

ESG View

January 2025

21 January 2025



Welcome to the January ESG View - we hope you've all had a good start to 2025!

This year is unlikely to be smooth sailing for the sustainability agenda. In fact, we best buckle up and ready ourselves for some stormy waters as for better or for worse, the 2024 "year of elections" has delivered a decidedly anti-woke and anti-ESG political rhetoric.

Concerns about backtracking on sustainability will likely persist but we are also likely to see backlash to the backlash. In Europe, for example, a coalition of civil society, human rights and environmental defenders, trade unions and climate activists have issued a statement on the incoming 'omnibus' package proposal (due to be discussed in February). They call for an active protection of "EU corporate accountability laws, reaffirm the official timeline for their transposition and implementation, and be fully transparent about the Omnibus process". This sentiment is reflected in policy activity elsewhere in the globe from Canada to China (as evident in the diversity of updates featured in this edition) with even the UAE now mandating carbon disclosures. The UK is no exception with the much-anticipated [Climate and Nature Bill](#) due to be tabled for a crucial second reading in parliament later this week.

As a timely reflection on the state of play of our planet, the World Economic Forum (WEF) has published its annual [Global Risk Report 2025](#). With [2024 being the hottest year](#) since records began, it's no surprise that environmental concerns feature high up on the top 10 risks in the outlook in both the 2-year and 10-year scenarios. Interestingly, economic risks including inflation and economic downturn slid down the risk rankings for the next 2-years, with state-based armed conflict (which wasn't considered a major risk just two years ago), ranking third below "misinformation and disinformation" and "extreme weather events".

Don't miss our annual [Year Ahead: Fantastical Futures](#) publication, in which we tasked 500 in-house legal professionals around the world to gaze into the future and evaluate the likelihood of various utopian and dystopian scenarios inspired by Hollywood films. The findings might surprise you; what was once science fiction confined to the big screen, is now quickly becoming a reality. As innovation and interconnectivity across industries continues to rise, what trends will shape the world of sustainability, business and law in 2025 and beyond? Click [here](#) to find out!

Finally, Simmons & Simmons annual [GreenTech Fund](#) is back for 2025, offering a total of £100,000 worth of legal advice, which will be divided among up to four early-stage start-ups dedicated to creating a sustainable future. Apply on our [website](#) before 31 January 2025 and share widely with those working in the space.

Best wishes,



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GLOBAL DEVELOPMENTS

1. Re-imagining of Net Zero Alliances with a wave of membership departures (multi-sector)

 **What:** The past month saw a flurry of U.S. banks and asset managers leave the Glasgow Financial Alliance for Net Zero (GFANZ) and related initiatives. The development was not wholly unexpected, given the surge in anti-ESG litigation in the U.S. last year targeting members with allegations of anti-competitive practices (refer to our [December ESG View](#)).

Key details: As a result, GFANZ has [announced](#) a restructure to shift focus away from standard-setting towards mobilising capital for the energy transition, and Net Zero Asset Managers Initiative (NZAM) has [suspended activities](#) pending a review of the initiative. It remains to be seen how the U.S. political landscape will continue to impact the global ESG agenda, particularly with regulators in other jurisdictions remaining firm in their support for net zero efforts. Globally regulators have continued to temper anti-trust concerns for collaboration on net zero in the market through releasing guidance on collaboration - see the update from Australia within our APAC section below for the most recent example.

EUROPEAN DEVELOPMENTS

1. Platform on Sustainable Finance published a report on “Categorisation of Products under the SFDR” (asset management)

 **What:** On 17 December, the EU’s Platform on Sustainable Finance published a report, “[Categorisation of Products under the SFDR](#)”, as part of the European Commission’s review of the Sustainable Finance Disclosure Regulation (SFDR).

Key details: The Report proposes a categorisation scheme which would be both (a) based upon a financial product’s sustainability strategy and (b) in alignment with the investor’s values or impact objectives - these would be identified through the use of sustainability preferences. The three categories which the Report recommends are the following:

- **Sustainable:** Sustainable products would contribute through Taxonomy-aligned investments or sustainable investments with no significant harmful activities or assets based on a more concise definition consistent with the Taxonomy.
- **Transition:** This category would include investments or portfolios which support the transition to net zero and a sustainable economy, while avoiding carbon lock-ins, in accordance with the Commission’s June 2023 recommendations on facilitating financing for the transition to a sustainable economy.
- **ESG collection:** A product in the ESG category would exclude significantly harmful investments / activities and invest in assets with better environmental and/or social criteria or applying various sustainability features.

