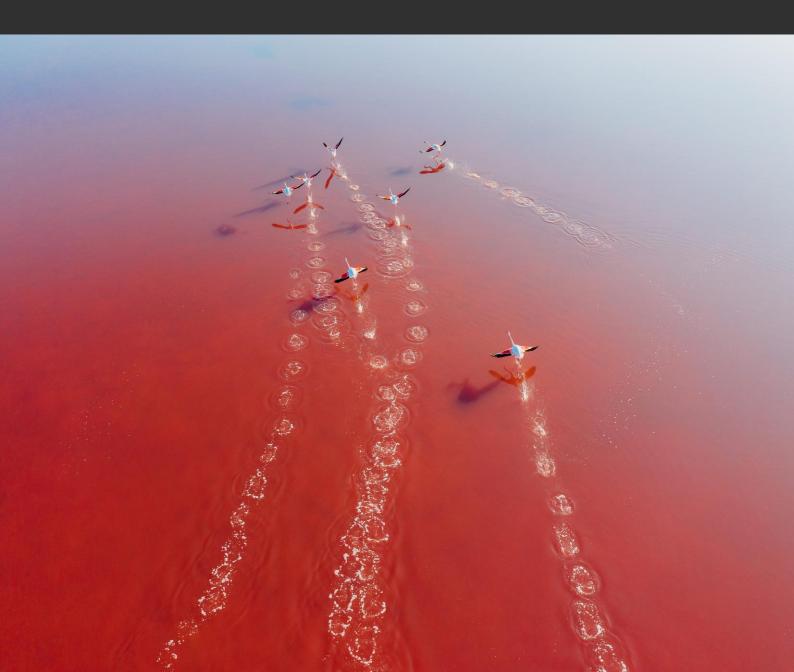


ESG ViewOctober 2025

24 October 2025





Welcome to the October ESG View!

As Sonali mentioned last month, I have taken the baton from her as head our global ESG practice and so, by extension, responsibility for the ESG View. I've always seen this newsletter as a flagbearer of our ESG expertise and the feedback we get has been excellent, so I'm pleased to be writing my first introduction before an issue of the usual high quality.

While the ESG backlash is in full swing in certain jurisdictions, building on the momentum of Climate Week NYC and looking ahead to COP30, progress continues and there are reasons to be hopeful. This despite the recent crossing of the seventh planetary boundary - ocean acidification and the UN-backed Net-Zero Banking Alliance (NZBA)'s decision to cease operations. The broader sustainability landscape remains vibrant and determined – and there are lots of developments that we need to be aware of.

In Europe, the policy machinery has been in full motion. The European Parliament's vote on the Environmental Omnibus and the JURI Committee's compromise on the CSRD and CSDDD have reshaped expectations ahead of trilogue negotiations. Meanwhile, EU environment ministers have set their priorities for the upcoming UN Climate Change Conference – albeit without a new NDC – and the Commission has unveiled its long-awaited proposal to adapt ETS2, ensuring continuity in the Green Deal's implementation phase.

At the international level, the IUCN Congress brought both inspiration and alarm: while delegates advanced significant motions on rights of nature and ecosystem protection, the Union's latest assessment revealed that one in three of the 170,000 animal and plant species it monitors is now threatened with extinction. It's a stark reminder that ambition and urgency must go hand in hand.

Our Disputes Round-Up features particularly insightful developments this month (although I am biased as a Dispute Resolution lawyer) while the Best of the Rest section gathers initiatives and regulations that show how, even amid turbulence, ESG action continues to shape a more sustainable future, and with that organisations need to remember that the noise of the ESG backlash doesn't drown out ongoing obligations, new regulations and continued work towards the inevitable transition.

Please do not hesitate to drop my a line, whether with comments, questions or facilitate introductions to our various practitioners around the network who have contributed to this issue.

