then translated into the official languages of the EU.
- Finally, the agreed text will be published in the Official Journal - this will then make it possible to calculate when the new provisions will come into effect.

Based on comments in the legislative proposal, SFDR 2 could be in force by 2027 or 2028, but this remains to be seen. Although SFDR 2 is likely to be several years away, firms subject to SFDR will need to begin an early impact assessment and scoping exercise. This will be particularly important for current (or proposed) funds falling under the current Article 8/9 regime, to work out where they will sit in the proposed Article 7/8/9 categorisation regime.

2. CSRD and CSDDD simplification: EP adopts negotiating mandate (multi-sector)

 **What:** On 13 November 2025, the EP adopted its negotiating mandate on the EC's proposal for an Omnibus directive simplifying sustainability reporting and due diligence requirements introduced by the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

 **Key details:** The updated rules form part of the Omnibus I simplification package, proposed by the EC on 26 February 2025. For more information, please see our client note [here](#). Although the adopted text has not yet been published, the EP has issued a [press statement](#) outlining its proposals.

CSRD

- **Scope:** The employee threshold under the CSRD would be raised to 1,750 employees, with a net annual turnover of EUR 450 million. These thresholds would also apply to Article 8 taxonomy reporting.
- **Reporting requirements:** Reporting standards would be further simplified and reduced, with fewer qualitative details required. Sector-specific reporting would become voluntary.
- **Digital portal:** MEPs have called on the EC to establish a digital portal to provide free access to templates, guidelines and information on EU reporting requirements, complementing the European Single Access Point (ESAP).
- **Value chain cap:** Smaller companies would be protected from excessive information requests by larger business partners, who would be limited to requesting only what is required under the voluntary standards.

CSDDD

- **Scope:** The thresholds would remain at over 5,000 employees and a net annual turnover of more than EUR 1.5 billion for EU companies.
- **Due diligence:** In-scope companies would be required to adopt a risk-based approach to due diligence under Article 8.
- **Climate transition plan:** The requirement to produce a climate transition plan under Article 22 would be removed, limiting obligations to mitigation targets and delaying their adoption by two years.
- **Civil liability:** Companies in breach of the directive would be held liable at the national, rather than EU, level and would be required to fully compensate their victims for damages.

 **Next steps:** On 18 November 2025, trilogue negotiations with EU member states commenced. Lawmakers aim to finalise the law by the end of 2025.

3. Italy updates Consumer Code to tackle misleading sustainability claims (multi-sector)

 **What:** On 5 November 2025, the government of Italy approved a legislative decree transposing Directive (EU) 2024/825 into national law, thereby updating the domestic Codice del Consumo (Consumer Code) to strengthen consumer protections against misleading sustainability and ESG-related claims. The new rules aim to crack down on vague, unverifiable or misleading “green” or “sustainable” claims made by companies, sometimes referred to as “greenwashing”, by embedding clarity, substantiation and compliance obligations into law.

Key details:

- The transposition updates the list of “unfair commercial practices” in the Consumer Code: environmental claims that are generic, unsubstantiated or misleading – for example “carbon neutral”, “zero impact”, “climate neutral” when based solely on offsetting or unsupported assumptions – are now prohibited when they lack clear, comparable, verifiable evidence.
- The decree introduces statutory definitions for “environmental claim”, “sustainability label”, “durability” and “repairability”, aiming to provide clarity for traders, consumers and enforcement authorities about what qualifies as a legitimate sustainability or ESG statement.
- New disclosure requirements apply, including transparent sustainability information in product labelling and online contracts; for instance, harmonised notices on legal guarantees, durability and repairability must be provided where relevant.
- The enforcement and sanctioning power rests primarily with the Autorità Garante della Concorrenza e del Mercato (AGCM), which will monitor compliance and may apply penalties for unfair commercial practices under the updated provisions.
- The transposition aligns Italy with the broader EU regulatory framework under the Empowering Consumers Directive, which amends the existing Unfair Commercial Practices Directive (2005/29/EC) and Consumer Rights Directive (2011/83/EU) to embed sustainability transparency and consumer rights in the green transition context.