The Report also recommends: a tighter definition of sustainable investment; evaluating whether the scope of categorisation should go beyond the current SFDR; and that the Commission should develop a common understanding on impact investing in the EU’s sustainable finance framework and how this relates to the EU Taxonomy.

Further details can be found in our Insights article [here](#).

2. EU adopts new Construction Products Regulation (construction and real estate)

 **What:** On 7 January, the EU’s new [Construction Products Regulation](#) came into effect, marking a significant evolution from the previous Construction Products Regulation ([No. 305/2011](#)) and representing a major step forward in modernising the real estate industry. This introduces several key innovations aimed at enhancing sustainability, safety, and competitiveness within the construction sector.

 **Key details:** One of the most notable changes to the law is the increased focus on sustainability. The new regulation mandates stricter environmental performance criteria, aligning with the EU’s broader green goals. This includes the introduction of Digital Product Passports, which provide comprehensive information on the environmental impact, safety, and performance of construction products. These passports will facilitate the calculation of a building’s carbon footprint, promoting more eco-friendly construction practices and aligning with the requirements of the new Energy Performance of Buildings Directive (see our [June 2024 ESG View](#)).

3. EBA publishes guidelines on management of ESG risks (financial institutions)

 **What:** On 9 January, the European Banking Authority (EBA) published its final [Guidelines on the management of ESG risks](#), establishing criteria for institutions to identify, assess, manage, and oversee ESG risks, and incorporate strategies to guarantee their resilience over short, medium, and long-term periods. The EBA has also published a consultation on guidelines for ESG scenario analysis (see our Consultation section below).

 **Key details:** In particular, the Guidelines:

- outline the necessary internal procedures and risk management frameworks that institutions are required to implement in line with the Capital Requirements Directive (CRD6);
- detail the components of strategies institutions must develop to track and mitigate financial risks originating from ESG factors, including those related to the shift towards achieving climate neutrality in the EU by 2050.

These measures aim to enhance the stability and robustness of institutions as ESG risks grow and as the EU moves toward a more sustainability-oriented economy and are designed to bolster institutions' readiness for the transition and should align with the transition plans institutions have prepared or reported in accordance with EU regulations.

 **Timing:** The provisions of the Guidelines will be effective from 11 January 2026, except for small and non-complex institutions, for which the implementation deadline is extended to no later than 11 January 2027.

4. Swiss FINMA circular on climate- and other nature-related financial risks (multi-sector)

 **What:** On 17 December, the Swiss Financial Market Supervisory Authority (FINMA) published a [circular](#) on its expectations of banks and insurers with regard to the management of climate- and other nature-related financial risks.

 **Key details:** The requirements are structured in four pillars:

- **Governance:** firms will need to define and document the tasks, competencies and responsibilities for the identification, assessment, management, and monitoring of nature-related financial risks.
- **Risk identification, materiality assessment and scenario analyses:** firms should periodically identify the nature-related financial risks and assesses their financial materiality for its own risk profile. The design of the identification and materiality assessment shall take account, where relevant, of information from internal and external sources; indirect effects of nature risks; exposure to regions, jurisdictions and economic sectors with increased nature risks; and quantitative or qualitative indicators and materiality thresholds for the individual risks.
- **Risk management:** firms should integrate the management and monitoring of the nature-related financial risks appropriately into existing systems.
- **Stress tests:** [category 1 and 2](#) banks should gradually integrate material nature-related financial risks into their stress tests. Insurers with material nature-related financial risks should take these into account as part of the Own Risk and Solvency Assessment (ORSA).

 **Timing:** The implementation of the circular will be phased, starting with category 1 and 2 banks implementing from 1 January 2026, with all institutions required to implement by 1 January 2028.