Best wishes, Rob





GLOBAL DEVELOPMENTS

1. Updates from the IUCN World Conservation Congress 2025 (multi-sector)

- What: The IUCN World Conservation Congress, held in Abu Dhabi in October, concluded with a package of motions and frameworks that, while non-binding, are often used as the policy "seed stage" for future EU, ASEAN, and multilateral ESG regulation. This year's outcomes place biodiversity and nature governance firmly in the trajectory of upcoming due diligence, disclosure and sustainable finance rules.
- Key details: The following highlights some of the motions most relevant for you, our readers. This is not exhaustive but provides a view on emerging regulatory and market expectations:
 - Motion 054 (Rights of Nature): Advocates recognising and operationalising the rights of nature in national and corporate governance frameworks, potentially influencing legal liability and environmental accountability for businesses.
 - Motion o56 (Nature in finance): Calls on financial actors to integrate nature risk across lending, underwriting and asset management policies. It urges regulators to align financial supervision with emerging nature-related disclosure standards, likely signalling further expectations beyond TNFD.
 - Motion o58 (Corporate liability for biodiversity harm): Encourages governments to explore legal
 mechanisms to hold corporations financially liable for ecosystem degradation, including through
 extended producer responsibility and compensation schemes. This could inform future EU-style
 biodiversity due diligence.
 - Motion on indigenous FPIC and supply chains: Strengthens reference to Free, Prior and Informed Consent (FPIC) across energy, infrastructure and extractive projects – increasingly echoed in ESG litigation and responsible sourcing requirements.
 - Nature-positive infrastructure screening: A new framework encouraging investors and developers to apply biodiversity screening criteria in early-stage project design, aligned with global blended finance platforms.
 - Biocredits and nature markets: A dedicated motion calls for the establishment of credible biodiversity credit markets with safeguards against greenwashing, signalling potential convergence with voluntary carbon market governance.
 - Synthetic biology policy: The Congress agreed the first global policy on synthetic biology, addressing potential environmental and social risks linked to synthetic organisms, with implications for biotech, pharma, energy, and agri-food sectors.
- Next steps: These motions are expected to feed into EU work on the Nature Restoration Law implementation, next iterations of TNFD alignment, and potential biodiversity due diligence requirements under the Corporate Sustainability Due Diligence Directive review.
- Our view: While IUCN motions are non-binding, they provide clear early signals of the regulatory direction on biodiversity and nature-related ESG obligations. That said, we see a dual trend emerging: on one hand, regulators and supervisors are likely to integrate FPIC While IUCN motions are non-binding, they provide clear early signals of the regulatory direction on biodiversity and nature-related ESG obligations. and biodiversity liability concepts into permitting, lending and investment criteria; on the



other, voluntary market mechanisms, such as biodiversity credits, will increasingly be standardised and scrutinised to prevent greenwashing.

As always, companies that proactively assess exposure to biodiversity and natural capital risks, develop FPIC-compliant supply chain practices, and adopt early nature-positive investment screens will be better positioned to manage legal, reputational and financial risks.

2. UN agrees reversal-risk rules under Article 6.4, signaling shift to risk-adjusted carbon credit valuation (multi-sector)

What: On 10 October, the UNFCCC Article 6.4 Supervisory Body agreed new rules to manage emission reversal risks in carbon market projects under the Paris Agreement Carbon Market (PACM). The framework introduces a structured approach to permanence, with differentiated treatment for avoidable and unavoidable reversals, minimum buffer pool contributions and clearer monitoring obligations. These rules are designed to increase confidence in carbon credits by linking credit integrity to underlying reversal risk, particularly for nature-based solutions.