 **Our view:** The Italian transposition of the Empowering Consumers Directive represents a significant leap forward in embedding ESG integrity and consumer protection into domestic law. By outlawing vague or unsubstantiated claims and requiring clearer labelling, Italy is setting a standard for accountability in sustainability communication, a shift that will likely reshape corporate behaviour across sectors such as fashion, consumer goods, electronics, and more.

4. EC publishes “quick fix” delegated regulation in Official Journal (multi-sector)

 **What:** On 10 November 2025, the European Commission (the Commission) [published](#) a “quick fix” delegated regulation in the Official Journal. The delegated regulation will enter into force on 13 November 2025 and applies retrospectively to financial years beginning on or after 1 January 2025.

 **Key details:** By way of background, the “stop-the-clock” directive, introduced as part of the Omnibus I package, delays the application of Corporate Sustainability Reporting Directive (CSRD) for wave two and three companies by two years. However, the stop-the-clock directive does not delay the reporting requirements for wave one companies. This means that, without this new delegated act, wave one companies would have been required to report additional information for financial years 2025 and 2026.

As a result, the quick fix delegated act revises the first set of European Sustainability Reporting Standards (ESRS) under the CSRD for wave one companies already conducting corporate sustainability reporting for the 2024 financial year.

For our article on the Commission’s adoption of the draft delegated regulation, see [here](#).

- The “quick fix” delegated regulation:
- delays by two years the requirement for wave one companies to report on the anticipated financial effects of sustainability-related risks until 2027.
- extends to all wave one companies (not only those with up to 750 employees) the phase-in provisions relating to ESRS E4 (biodiversity and ecosystems), ESRS S2 (workers in the value chain), ESRS S3 (affected communities), and ESRS S4 (consumers and end-users).

extends to all wave one companies the safeguard provision, which provides that where an undertaking uses temporary exemptions for a complete topical standard, it is still required to report summarised information on the relevant topic if it has concluded that the topic is material.

 **Next steps:** The Commission and EFRAG (European Financial Reporting Advisory Group) are working on separate legislation to simplify and clarify the ESRS Regulation.

5. Big industrial-investment push on SAF (energy, transport)

 **What:** In early November 2025, the European Commission published its Sustainable Transport Investment Plan (STIP), which forms part of the broader industrial policy framework (Clean Industrial Deal, Competitiveness Compass) to scale up renewable and low-carbon fuels in aviation and maritime transport.

 **Key details:** The plan estimates a requirement of around **20 million tonnes** of sustainable alternative fuels by 2035 (~ 13.2 Mt biofuels + 6.8 Mt e-fuels) to fulfil the obligations under the ReFuelEU Aviation and FuelEU Maritime Regulations.

- To meet this scale, the investment need is estimated at about **€100 billion** by 2035.
- Short-term mobilisation: at least **€2.9 billion** from EU instruments by end-2027 (including €2 billion via InvestEU, €300 million via the European Hydrogen Bank for hydrogen-based aviation/maritime fuels, €133 million under Horizon Europe for R&I, and specified amounts for synthetic aviation and maritime fuel projects).
- The STIP emphasises **regulatory stability, investment de-risking** (e.g., revenue-certainty mechanisms), and industrial competitiveness / energy-security arguments (less reliance on fossil imports).
- Stakeholders such as ACI EUROPE (airports) welcome the signal, but emphasise that funding remains **insufficient** relative to the scale of the challenge, citing the need for mechanisms such as “Book & Claim” for SAF trading and extension of the EU Emissions Trading System (ETS) SAF allowances.

- According to the International Council on Clean Transportation (ICCT), the biggest barrier to scaling e-kerosene (synthetic SAF) remains **financing and investment risk** (high capital cost, uncertain offtake, revenue gap). The STIP's focus on revenue-certainty mechanisms is therefore significant.



Our view: Entities in the aviation/airport/fuel-supply chain should treat the STIP as a market-making framework and an indicator of future demand and regulatory expectations.

When advising on public-procurement or contracting for SAF feedstock, production or offtake, attention should be paid to the mechanisms under the STIP (e.g., possible offtake guarantees, auction mechanisms, revenue-certainty tools).