UK DEVELOPMENTS

1. The FRC publishes final recommendations on endorsing the IFRS Sustainability Disclosure Standards (multi-sector)

-  **What:** On 18 December, the Financial Reporting Council (FRC), in its role as the Secretariat to the UK Sustainability Disclosure Technical Advisory Committee (the TAC), has published the Committee's [final recommendations](#) to the Secretary of State for Business and Trade. They endorse the first two IFRS Sustainability Disclosure Standards (SDSs) for use in the UK. The publication of the TAC's recommendations represents the next key step in the UK's endorsement of the IFRS SDSs.
-  **Key details:** In advising endorsement, the TAC has also recommended minor amendments to IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information (S1)* and to IFRS S2, *Climate-related Disclosures (S2)*. The amendments include extending the 'climate first' reporting relief from one to two years and suggesting that the UK Sustainability Disclosure Policy and Implementation Committee develop guidance on implementing S1 to clarify how entities can align this standard with existing sustainability-related disclosure requirements under the current UK legal framework, to ensure practical and effective implementation.

MIDDLE EAST AND AFRICA DEVELOPMENTS

1. The UAE becomes first in the region to mandate carbon emission reporting for largest polluters (multi-sector)

 **What:** On 28 December, United Arab Emirates (UAE) [legislation](#) came into force requiring companies to monitor and report their greenhouse gas (GHG) emissions. This legislation aims to reduce GHG emissions as part of the UAE's efforts to reach carbon neutrality by 2050 and regulate the registration of carbon credits. There is a transitional period until 28 June 2025 for entities to comply.

 **Key details:** The new legislation is mandatory for companies with annual emissions equivalent to 500,000 metric tons or more of carbon dioxide. Entities with emissions below this threshold are also able to voluntarily register.

In-scope entities are required to:

- establish a monitoring, reporting, and verification system for their GHG emissions which is aligned with the legislation's requirements and international best practices; and
- submit an annual emissions report to the Ministry of Climate Change and Environment and the relevant local authority.

The legislation also establishes a National Register for Carbon Credits, requiring in scope entities to register and approve their carbon credits. This allows larger polluters to purchase carbon credits and offset their emissions, while companies with lower emissions can voluntarily sell their carbon credits on designated trading platforms.

 **Our view:** This development reaffirms the UAE's commitment to transitioning away from fossil fuels made during COP29. Whilst more stringent measures such as a pollution-charging mechanism are being considered by UAE policymakers, we expect these may be delayed due to continued reliance on fossil fuel exports.

2. Rwanda Capital Market Authority publishes sustainable bond guidance (multi-sector)

 **What:** On 7 January, the Rwanda Capital Market Authority (CMA) has published new [guidelines](#) on the issuance of Green, Social, Sustainability and Other Labels (GSS+) Bonds. The Guidelines provide a regulatory framework for the public issuance and listing of GSS+ bonds within Rwanda's jurisdiction. Entities will not be able to issue a GSS+ Bond without complying with the Guidelines, which draw from the international guidelines published by the International Capital Markets Association (ICMA) and the Climate Bonds Initiative (CBI), including the widely used Green Bond Principles (GBP) and Climate Bond Standard (CBS).

 **Key details:** Issuer will need submit a GSS+ Bond Framework alongside an initial verification report and the bond prospectus to the CMA for approval. The GSS+ Bond Framework is a description of the issuer's alignment with the relevant ICMA bond principles or guidelines as well as any relevant internal or external Standards. The Guidelines offer a breakdown of information to be included into the Framework depending on the transaction type.

The Guidelines also detail information on the use and management of proceeds, as well as the selection of Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs). They require additional allocation and impact reporting for GSS+ bonds at least once a year, which need to be reviewed by an external reviewer. Finally, the Guidelines detail the process related to a “breach” of the sustainable bond requirements, including the potential removal of a label if there is found to be sustainability washing or the GSS+ Bond has ceased to meet the prescribed eligibility requirements.

AMERICAS DEVELOPMENTS

1. Canada's Economic Statement includes plans for introducing mandatory climate disclosure and supply chain due diligence measures (multi-sector)

 **What:** On 16 December, Canada published its [2024 Fall Economic Statement](#), which introduced plans for legislation establishing a supply chain due diligence regime, to address Canada's commitment to eliminate forced labour from its supply chains. The statement also introduced plans to implement mandatory climate-related financial disclosures.