(E) Key details:

- Reversal thresholds: A "negligible risk" threshold has been introduced (indicatively 0.5–2.5% over 100 years), forming the basis for permanence classification.
- Risk-based buffer pools: Projects will be categorised by reversal risk, with higher obligations for ecosystems more exposed to deforestation, degradation or land tenure disputes.
- Avoidable vs unavoidable reversals:
 - o Avoidable reversals due to mismanagement or project failure will require buffer drawdown and replenishment.
 - o *Unavoidable* reversals due to external events (e.g. extreme weather) will trigger automatic buffer cancellation without replenishment.
- Monitoring and reporting: A standardised methodology for reversal quantification has been adopted, with monitoring obligations linked to approved methodologies.
- Optional risk transfer: The Supervisory Body explicitly recognised the use of financial guarantees, insurance and third-party risk transfer tools as compliance instruments.
- Market signalling: Investor commentary and UNFCCC language indicate that reversal risk will increasingly influence credit pricing, moving the market towards risk-adjusted valuation.
- Next steps: The Supervisory Body will transmit the measures for formal adoption at its next session. Transitional guidance is expected on how legacy projects should update contract terms, buffer obligations and monitoring protocols. Credit buyers and financial institutions should begin screening portfolios for reversal exposure and consider integrating hedging or insurance mechanisms in future procurement.
- Our view: The new framework materially strengthens integrity expectations, but leaves room for future contention:
 - Legal certainty improves for buyers, but developers face more complex contractual risk allocation and potential renegotiation of offtake terms.



- Risk tools evolve: We expect growing appetite for Article 6.4-compliant insurance and guarantee products, including blended finance structures backed by MDBs or export credit agencies.
- Permanence still contested: The decision introduces only limited monitoring periods, with exact duration left to be set by individual methodologies. Without a defined "negligible risk" benchmark, there is a risk of uneven implementation and a potential "race to the bottom" between methodologies.
- Action point for clients: Investors should prepare for permanence becoming a due diligence line item equivalent to credit default risk, with contractual representations likely to evolve from volume delivery clauses to "like-for-like permanence" guarantees tied to buffer and insurance performance.

3. IMO delays adoption of the Net-Zero Framework by one year (multi-sector)

What: On 17 October, during the International Maritime Organization (IMO) session in London, member states <u>agreed</u> to postpone for one year a vote on a global carbon levy on shipping emissions. The delay followed strong US opposition and came after threats of trade retaliation and visa restrictions for maritime personnel. The levy had been expected to anchor a global emissions pricing mechanism aligned with the IMO's 2050 net-zero target.

(E) Key details:

- US-led opposition: The US administration, backed by 56 countries, including Saudi Arabia, Russia and Iran, successfully derailed consensus on the levy, calling it a "global green tax on shipping" and warning of trade repercussions.
- Regulatory fragmentation: The EU confirmed it will proceed with its own regional measures, including the EU ETS extension to maritime transport and the FuelEU Maritime Regulation, raising the risk of a dual and uneven carbon pricing regime.
- Industry uncertainty: Shipping operators warn that without a global signal, investments in clean fuels, retrofits and bunkering infrastructure will slow, undermining decarbonisation timelines.
- Investor exposure: Ships serving EU ports will face earlier and higher carbon costs compared to vessels operating on US or Asian routes, potentially distorting competition.
- **Diplomatic fallout**: The decision is expected to reverberate into COP30 negotiations in Brazil, where developing nations may leverage the impasse to revisit climate finance commitments.
- Next steps: The IMO will revisit the carbon levy proposal in late 2026, but no interim work plan was agreed. In parallel, the EU and a coalition of Pacific Island states are exploring "coalition-of-the-willing" maritime pricing clubs and differentiated port fees as interim measures.



EUROPEAN DEVELOPMENTS

1. EU Parliament delays approval of CSRD & CSDDD simplification mandate (multi-sector)

What: On 22 October, the European Parliament rejected the mandate <u>adopted</u> by its Legal Affairs Committee (JURI) on 13 October for the simplification of the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). The vote ended with 318 against, 309 in favour and 34 abstentions.