For public clients or regulators, the STIP underscores the importance of national coordination (Member States) with EU frameworks and alignment between transport, climate and energy policy.

For investors or project developers, the funding envelope is still modest relative to the required investment; due diligence should stress the commercial model (gap between SAF cost and fossil jet fuel, offtake agreements, feedstock security, permitting).

UK DEVELOPMENTS

1. UK publishes Carbon Budget and Growth Delivery Plan (multi-sector)

 **What:** On 29 October, the UK government [published](#) the Carbon Budget and Growth Delivery Plan (CBGDP), outlining how the UK intends to meet its legally binding carbon budgets under the Climate Change Act 2008 and fulfil its commitments under national and international climate frameworks. This updated delivery plan is the response to recent legal rulings requiring clearer evidence that policies, not just targets, will deliver the greenhouse gas reductions mandated by law.

 **Key details:**

- **Carbon budget coverage:** The Plan covers Carbon Budgets 4, 5 and 6, spanning the period to 2037. These legally binding five-year caps on UK emissions are advised by the independent Committee on Climate Change (CCC).
- **Sectoral measures:** The plan sets out over 300 policies across key sectors, power, industry, transport, heat and buildings, waste, land use, and greenhouse-gas removals, outlining how these combined efforts are projected to meet carbon budgets.
- **Economic and energy framing:** Decarbonisation is positioned as a driver of economic growth, energy security, job creation, and lower bills. Measures emphasise renewable power, low-carbon hydrogen and nuclear, grid upgrades, and clean-tech investment, reflecting a combined environmental and industrial strategy.
- **Social and fairness considerations:** The plan highlights the need for a just transition, ensuring equitable access to benefits from clean energy and green jobs, and recognising the contributions required from all parts of society.
- **Legal robustness and oversight:** Following High Court rulings, the Plan provides detailed policy pathways, sectoral breakdowns, and quantified emission-reduction projections. Progress will be monitored by the CCC and subject to parliamentary scrutiny.

 **Our view:** The Carbon Budget and Growth Delivery Plan represents a decisive step toward restoring credibility and clarity to UK climate policy. After repeated legal challenges and uncertainty, the government now presents a comprehensive, evidence-based roadmap. By combining emissions reductions with economic growth, jobs, and energy security, the Plan may help broaden support for the net-zero transition beyond environmental constituencies.

2. UK government publishes updated draft legislation on the regulation of ESG ratings providers (multi-sector)

 **What:** On 27 October 2025, the UK Government laid before Parliament the draft statutory instrument titled [Financial Services and Markets Act 2000 \(Regulated Activities\) \(ESG Ratings\) Order 2025](#) (the Order) accompanied by a draft [Explanatory Memorandum](#). If adopted, the Order will amend the existing Regulated Activities Order to designate the provision of ESG ratings as a regulated activity under the Financial Conduct Authority's (FCA) remit, effective from 29 June 2028.


Key details:

- Definition and scope:** Under the draft Order, an “ESG rating” means an assessment relating to one or more environmental, social or governance factor, produced using a defined methodology and expressed as a score, opinion, letter or other ranking format.
 The activity becomes regulated only if the rating is made available to others (e.g. published or shared) and is likely to influence a decision to invest in a “specified investment” under Part 3 of the Regulated Activities Order.
- Who is covered – domestic and overseas providers:** The draft instrument applies to UK based ESG ratings providers and to overseas providers whose ratings are made available to UK persons – unless the overseas provider receives no remuneration for the rating.
- Exclusions and proportionality:** The Order defines a number of carve-outs, including: intragroup ratings not publicly shared, ESG data or research without a defined rating process, ratings produced for internal or legally required purposes, or ratings that accompany other regulated services (e.g. credit ratings or benchmark services).
 This targeted, proportionate approach limits regulation to instances where ESG ratings are used materially, such as for investment decisions.
- Transitional regime:** The Order allows for applications for FCA authorisation ahead of the 2028 effective date. Firms that apply within the relevant application period may continue existing ESG rating activities even if authorisation is pending. Transitional and savings provisions expire one year after the main commencement date.
- FCA rulemaking ahead:** The FCA has publicly welcomed the draft legislation and indicated it will publish detailed rules and guidance by yearend, targeting key areas such as transparency of methodology, governance, controls and conflict of interest management.