 **Key details:** The intention of the new supply chain due diligence regime is for government and businesses to scrutinise their international supply chains for potential labour rights violations and take corrective action. A new oversight body will be established to ensure adherence. Additionally, legislative changes will aim to strengthen the import ban on goods produced with forced labour, increasing importers' responsibility to verify clean supply chains. The timing for the new legislation is uncertain, but new funding of \$25.1 million is earmarked for 2025-26 for compliance with existing and incoming forced labour rules.

The government also re-stated its commitment to introducing mandatory climate-related financial disclosures for large, federally incorporated private corporations (previously covered in [October ESG View](#)).

The government intends to amend the *Canada Business Corporations Act* to implement these disclosure requirements and will work to align these requirements with existing securities regulations for publicly traded companies.

2. Canada releases inaugural sustainability disclosure standards (multi-sector)

 **What:** Canadian Sustainability Standards Board (CSSB) has released its [inaugural Canadian Sustainability Disclosure Standards \(CSDS\)](#), CSDS 1, *General Requirements for Disclosure of Sustainability-related Financial Information*, and CSDS 2, *Climate-related Disclosures*. The standards build on the International Sustainability Standards Board's (ISSB) global IFRS Sustainability Disclosure Standards, while incorporating adjustments for the Canadian public interest. The CSDS can be found in the [CPA Canada Handbook – Sustainability](#).

 **Key details:** The CSDS mirror the ISSB's standards but with differences around the transitional requirements for disclosure. For example, the first three annual reports under CSDS2 will not require disclosure of Scope 3 emissions or use quantitative climate-related scenario analysis to assess its climate resilience. There is also an additional transition relief of one year for the start date for reporting on sustainability matters beyond climate (with a start date of 1 January 2027). Full details of differences are outlined by the CSSB in a [table](#), alongside a [detailed description](#) on its website.

 **Timing:** Reporting under the CSDS is currently voluntary, with the effective date of 1 January 2025. It is likely that the CSDS will be built into mandatory disclosure regimes (including into the amendments to the *Canada Business Corporations Act* mentioned in the above update).

APAC DEVELOPMENTS

1. China introduces its first Basic Standards for Corporate Sustainability Disclosures (multi-sector)

-  **What:** On 17 December, the Ministry of Finance for the People's Republic of China issued its [Basic Standards for Corporate Sustainability Disclosures](#) (Basic Standards), which were previously consulted on in May 2024 (as covered in our [June ESG View](#) consultation round-up).
-  **Key details:** The Basic Standards in many ways follow the International Sustainability Standards Board (ISSB)'s sustainability disclosure framework, requiring companies to disclose information related to governance, strategy, risk, and opportunity management, as well as indicators and targets. A divergence is the adoption of a double materiality approach, which is closer to the European disclosure requirements. Double materiality assesses ESG impacts on a firm's financials and ESG outcomes.
-  **Our view:** The standards can be used on a voluntary basis, and they mark a crucial step in the roadmap towards establishing [a nationwide mandatory standard by 2030](#). Notably, in December the Central Economic Work Conference was held in Beijing, during which President Xi Jinping outlined [key tasks for 2025](#), which included a focus on the green transition. Xi Jinping highlighted the need for efforts to “cut carbon emissions, reduce pollution, pursue green development and boost economic growth in a concerted manner, and ramp up the green transition in economic and social development,” highlighting the strategic priority for the country.