(E) Key details:

- CSRD scope & reporting The JURI-approved compromise would have limited the scope to companies with ≥1,000 employees and EUR 450 million turnover, aligned subsidiaries of financial holding undertakings, excluded certain sensitive IP disclosures and deferred full assurance.
- CSDDD thresholds & obligations Under the position, the CSDDD's coverage would have been
 raised to companies with ≥5,000 employees and EUR 1.5 billion turnover; transition plans remained
 mandatory but only under "reasonable efforts", and no EU-wide civil liability would apply until a later
 review.
- Regulatory environment The rejection signals uncertainty ahead of trilogues; the Council's General Approach remains Parliament's counterpart. Businesses face a more fluid regulatory horizon.
- Next steps: The file now proceeds to the plenary vote on 13 November. Only after parliamentary approval will formal trilogue talks begin with the Council of the European Union and European Commission. Although the Danish Council Presidency aims for political agreement by end-2025, this timeline now appears under pressure..
- Our view: From a legal-risk and compliance standpoint, the Parliament's rejection spots a clear warning: simplification is not guaranteed, and the regulatory path remains open to further changes or delay. While the thresholds proposed by JURI offered businesses clearer boundaries and reduced immediate burden, the political push-back reflects investor, NGO and Member State concern that sustainability obligations must retain integrity. For companies this means two things: first, do not rely on the softer draft as final maintain readiness for the original CSRD/CSDDD regimes. Second, use this window of political recalibration to tighten governance, strengthen supplier diligence and ensure internal frameworks are flexible enough to accommodate either outcome.

2. EU Commission proposes targeted simplification to the EUDR (multi-sector)

What: On 21 October, the European Commission <u>published</u> its Proposal to amend the EU Deforestation Regulation (EUDR) (Regulation (EU) 2023/1115). The initiative introduces "targeted measures" to ensure the timely and effective implementation of the EUDR by reducing administrative burdens - especially for micro- and small primary operators - significantly lowering the number of due diligence statements, while preserving its environmental objectives. At the same time, the Commission reaffirmed that the general application date of 30 December 2025 remains in place for medium and large operators.



Key details:

- Simplified obligations for smaller primary operators: Micro and small primary operators located in low-risk countries who personally grow or raise relevant products, are proposed to benefit from a one-time simplified declaration rather than full due diligence statement submissions.
- Consolidated downstream responsibility: The proposal establishes a new category of "downstream operators" and exempts these actors as well as traders from ascertaining whether the due diligence was exercised upstream and submitting due diligence statements, shifting primary compliance responsibility upstream. Instead, traceability and registration obligations continue to apply.
- Application and enforcement timeline adjusted: While the general application remains 30 December 2025, substantive obligations for micro and small operators will apply from 30 December 2026. Enforcement obligations for competent authorities will begin from 30 June 2026 for medium and large operators and from 30 December 2026 for micro and small operators.
- .Review timeline extended: The proposal also postpones the first review of the EUDR to 30 June 2030, allowing assessment after full implementation.
- Next steps: The proposal now enters the ordinary legislative procedure. Co-legislators, i.e. the European Parliament and Council, must approve the amendments. The Commission has urged rapid adoption to preserve alignment with the existing application date. Operators should monitor progress closely and plan transitional compliance steps accordingly.
- Our view: From a legal-risk and compliance perspective, the Commission's "targeted simplification" signals a recalibration rather than a retreat. The EUDR remains structurally intact, but the redistribution of responsibilities and staggered enforcement add complexity and demand more nuanced risk-management strategies.

Businesses cannot treat this as a delay or relaxation; instead, the modifications mark a shift in operational burden and legal exposure. Importantly, upstream operators now bear greater traceability risk while downstream actors must rely on upstream declarations, a dynamic likely to reshape contractual frameworks, due diligence chains and supplier relationships. For legal teams, this means revisiting supply-chain contracts, registering in the EUDR information system, and ensuring upstream providers commit to enhanced disclosure obligations. In a broader sense, the proposal underscores that simplification must not become legal uncertainty, maintaining credibility in the sustainability framework depends on clarity, not just flexibility.

3. EU Commission readies ETS 2 launch to cover buildings and road transport (multisector)

What: On 21 October, the European Commission <u>outlined</u> measures to ensure a stable start to the new EU Emissions Trading System for buildings, road transport and small industry (ETS 2). Set to apply from 2027, ETS 2 extends carbon pricing beyond traditional heavy industry and power generation. The Commission's latest communication aims to secure a predictable rollout by managing potential price volatility and strengthening early implementation.