Our view: This draft UK legislation constitutes a landmark shift for ESG ratings providers worldwide. For the first time, ESG ratings will fall under a formal regulatory framework, bringing clarity and accountability to what has been a largely unregulated space.

The clear statutory definition, targeted scope and thoughtful exclusions strike a balance between ensuring integrity and avoiding over-regulation. By limiting regulatory reach to ratings likely to influence investments, the Order avoids burdening academic research, ad-hoc analysis or internal ESG assessments.

The UK’s move may set a precedent for other jurisdictions seeking to bring ESG data providers under formal regulatory supervision. As the sustainable finance ecosystem continues to mature, oversight of ESG ratings providers is likely to become the norm rather than the exception.

3. FRC publishes new standard for sustainability assurance (financial institutions)


What: On 12 November 2025 the Financial Reporting Council (FRC) [published](#) ISSA (UK) 5000, a new standard setting requirement for sustainability assurance engagements in the UK.

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Key details:

- ISSA (UK) 5000 provides a UK-specific version of the global standard issued by the International Auditing and Assurance Standards Board (IAASB), establishing general requirements for both limited and reasonable assurance over sustainability reporting.
- The standard is voluntary but aims to promote consistency and quality in sustainability assurance, helping build credibility and comparability of ESG disclosures across companies and sectors.
- The timing comes against a backdrop of ongoing consultations on broader UK sustainability reporting reforms, including proposed mandatory reporting under new UK Sustainability Reporting Standards (UK SRS) and potential regulation of assurance providers.

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Our view: ISSA (UK) 5000 is a significant development for the UK's ESG ecosystem. Even as a voluntary standard, it raises expectations for assurance quality, transparency, and comparability of sustainability disclosures. Early adopters, both issuers of sustainability reporting and assurance providers, may gain advantages in terms of process clarity, market credibility, and investor confidence, particularly if future mandatory reporting or assurance requirements are introduced.

At the same time, companies and practitioners should be aware of potential short-term burdens, including adapting existing reporting practices, ensuring methodological alignment, and managing resource implications. Overall, the standard represents an important step toward strengthening trust in UK sustainability reporting, while providing a foundation for the likely evolution of more formal assurance obligations.

ASIA DEVELOPMENTS

1. South Korea: Mandate signals in the Asia-Pacific region (energy)

 **What:** The Government of South Korea recently [announced](#) a binding blending mandate for SAF on international departing flights from its airports.

 **Key details:**

- From 2027 the SAF-blending requirement will start at 1% for international departures.
- By 2030 a target range of 3–5%, and by 2035 up to 7–10%, subject to final ratios set in 2026 and 2029 respectively.
- From 2028, airlines will need to ensure that at least 90% of their annual refuelling volume at Korean airports meets the SAF requirement.
- Penalties for non-compliance may be as high as 150% of the average SAF transaction price multiplied by the shortfall, though enforcement may be phased in.
- Incentives: e.g., airlines exceeding the mandate may receive extra points in international route allocations; subsidies/fee-reductions for SAF users; a “SAF Alliance” between industry and government.

 **Our view:** This positions South Korea among the first major Asian aviation hubs with a binding SAF regulation – signaling that SAF is moving from voluntary to mandatory in key jurisdictions. The mandate creates a clearer demand horizon for SAF supply chains in Asia, which may attract investment in feedstocks, production or offtake in the region. The supply-chain obligations (refiners, importers), carrier obligations, penalty structures and deferral mechanisms will require careful contract and regulatory review.