2. Beijing Green Exchange released new CCER 2.0 trading rules permitting listed transactions only

-  **What:** On 27 December, Beijing Green Exchange, which hosts China's domestic voluntary carbon market, namely China Certified Emission Reductions (CCERs), released the [Announcement on Matters Concerning the Trading Entities and Trading Methods of the CCERs](#) (Announcement).
-  **Key details:** The Announcement contains two rules stipulating the currently permitted trading entities and trading methods of the CCERs. The rules restrict CCERs market participation to legal entities and some other organisations approved by the government, and the sole permitted trading method at present is listed transactions. The Announcement indicates that these restrictions are temporary while it anticipates a future expansion to include natural persons' participation and more trading methods such as block trades and auctions, although no specific timeline has been set for such expansion yet.
-  **Our view:** CCER 2.0 launched on 22 January 2024 after pausing in 2017, with the first project registered on 3 December. [According to Beijing Green Exchange](#), current CCER 2.0 rules aim to stabilise the nascent market and address issues CCER 1.0 faced, including low transaction volumes, price fluctuations, and lack of diverse participants. Prior to the official launch of CCER 2.0, the [Administrative Measures on Voluntary Emission Reduction Trading for Greenhouse Gases](#) took effect which clearly includes natural persons as trading entities, and block trades and auctions as trading methods. Despite concerns over market restrictions, it is advisable to wait and monitor CCER's developments.

3. Hong Kong Monetary Authority issues transition planning guidance (financial institutions)

 **What:** On 16 December, the Hong Kong Monetary Authority (HKMA) issued a [circular](#) to authorised institutions (AIs) provide key observations and good practices on planning for the transition to net-zero economy based on a survey (the Survey) conducted by the HKMA in Q4 2023. This is aligned goals of the Sustainable Finance Action Agenda launched by the HKMA in October 2024 (see our [October ESG View](#) for details).

 **Key details:** Some key observations and good practices based on the responses from 38 AIs (incorporated both locally and outside of Hong Kong) to the Survey are set out in the [Annex](#) to the circular. The Survey covered the key elements of governance, implementation strategy, engagement strategy, metrics and targets, data collection and processing, scenario analysis, and disclosure and communication. AIs are encouraged to make reference to the good practices in the Annex when conducting transition planning.

The summary points of the Survey is for AIs to take a positive and proactive stance in addressing the challenges and opportunities of the net-zero transition, demonstrating strategic governance, innovative implementation strategies, comprehensive engagement efforts, and a disciplined approach to setting and reviewing targets. It is noted that there are still obstacles and challenges to obtaining good quality data for transition planning in terms of data collection and processing.

 **Looking ahead:** The HKMA is also preparing a new Supervisory Policy Manual module (GS-2) on “Transition Planning” to set out its expectations on how AIs should manage and address the risks associated with the net-zero transition.

4. The Australian Competition and Consumer Commission publishes guidance on sustainability collaboration (multi-sector)

 **What:** On 18 December, the Australian Competition and Consumer Commission (ACCC) published its final [guide for businesses on sustainability collaboration](#) (the Guide). As companies look for ways to meet ESG obligations and expectations, the Guide is designed to assist businesses navigate competition law compliance risks and understand how they can collaborate on sustainability initiatives without breaching competition laws.

 **Key details:** The Guide identifies “low-risk” collaborations where participants can proceed without regulatory engagement, and those that are higher in risk and require engagement with the ACCC. High-risk collaborations include agreement on *prices* that will be charged or paid, *markets* participants will operate in, *customers* or *suppliers* participants will deal with, or the way in which participants will respond to a tender. Where collaboration is likely to result in meaningful public benefits that outweigh anti-competitive downsides, it may be authorised by the ACCC.

One issue has been the uncertainty around the weight the ACCC will give to sustainability goals, as well as the timescale of the process. The Guide makes clear that a reduction in greenhouse gas emissions “*is a public benefit of considerable weight.*” More widely, the scope of “public benefit” extends beyond environmental issues to anything which provides value to society, including social issues such as anti-slavery and governance initiatives. The Guide also confirms that the ACCC will streamline the process where there do not appear to be any significant detriments.

 **Our view:** The Guide forms part of a wider trend of competition authorities globally to publish guidelines facilitating sustainability initiatives among businesses. These include the [CMA's Green Agreements Guidance](#), the [European Commission's Horizontal guidelines](#), the [Dutch sustainability claims guidelines](#) and the French Notice [on informal guidance from the Autorité de la concurrence in the area of sustainability guidelines](#). To varying degrees, these guidelines ensure that competition law does not impede legitimate business collaboration which has as its aim environmental sustainability.