Key details:

Preparatory phase (2024–26): Member States and market participants are required to establish monitoring and reporting systems for fuel distributors, ensuring data readiness ahead of auctioning.



- Start of auctioning (2027): ETS 2 will introduce a separate carbon market covering emissions from heating fuels and road transport. The cap-and-trade mechanism will apply to fuel suppliers rather than end-users, mirroring ETS 1 principles.
- Stability and affordability safeguards: A new price-stability mechanism will release additional allowances if prices exceed EUR 45 for two consecutive months, while a Market Stability Reserve will prevent excessive price drops.
- Front-loaded auctions: The Commission plans to auction a portion of allowances early to provide liquidity and smooth the market start.
- Social Climate Fund (2026–32): Revenues will support vulnerable households and micro-enterprises affected by rising fuel and heating costs.
- Member State readiness: National authorities must transpose monitoring and reporting obligations by the end of 2025, ahead of enforcement in 2026.
- Next steps: The Commission will adopt implementing acts by early 2026 to define technical parameters for monitoring, reporting and auctioning. Member States are expected to finalise registries and compliance systems during 2026.
 - The first ETS 2 compliance period begins on 1 January 2027, with allowance surrender due by 30 April 2028. Market participants should begin assessing exposure, pricing pass-through mechanisms, and contractual implications now.
- Our view: ETS 2 marks the most significant expansion of the EU carbon market since its creation. While the preparatory framework provides a buffer period, it also signals that regulatory and cost pressures are set to extend deeply into sectors previously outside the carbon-trading sphere. For energy suppliers, transport operators and real-estate managers, early scenario modelling and data infrastructure investments will be critical. From a legal standpoint, contractual allocation of carbon costs and the integration of ETS 2 clauses into supply and service agreements will become a new frontier of compliance risk.

In essence, this is less about "whether" ETS 2 will happen and more about "how" efficiently market actors adapt before 2027. The Commission's focus on stability does not lessen its ambition: carbon pricing is now an economy-wide expectation, not a sectoral one.

4. EU simplifies sustainability reporting for non-EU companies and delays key Level 2 measures (multi-sector)

What: On 6 October, the European Commission (EC) extended the adoption of European Sustainability Reporting Standards (ESRS) for large non-EU companies from June 2026 to October 2027. Simultaneously, the EC published its Letter to ESMA, EBA, and EIOPA outlining the deprioritisation of 115 of 430 Level 2 measures under various EU financial regulations, including the Sustainable Finance Disclosure Regulation (SFDR), ESG Ratings Regulation, and CSRD/Transparency Directive. These measures are considered "non-essential" for Level 1 compliance.

(E) Key details:

• ESRS delay: Non-EU companies with annual EU turnover exceeding €150 million and at least one EU subsidiary or branch now have until October 2027 to comply with ESRS.



- CSRD and Transparency Directive: The Commission's simplification also impacts delegated and implementing acts for non-EU issuers. These delays may postpone the ability of third-country companies to rely on equivalence determinations under the CSRD and Transparency Directive.
- Deprioritisation of Level 2 measures: The Commission split the 430 empowerments into mandatory, optional, and non-essential categories. The 115 non-essential measures include:
- SFDR: Adoption of ten revised Regulatory Technical Standards (RTS) is postponed. These RTS were designed to clarify adverse impact indicators, define sustainable investment categories, and improve transparency of ESG characteristics. The delay aligns with a planned broader review of SFDR by the Commission.
- ESG Ratings Regulation: Several implementing measures have been postponed. These measures were intended to standardise ESG rating methodologies, improve transparency of rating processes and criteria, and establish oversight mechanisms, including disclosures to the European Single Access Point (ESAP).
- Audit/assurance guidance: Limited assurance standards under the CSRD may also be affected, with targeted guidance expected by 2026.