BEST OF THE REST

- **Global:** ISSB moves forward on nature standard-setting – Following [findings](#) from its biodiversity, ecosystems, and ecosystem services (BEES) research into nature-related risks and opportunities, the International Sustainability Standards Board (ISSB) confirmed on 6 November is [to move forward](#) with a “standard-setting process” for disclosure on nature-related risks and opportunities, building on existing nature-related requirements within its two existing sustainability standards – IFRS S1 and S2. Following this decision, the Taskforce on Nature-related Financial Disclosures (TNFD) announced it will complete technical work in progress by the third quarter of 2026 and pause any further technical guidance to support the ISSB.
- **Global:** The TNFD issues draft guidance for nature transition plans – On 27 October, TNFD [published](#) new guidance to help organisations develop and disclose transition plans focused on nature, drawing heavily on best practices from climate transition planning. The document outlines a structured framework covering foundations, implementation strategy, engagement, metrics and targets, and governance, signalling a shift towards integrating biodiversity and nature related strategies with corporate disclosure regimes.
- **Global:** Caribbean debt-for-resilience initiative launched at COP30. At COP30, the IDB, CAF and CDB launched a joint initiative to scale up debt-for-resilience swaps, helping Caribbean governments free up fiscal space for climate adaptation. The platform aims to streamline transactions, improve coordination across guarantors and embed support for regional public goods in each swap.
- **Global:** Global forestry natural capital accounting report released – On 6 November, the International Sustainable Forestry Coalition (ISFC) [released](#) the Forestry Natural Capital progress report, “Forests and the Future Bioeconomy”, a key milestone in the sector’s global collaboration that defines seven priority ecosystems and create the first harmonised framework for measuring and valuing forests’ contributions to the economy, society, and planet.
- **Global:** New study warns of deep-sea mining impacts on marine food chains – On 6 November, a new University of Hawai’i at Mānoa [study](#) reported that waste plumes from deep-sea mining could disrupt ecosystems in the ocean’s “twilight zone” (200–1,500 m deep). The research warns that sediment discharge may replace nutrient-rich particles with “junk food” for zooplankton, threatening marine biodiversity and global fisheries.
- **Global:** UNEP FI publishes the report ‘Climate Stress Testing Methodologies for Banks: Current Practices, Challenges, and the Road Ahead’ –Drawing on surveys and workshops with over 20 participating banks, the [report](#) consolidates available data and insights to guide financial institutions in understanding evolving climate risk stress-testing practices and enhancing their risk management frameworks.
- **Americas:** The Canadian government proposes amendments to greenwashing law - As part of the Federal Budget [released](#) on 4 November, the federal government has unveiled draft changes to the *Competition Act* that would revise rules on environmental claims. The proposal removes the requirement to substantiate such claims using an “internationally recognised methodology” and withdraws the right of third parties to bring complaints directly to the Competition Tribunal.
- **Americas:** Brazil establishes Sustainable Taxonomy - On 3 November, Brazil [published](#) the Brazilian Sustainable Taxonomy (TSB) as an instrument of the Federal Executive’s Ecological Transformation Plan. The framework classifies economic activities, assets, and projects that contribute to ESG objectives, based on scientific evidence, as part of Brazil’s Ecological Transformation Plan.

- **Asia:** Singapore named three carbon-rating firms to bolster international credit integrity – On 7 November 2025, the National Environment Agency (NEA) [announced](#) the appointment of BeZero Carbon Ltd, Calyx Global, Inc and Sylvera Ltd as independent service providers to assess carbon-credit methodologies and projects under Singapore’s International Carbon Credit (ICC) Framework.
- **Asia:** Tokyo issues world’s first resilience-certified climate bond– In October, the Tokyo Metropolitan Government (TMG) [issued](#) the first-ever bond certified under the Climate Bonds Initiative’s Resilience Taxonomy, marking a major milestone for adaptation and resilience-focused sustainable finance. The €300 million (¥53 billion) five-year resilience-labelled bond will fund upgrades to coastal protection infrastructure at the Port of Tokyo, the development of sediment control facilities, and measures to strengthen river flood resilience.
- **Europe:** EUDR Amendment: Parliament and Council align on delay and simplifications – Following separate votes on 19 November ([Council](#)) and 26 November ([Parliament](#)), the EU institutions agreed to reopen and postpone the implementation of the EU Deforestation Regulation by one year, shifting the compliance date for large operators to 2026.
- **Europe:** The EIB extends its Green Checker tool - The European Investment Bank has expanded its [Green Checker tool](#) worldwide, giving public bodies, financial intermediaries and SMEs free access to a simplified pre-assessment of project eligibility under EU Taxonomy and EIB climate criteria, aimed at accelerating access to green finance beyond the EU.
- **Europe:** EU environment ministers strike 2040 goal: 90% emissions cut agreed - On 5 November, EU environment ministers struck a [deal](#) committing to a 90% cut in greenhouse gas emissions by 2040 compared to 1990 levels. Under the agreement, member states may satisfy up to 5% of the reduction target through foreign carbon credits, with a possibility to increase that limit in the future.
- **Europe:** EU publishes FAQ on green bonds - On 6 November, the European Commission released a [notice](#) answering frequently asked questions to clarify key provisions of the EU Green Bond Regulation and explain how the rules will apply in practice.
- **Europe:** EBA issues final Guidelines on environmental scenario analysis – On 5 November, the European Banking Authority [released](#) its final Guidelines outlining how banks should conduct forward-looking environmental scenario analysis. The framework, which applies from 1 January 2027, sets expectations for integrating environmental risks into stress testing and longer-term resilience assessments, reinforcing EU wide standards under CRD6 and CRR3.