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 [updates plans for three sectoral standards](#): oil and gas, chemicals and power.
- **EU:** EFRAG announced the release of its [voluntary sustainability reporting standard for non-listed SMEs](#) (VSME).
- **EU:** EU Council [adopts regulation](#) on packaging and packaging waste.
- **EU:** EU introduces [Flight Emissions Label](#) for more informed and sustainable travelling.
- **UK:** Bank of England PRA publishes [2025 priorities for the UK insurance sector](#), including climate change.
- **France:** The Autorité des Marchés Financiers has decided to [apply ESMA's Guidelines on funds' names](#)
- **U.S.:** New York State Governor Kathy Hochul signed a law that requires big fossil fuel polluters to pay \$75bn in the next 25 years for climate adaptation. The "[Climate Change Superfund Act](#)" focuses on those oil and gas companies that produced more than 1 billion tonnes of GHG globally over the last 24 years.
- **Pakistan:** Pakistan adopts a [phased approach to the ISSB Sustainability Disclosure Standards](#)
- **New Zealand:** the Sustainable Business Council (SBC) and the External Reporting Board (XRB) have published [climate transition planning](#) guidance, along with guidance for [executives' objectives and responsibilities in transition planning](#). XRB has also produced guidance on [transition planning disclosure](#).
- **New Zealand:** The Financial Markets Authority (FMA) published a [report](#) summarising insight from the country's first mandatory climate-related disclosures.

ESG DISPUTES ROUND-UP

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

- On 18 December, the Montana Supreme Court [decided](#) that state law restricting consideration of climate change in environmental reviews violated youth plaintiffs' right to a clean and healthful environment.
- On 13 December, Dyson [lost its dispute](#) arguing that England was not the appropriate forum to consider a forced labour case brought by workers employed by factories operated in Malaysia within Dyson's supply chain. The case will now proceed to be determined in the High Court unless settlement is reached.
- This month, the Advertising Standards Authority of Singapore made the [second greenwashing decision](#) of its kind in the jurisdiction, banning an advertisement by VietJet promoting 'eco-friendly' budget air tickets.

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. Exxon brings a defamation case against California A-G and environmental groups (oil and gas)

 **What:** On 6 January, Exxon Mobil (Exxon) [filed a lawsuit](#) against the California Attorney General along with several environmental groups, accusing them of defaming and disparaging Exxon's advanced plastic recycling initiatives, asking for damages and a retraction of the statements. In response, the California Department of Justice say that the lawsuit is an attempt by Exxon to "deflect attention from its own unlawful deception", referring to a [case](#) brought by Bonta against Exxon in September 2024. The case alleges Exxon misled customers on its recycling practices and their impacts on greenhouse gas emissions.

 **Our view:** Exxon's case is emblematic of how the courtroom can be a double-edged sword for climate activism. We have seen oil and gas companies responding to activism with lawsuits of their own. Last year we saw Exxon [sue activist investors](#) to block a climate shareholder proposal and [Shell sued Greenpeace](#) for damages and to block protestors targeting its infrastructure. It will be interesting to see how these dynamics impact climate lawsuits in 2025.

2. NGO's greenwashing cases make progress through the German courts (multi-sector)

 **What:** In the last month, there have been several updates on claims brought by the German Environment Aid (DUH), a German NGO, against major companies in Germany.

 **Key details:**

- **Adidas:** DUH [initiated a lawsuit](#) against Adidas for alleged greenwashing in its advertising campaign regarding its target to be climate neutral by 2025. DUH claims that the adverts lack specific details about how Adidas plans accomplish this carbon-neutrality, including a failure to distinguish whether it plans to buy CO2 certificates or cut emissions to reach the necessary climate targets. Adidas denies these accusations.

- **Eurowings:** DUH also [won its case](#) regarding greenwashing against Eurowings, a subsidiary of Lufthansa. The DUH accused Eurowings of misleading consumers through advertising that claimed that flights could be upgraded to carbon neutral by paying additional costs to offset emissions. The appeal Court found, among other things, that as consumers were not informed that the sustainable aviation fuels Eurowings relied on would not actually be introduced until a later date, this was misleading.
- **DM:** DUH [obtained a cease-and-desist declaration](#) against the drugstore chain Dm, forcing it to stop using certain advertising with environmentally neutral claims.