Our view: This development reflects an ongoing debate within the EU between two perspectives: one advocating for deregulation to enhance competitiveness, and another emphasising the importance of stringent sustainability standards to maintain environmental and social accountability. While the Commission's actions aim to alleviate immediate compliance burdens, they also raise questions about the EU's long-term commitment to robust sustainability reporting and its leadership role in global ESG standards.

Firms should not interpret these delays as a signal to slow ESG integration. Instead, they should continue to build internal reporting and due diligence frameworks to be prepared for full future compliance.

5. Navigating ESMA's 2025 European Common Enforcement Priorities (multi-sector)

What: On 14 October, the European Securities and Markets Authority (ESMA) <u>published</u> its annual European Common Enforcement Priorities (ECEP) for 2025, outlining key areas of focus for the enforcement of annual financial reports of issuers admitted to trading on European Economic Area (EEA) regulated markets.

Key details:

- Geopolitical risks and uncertainties ESMA highlights the significance of geopolitical risks, such as the ongoing war in Ukraine and escalating tensions in the Middle East, which have led to volatility in energy and commodity prices, supply chain disruptions, and shifting global trade patterns. Issuers are urged to provide clear, detailed, and entity-specific disclosures regarding the impact of these uncertainties on their financial position and performance.
- Segment reporting The authority emphasises the importance of segment reporting, ensuring that financial statements provide a comprehensive view of the entity's performance across different segments, facilitating better understanding for investors and stakeholders.
- Materiality considerations in sustainability reporting ESMA underscores the need for issuers to consider materiality in their sustainability disclosures under the European Sustainability Reporting Standards (ESRS). This includes providing transparency on how the double materiality assessment



was conducted and ensuring that disclosures are specific to the issuer's operations and relevant to stakeholders.

• Scope and structure of sustainability statements - The authority calls for clarity in the scope and structure of sustainability statements, ensuring that they are comprehensive, coherent, and aligned with the entity's overall reporting framework.

Our view: ESMA's 2025 ECEP serves as a critical guideline for issuers to align their reporting practices with regulatory expectations, ensuring that financial and sustainability information is presented in a transparent, coherent, and investor-friendly manner. By focusing on the outlined priorities, asset managers and financial institutions can contribute to the integrity and reliability of the financial markets.

6. ESMA publishes final RTS on transparency and integrity of ESG ratings (multisector)

What: On 15 October, the European Securities and Markets Authority (ESMA) released its final report on three sets of draft Regulatory Technical Standards (RTS) under Regulation (EU) 2024/3005, which governs the transparency and integrity of ESG rating activities. The RTS set out binding requirements for ESG rating providers regarding governance, conflicts of interest, and methodological and organisational disclosures. These measures aim to improve the reliability and comparability of ESG ratings used across the EU.

(Example 1) Key details:

- Separation of business activities: ESG rating providers must implement strict measures to prevent conflicts of interest, including organisational and physical separation of employees engaged in ESG assessments from other activities such as investment services or credit ratings. Staff involved must provide self-declarations to confirm compliance.
- Disclosure requirements: Providers must disclose their rating methodologies, key assumptions, data sources, and associated limitations. This includes methodological transparency on time horizons, AI usage, engagement with rated entities, and revisions to rating models. Organisational disclosures must cover conflicts of interest, ownership structures, and fee models.
- Authorisation and recognition: Providers seeking authorisation or recognition in the EU must submit
 detailed applications demonstrating governance arrangements, compliance with separation
 measures, and adherence to disclosure requirements. Non-EU providers must provide additional
 information to demonstrate alignment with EU standards.
- Impacted sectors: Asset managers and financial institutions relying on ESG ratings for investment decisions and reporting will need to assess provider compliance with the new RTS to ensure the integrity and usability of ESG data.
- Next steps: The final draft RTS will be submitted to the European Commission (in the form of three draft Delegated Regulations) by the end of October 2025. The Commission has three months to decide whether to adopt them. If adopted, the RTS will be subject to non-objection by the European Parliament and Council of the EU. Once adopted, they will be directly applicable across EU Member States. All of the draft Delegated Regulations state that they will come into force 20 days after publication in the Official Journal of the European Union and will apply from 2 July 2026.