ESG DISPUTES ROUND-UP

1. BHP 'strictly liable' for pollution caused by Fundão dam collapse (energy)

 **What:** On 14 November 2025, the High Court in London [delivered](#) a landmark judgment in *Município de Mariana v BHP Group (UK) Ltd & BHP Group Ltd* [2025] EWHC 3001 (TCC), holding BHP liable for the catastrophic collapse of the Fundão Dam in Brazil in 2015.

 **Key details:** The Court found BHP strictly liable under Brazilian Environmental Law (Articles 3(IV) and 14, paragraph 1), which imposes liability on polluters for environmental damage, regardless of direct ownership. BHP, as the ultimate parent and controlling mind of Samarco (the dam's operator, jointly owned with Vale), was found to have exercised significant control, participated in risk management, and derived substantial benefit from Samarco's activities. That had become clear to the Court through the extensive disclosure exercise undertaken, which included monthly spreadsheets identifying Samarco's deliverables, as well as financial and technical audits. The Court emphasised that whether a parental duty of care arises is a "pure question of fact". The Court also found BHP liable on fault-based grounds under the Brazilian Civil Code, concluding that BHP knew or ought to have known of serious structural issues by August 2014 but failed to act appropriately.

The Court rejected BHP's arguments on limitation and standing and clarified that the effect of waivers signed by some claimants in Brazil depends on the construction of each agreement. The judgment, which follows a five-month trial on liability, paves the way for a second phase to determine damages, with claims estimated at £36 billion. The Court had divided the case into two stages to make it easier to manage, which is likely to provide a template for how the English court may approach similar claims. BHP has announced its intention to appeal, arguing that compensation schemes in Brazil should reduce the UK claims.

 **Our view:** This judgment represents a further ruling from the UK Courts that UK-domiciled parent companies can be held liable for environmental damage caused by overseas subsidiaries. In June 2025, the UK High Court held that Shell PLC could, in principle, be held liable for oil spill pollution in Nigeria caused by its local subsidiary. The judgment also illustrates that municipalities may bring proceedings in the English Courts in relation to local harm. Therefore, companies with subsidiaries in high-risk jurisdictions should be aware of the risk of being held liable for the actions of those subsidiaries, and should consider appropriate steps to mitigate this risk, including localising governance processes.

2. Milan Court rules against misleading sustainability claims (multi-sector)

 **What:** In July 2025, the Milan Court partially upheld a collective injunction filed by a national consumer association against an Italian fashion company for misleading sustainability advertising. The case challenged several environmental and social responsibility claims made on the company's website and social media, as well as its reference to an international private certification scheme. The Court found that the company's conduct constituted misleading commercial practices under Articles 20 and 21 of the Italian Consumer Code.

 **Key details:** The company had promoted itself as adhering to "high environmental and social impact standards," "the highest sustainability standards," and "zero-impact knitwear." These statements appeared on its website, Instagram, and Facebook pages, often alongside the logo of a well-known U.S.-

based non-profit that licenses “B Corp” trademarks to businesses meeting certain private ESG standards. The consumer association argued that such marketing created a false impression of verified environmental excellence and compliance with independent certification criteria.