3. Advertising-related greenwashing claims reach their conclusions (multi-sector)

 **What:** In the last month, multiple outcomes to advertisement greenwashing claims have been published, **providing** insight into the continued prevalence of such actions.

 **Key details:**

- **Lloyds Banking Group:** the UK's Advertising Standards Authority (ASA) [published their ruling](#) on an investigation into three LinkedIn posts and one poster produced by Lloyds Banking Group (Lloyds). Claimants argued the advertisements were misleading, having left out important details about Lloyds' contribution to carbon dioxide (CO₂) and greenhouse gas emissions. The ASA decided to uphold one of the claims concerning the LinkedIn post that claimed Lloyds was putting the "weight of [its] finance" into renewable energy. This was considered to be misleading about the portion of Lloyds' investments that were being spent on financing renewable energy. For the remaining claims, the ASA noted that since they each referred to specific projects or collaborations, consumers would understand these to be examples or case studies, rather than a statement about Lloyds' wider business practices.
- **MSC Cruises:** MSC Cruises [agreed to withdraw their advertising campaign](#) around their use liquified natural gas (LNG), which claimed that consumers would be able to reach their destinations "with a cleaner fuel" and by MSC using "clean, green technology". This was considered an informal resolution to a nine-month investigation by the ASA, initiated by NGO Opportunity Green. They had argued the LNG contained methane, which has an 80 times greater impact than CO₂ over a 20-year period.
- **ClientEarth:** ClientEarth settled [their first greenwashing case](#) in Poland against a Polish energy producer which had been using a sector-wide practice of labelling coal as "eco-pea coal" and packaging it with green and environmentally friendly imagery. There is evidence that burning the coal in question produces one of the most harmful forms of air pollution, at a rate of 40 times more than the Polish legal limit. The producer, which remains unnamed by ClientEarth, agreed to cease using the name "eco-pea" and to remove such packaging.

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. FMSB consults on statement of good practice on governance of sustainability-linked products (multi-sector)

 **What:** The Financial Markets Standards Board (FMSB) published, for consultation, a transparency [draft of a statement of good practice](#) (SoGP) on the governance of sustainability-linked products (SLPs). The SoGP is intended to codify good practices for the governance of SLPs and support the adoption of consistent governance approaches across asset classes and jurisdictions. The SoGP applies to service providers or users of SLPs in wholesale financial markets.

 **Key details:** A risk register is included in Annex 1 to the SoGP summarising the potential risks associated with the use of SLPs. These are grouped under four themes: governance and approval processes, conflicts of interest, product characteristics, and user and investor considerations. FMSB explains that many of these risks can be mitigated through adhering to existing industry guidance.

Annex 2 to the SoGP contains a non-exhaustive list of asset class specific industry guidance. FMSB notes that industry bodies, including the International Capital Markets Association (ICMA), and the Loan Market Association (LMA), among others, that have released voluntary guidelines for the issuance of sustainability-linked bonds (SLB), loans (SLL) and derivatives (SLD). The principles include recommendations on structuring features, disclosure and reporting, and are intended for use by market participants to further develop transparency and best practice. The SoGP is designed to be read in conjunction with this industry guidance.

 **Timing:** Responses should be submitted by 21 February 2025.

2. EU Platform on Sustainable Finance consults on activities and Technical Screening Criteria to be updated or included in the EU Taxonomy (multi-sector)

 **What:** On 8 January, the Platform on Sustainable Finance published a [draft report](#) on preliminary recommendations for the review of the [Climate Delegated Act](#) and the addition of activities to [the EU Taxonomy](#), which is open for public consultation.

 **Key details:** Key areas of feedback being sought:

- Climate Delegated Act revision:
 - revised energy-related thresholds;
 - proposed revisions of bioenergy, manufacturing, environmental protection, construction and real-estate activities/criteria;
 - review of the generic Do No Significant Harm (DNSH) criteria for water, pollution and biodiversity; and
 - recommendations for further four areas of Delegated Act revision work.

Proposed new Taxonomy activities and their criteria:

- mining of lithium, nickel and copper;
 - smelting and refining of lithium, nickel and copper;
 - digital solutions and services; and
 - criteria for 28 “adapted” activities for inclusion in Adaptation Annex.
- Additional proposals:
 - headline ambition statement for adaptation;
 - identification of highly vulnerable sectors for later inclusion; and
 - note on nature-based solutions work.