7. EU regulation on ESG rating activities enters legislative phase (multi-sector)

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APAC DEVELOPMENTS

1. Singapore issues anti-greenwashing guidance for companies (multi-sector)

What: On 6 October, Singapore's Competition and Consumer Commission (CCS) <u>published</u> its **Guide on Quality-Related Claims**, setting out rules for how companies must make environmental, sustainability, and product claims. The move is intended to counter greenwashing in marketing and impose clearer accountability on businesses operating in the market.

Key details:

- The guide introduces **five core principles**: claims must be true & accurate, clear, meaningful, accompanied by material information, and supportable by evidence.
- It covers quality-related claims broadly (product or business claims, not just labels) and will apply to statements about "green," "sustainable," "eco-friendly," etc.
- The guide includes case studies for real-world examples and was developed after studies revealing that over 50% of online environmental claims were vague or misleading.
- The new rules build on earlier enforcement by CCS under Singapore's consumer protection and competition laws (e.g. Consumer Protection (Fair Trading) Act).

Our view: This new guidance marks a clear tightening of Singapore's stance on ESG communication. It signals that ESG-related marketing claims are now subject to the same level of scrutiny as financial disclosures, meaning companies must ensure any public statement is backed by verifiable data and covered by proper governance and audit processes.

With consumer protection laws potentially triggered, misleading claims could expose firms to enforcement, litigation, fines and reputational damage. Because the guidance extends beyond environmental statements to cover broader "quality claims", compliance will no longer sit solely with sustainability teams but will require coordination between marketing, product development and R&D.

The case studies included are particularly instructive, offering early insight into how the regulator is likely to interpret borderline or ambiguous ESG language, and should be used as practical reference points in internal risk assessments.

2. South Korea mandates SAF blending from 2027 (energy)

What: On 22 September, South Korea has <u>confirmed</u> that all international flights departing the country will be required to use at least 1 percent sustainable aviation fuel (SAF) from 2027. The mandate forms part of a national SAF Roadmap and a new SAF Alliance designed to position South Korea as a leading SAF jurisdiction in Asia. Authorities have indicated that the blending requirement will increase progressively towards 2030.

Key details: The mandate will apply to both domestic and foreign carriers uplift fuel in South Korea. SAF use will be embedded into aviation fuel standards and tied to airport fuel supply authorisations, with compliance verified through certification and reporting mechanisms aligned with ICAO CORSIA sustainability criteria. \$The government intends to support the development of domestic SAF production and blending capacity, signalling that financial institutions and fuel suppliers will be expected to



participate under the emerging SAF Alliance framework. South Korea will therefore join the EU (ReFuelEU) and US (SAF tax credit scheme) in moving from voluntary incentives to binding fuel regulation.



Our view: This shift makes SAF not just a transition narrative but a regulatory and contractual compliance issue. Airlines and fuel suppliers operating in the region should begin reviewing fuel procurement contracts for allocation of cost, certification responsibility and liability for shortfall in supply or regulatory breach.

Given the risk of increasingly fragmented SAF mandates across jurisdictions, operators may need multijurisdictional compliance mapping and enhanced audit trails to support both regulatory submissions and ESG disclosures.