The Court agreed in part, holding that the broad and unsubstantiated references to “high” or “zero-impact” standards were misleading and unverifiable, capable of influencing the choices of environmentally conscious consumers. However, it rejected the claim that the use of the “B Corp” marks themselves was deceptive, clarifying that the certification system was legitimate and transparently described as private in nature, without any suggestion of public endorsement or equivalence to official EU or ISO standards.

The Court ordered the company to remove or modify the misleading statements and imposed a € 1,000 daily penalty for each violation or day of delay.

 **Our view:** This is among the first Italian judicial decisions to directly address greenwashing within the ESG framework. It sets a clear precedent that sustainability communications must be specific, evidence-based, and verifiable, and cannot rely on generic or aspirational language. The ruling also distinguishes between legitimate private certification schemes and misleading environmental self-promotion, anticipating the stricter standards on environmental claims introduced by the EU Green Claims Directive (2024/825), which will apply from 2026.

3. TotalEnergies faces criminal complaint over alleged complicity in Mozambique war crimes (energy)

 **What:** Friends of the Earth France has filed a criminal complaint against TotalEnergies before the French anti-terrorism prosecutor, accusing TotalEnergies of complicity in alleged war crimes in Mozambique. The complaint focuses on TotalEnergies’ involvement in a major liquefied natural gas (LNG) project in the Cabo Delgado region, an area that has experienced violent conflict since 2017.

 **Key details:** The complaint alleges that TotalEnergies provided logistical and financial support to Mozambican security forces, who are accused of committing serious human rights abuses, including extrajudicial killings and forced displacements, during their operations to secure the LNG project. Friends of the Earth France claims that by supporting these forces, TotalEnergies may have facilitated or contributed to the commission of war crimes. TotalEnergies has strongly denied the allegations, stating that it operates in strict compliance with national and international law and is committed to respecting human rights. The French authorities have yet to decide whether to launch a formal investigation.

 **Our view:** This case highlights the increasing scrutiny faced by multinational corporations operating in conflict-affected regions. It underscores the importance of robust human rights due diligence and transparent engagement with local communities and authorities. While the outcome of the legal process remains uncertain, companies should be mindful of the legal and reputational risks associated with complex international projects.

CONSULTATION

1. SBTi launches second consultation on Corporate Net-Zero Standard V2 (multi-sector)

 **What:** On 6 November 2025, the Science Based Targets initiative (SBTi) published the second draft of its revamped Corporate NetZero Standard (Version 2.0), opening a new public consultation. The update aims to make science based climate action more accessible and actionable across sectors and geographies, including a formal recognition mechanism for companies that take responsibility for ongoing emissions beyond their value chain.

 **Key details:**

- The draft Standard provides a simpler, more streamlined structure intended to enhance clarity, usability and scalability of net-zero target setting.
- It maintains net-zero alignment with science-based climate goals, combining near-term action with long-term ambition and requiring companies to publish transition plans covering both operations and value-chain emissions.
- A new “Ongoing Emissions Responsibility” (OER) framework is introduced, allowing companies to take responsibility for residual emissions via verified mitigation outcomes or climate finance – recognising early voluntary action while companies still reduce their own emissions.

Next steps: The second public consultation is open from 6 November 2025, with responses accepted until 12 December 2025. After the consultation closes, SBTi will review all inputs alongside findings from pilot testing. The final Corporate Net-Zero Standard V2.0 is expected to be published in 2026, with a prospective mandatory use date for new targets as of 1 January 2028.

2. UK government consults on end of aviation free allocation under UK ETS (multi-sector)

 **What:** On 4 November 2025, the UK Emissions Trading Scheme (UK ETS) policy overview page was updated to include a link to a consultation on the impact of ending free allocation to aviation in 2026. This reflects a planned phase-out of free allowances currently granted to aircraft operators under the scheme.