Read our Insights [article](#) for more details.

 **Timing:** Feedback should be provided by the end of day on 5 February 2025.

3. The European Banking Authority consults on Guidelines for ESG scenario analysis (financial institutions)

 **What:** On 16 January, the European Banking Authority (EBA) published draft [Guidelines on ESG scenario analysis](#), which set out expectations for institutions when incorporating the use of scenario analysis as part of their management framework to test institutions’ financial and business model resilience to the negative impacts of ESG factors. These Guidelines complement the EBA Guidelines on the management of ESG risks (see our EU section update above).

 **Key details:** The guidelines are divided into three sections:

- The first section aims to specify the different uses of scenario analysis and to propose a progressive and proportionate approach to incorporating scenario analysis into the management system.
- The second section provides guidance on what is required before undertaking a scenario analysis and on the criteria for setting scenarios and identifying the transmission channels for translating climate risks into financial risks.
- The third section specifies the distinctive features to be taken into account when conducting a climate stress test (in addition to the requirements set out in the [Guidelines on institutions’ stress testing](#)) and the use of scenarios to help define and adjust the institution’s strategy and test the robustness of its business model to a range of plausible futures.

 **Timing:** The consultation will close on 16 April 2025 and the Guidelines are expected to be finalised in the second half of 2025 and apply from 11 January 2027.

4. Qatar consults on amending rules on corporate sustainability reporting to align with ISSB (multi-sector)

 **What:** On 20 December, the Qatar Financial Centre Regulatory Authority (QFCRA) published '[Proposed Amendments to General Rules on Corporate Sustainability Reporting](#)', which propose to align the existing sustainability reporting requirements with IFRS S1 and IFRS S2.

 **Key details:** The QFCRA proposes to implement the corporate sustainability reporting framework through the adoption of a phased and proportionate approach to reflect the varying levels of firms' readiness and capacity to implement the ISSB standards. This approach entails:

- focusing on a limited number of entities that have to apply the requirements (i.e. all Category A firms as specified by the Governance and Controlled Functions Rules 2020 (capturing larger banks and insurers), and entities designated by the QFCRA)
- providing proportionality mechanisms and extended transition reliefs to facilitate the use of the standards; and
- providing guidance to entities through a guidance document.

The QFCRA is proposing to develop and implement a corresponding assurance framework to the sustainability reporting framework. The assurance framework will be based on the assurance of sustainability information based on newly developed international assurance standard (e.g. the [IAASB Standard](#)).

 **Timing:** The comment period for the amendments ends on 25 March 2025.

5. Consultation on the implementation of California Climate-Disclosure Legislation (multi-sector)

 **What:** The California Air Resources Board (CARB) is consulting on the [implementation of Senate Bills 253 and 261, as amended by Senate Bill 219](#), which focuses on enhancing transparency around greenhouse gas (GHG) emissions and climate-related financial risk management practices of US-based business entities.

 **Key details:** The legislation aims to provide consumers, investors, and the public with standardised information about the environmental impact of major US companies operating in California.

 **Timing:** The deadline for submitting feedback is 14 February 2025.

6. Philippine's SEC issues draft memorandum circular outlining Green Equity Guidelines (multi-sector)

 **What:** On 26 December, the Philippine Securities and Exchange Commission (SEC) published a draft Memorandum Circular (Mc) on the [Guidelines for the Philippine Green Equity](#), intended to create greater visibility and promote capital flows towards green-focused businesses in the Philippines.

 **Key details:** Green Equity refers to shares to stock of a company whose revenue is derived significantly from activities (50% of the revenue) considered green and whose majority of investments (more than 50%) are in activities considered green.

Companies seeking the Green Equity label must submit applications to the SEC's Markets and Securities Regulation Department (MSRD), provide regular updates on environmental targets, KPI performance, and alignment with taxonomy guidelines and conduct annual limited reviews and comprehensive triennial assessments to maintain the label.

 **Timing:** Feedback should be provided on or before 25 January 2025.

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