 **Key details:** The consultation examines the potential impacts of removing free allocations for aviation – a move that would require airlines to purchase allowances like other sectors, shifting costs onto operators. Under UK ETS, aviation coverage (together with heavy industry and power) represents roughly 25% of UK territorial emissions.

Next steps: The consultation closes on 19 December 2025. Depending on the outcome, a full phase-out of aviation free allocation may take effect from 2026, prompting airlines to factor ETS compliance costs into their business models and potentially drive demand for emissions reductions or sustainable aviation fuel (SAF).

3. EU Commission call for evidence on Taxonomy Regulation TSCs (multi-sector)

 **What:** The European Commission has launched a Call for Evidence (CfE) to review and amend two delegated acts under the EU Taxonomy Regulation, the [Climate Delegated Regulation](#) and the [Environmental Delegated Regulation](#), which set technical screening criteria (TSC) determining when an economic activity qualifies as environmentally sustainable.

The CfE arises in recognition of practical difficulties raised by stakeholders: complexity of criteria, misalignment with evolving EU legislation, granularity of “do no significant harm” (DNSH) requirements, and uncertainty about how companies should demonstrate compliance.

 **Key details:** The Commission accepts that there have been various problems with the delegated regulations - the main ones being:

- complexity
- gaps in alignment with updated EU legislation
- unclear or overly granular TSC, especially as regards the 'do no significant harm' criteria and
- lack of clarity on means to demonstrate compliance.

The Commission’s aim is to update and simplify the TSC (including the 'do no significant harm' criteria) – it has already gathered some evidence and will continue to do so through targeted consultations and feedback received as a result of the CfE.

 **Next steps:** The CfE closes on 5 December 2025 and the Commission expects to adopt new draft delegated regulations in Q2 2026.

4. New sovereign-debt nature assessment model opened to public consultation

 **What:** On 13 November 2025, the Finance for Biodiversity Foundation [released](#) a new report titled “*Integrating nature into sovereign debt markets: Towards a New Sovereign Debt Nature Assessment Model*”. The report launches an innovative framework designed to embed biodiversity and natural capital considerations into sovereign debt analysis, pricing and policy engagement. The model and associated guidance are now open for public consultation.

 **Key details:** Given the vast scale of sovereign debt (globally estimated at around USD 100 trillion), the FfB Foundation argues that integrating nature related risks and opportunities into sovereign assessment frameworks can significantly influence global financial flows, and help align sovereign finance with biodiversity goals under the Kunming Montreal Global Biodiversity Framework (GBF).

The new model is structured around **three pillars: State of Natural Capital, Socioeconomic Activities, and Governance Response**. These capture both the ecological condition of a country’s natural capital, the exposure to nature related risks via economic activities, and the strength of policy or governance frameworks to preserve or restore nature.

In total, the model includes **42 characteristics** and multiple indicators across the three pillars, offering a comprehensive and operational approach for investors, sovereign issuers, development finance institutions, policymakers, and civil society to assess nature related risk and impact at the sovereign level.

 **Next steps:** The model is now **open for public consultation** until **31 January 2026**, inviting feedback from a broad array of stakeholders: financial institutions, sovereign issuers, central banks, policymakers, development finance institutions, NGOs, data providers, academics, and civil society actors.

LATEST SIMMONS ESG INSIGHTS

Podcast / Webinar

- [Sustainability Simplified](#) - Welcome to our Sustainability Simplified podcast series, where we explore the world of sustainability and how it might impact our TMT clients.
- [Key update on the SFDR2 formal draft published in November 2025](#) (25 November) - This session is essential for legal, compliance, and sustainability regulatory professionals seeking to understand the impact of SFDR2 on their organisations.

Publications

- [Omnibus I CSRD and CSDDD Simplification: EP adopts negotiating mandate \(20 November\)](#)
- [ESG: changes to SFDR - a Simmons client briefing note \(21 November\)](#)
- [Leaked draft of SFDR 2.0: an ESG earthquake on its way \(6 November\)](#)

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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.



Robert Allen

Partner, Global Head of ESG

T +44 20 7628 2020

E robert.allen@simmons-simmons.com



ESG Team

T +352 26 21 16 23

E esg@simmons-simmons.com

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