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: Corporate disclosures on nature accelerate During New York Climate Week, the Taskforce
 on Nature-related Financial Disclosures (TNFD) published a <u>Status Report</u> showing that a majority of
 the 850 corporate, financial and services organisations surveyed are already reporting or preparing to
 report on nature-related risks and dependencies.
- Global: UNESCO expands protected biosphere network On 16 September, UNESCO designated 26 new biosphere reserves across 21 countries, the highest number in 20 years. Biosphere reserves under the UNESCO Man and the Biosphere (MAB) Programme now cover 5% of the Earth's surface, with São Tomé and Príncipe becoming the first State to have its entire territory designated as a biosphere reserve.
- Global: IEA cuts renewable energy growth forecast In a report <u>published</u> on 7 October, the International Energy Agency reduced its forecast for global renewable capacity growth by 5%. The outlook for US renewable expansion by 2030 was halved, while China remains on track to deliver nearly 60% of global additions and could reach its 2035 wind and solar targets five years ahead of schedule.
- Global: Nobel Prize in Chemistry highlights climate innovation On 8 October, the 2025 Nobel Prize in Chemistry was <u>awarded</u> to scientists from Japan, the UK and Jordan for molecular structures capable of capturing carbon dioxide, storing hydrogen and extracting water from the air, with potential industrial applications.
- Global: ISO launches new biodiversity standard On 7 October, the International Organization for Standardization (ISO) announced the launch of "ISO 17298: Biodiversity for organizations," the world's first International Standard aimed at helping organisations to assess and address their biodiversity impacts, dependencies, risks and opportunities.
- Global: Corporates unveil standardised carbon-accounting framework Mid-October, a coalition
 of global companies launched <u>Carbon Measures</u>, a standardised framework for corporate carbon
 accounting, aiming to harmonise methodologies, improve comparability and strengthen investor
 confidence in emissions reporting.
- Global: The Taskforce on Inequality and Social-related Financial Disclosures (TISFD) has released a discussion paper on conceptual foundations. A beta version of the framework will be released by TISFD in spring 2026 and will be open for comment.
- Asia: China sets first-ever absolute emissions cut target At the UN Climate Summit during the
 General Assembly in New York, China <u>committed</u> for the first time to reduce net greenhouse gas
 emissions by 7–10% from peak levels by 2035 and to increase non-fossil fuels to over 30% of total
 energy demand.
- Asia: Indonesia resumes international carbon trade after four-year suspension A presidential
 decree released on 15 October reauthorises cross-border trading of carbon credits under both
 Indonesian national standards and globally recognised frameworks after a hiatus begun in 2021.
- Americas: Brazil launches new tropical forest fund On 23 September, President Lula <u>announced</u> that Brazil will seed a new international fund for tropical forest protection with USD 1 billion, inviting multilateral and private sector participation.



- Americas: Mexico advances ESG legal framework Mexico adopted 17 climate-aligned legal clauses
 as part of new sustainable law frameworks aimed at embedding climate considerations into national
 legal architecture.
- Europe: France launches voluntary eco-score label for textiles As of 1 October, France has launched the eco-score textile labelling scheme, allowing brands to display an environmental impact label on garments based on their full life cycle, including production, transport, use and end-of-life. While not yet mandatory, the system marks the start of a transitional phase ahead of future compulsory labelling.
- Europe: Luxembourg publishes its Defence Bond Framework This <u>defence bond framework</u>, which
 was formally approved by the Government Council on 6 October, outlines the key principles, eligibility
 criteria and governance mechanisms underpinning the issuance of defence bonds, to ensure a
 transparent and credible financial environment for investing in Luxembourg
- Europe: ESMA publishes second consolidated report on sanctions On 16 October, the European Securities and Markets Authority (ESMA) published its <u>second consolidated report on sanctions and measures</u> imposed in Member States in 2024.
- UK: Private member's bill seeks to give nature legal rights On 23 October, UK campaigners have introduced a private member's bill aiming to recognise nature as a legal subject with inherent rights. The proposed legislation would allow ecosystems to pursue legal claims when their interests are harmed a shift inspired by rights-of-nature movements internationally.



ESG DISPUTES ROUND-UP

1. Les Amis de la Terre France, Greenpeace France and Notre Affaire à Tous v. Total Energies (multi-sector)

- What: On 23 October, the Paris first-level Court handed down a landmark <u>ruling</u> against TotalEnergies, finding the French major guilty of misleading commercial practices for presenting itself as being "carbon-neutral by 2050" and a key "actor of the energy transition".
- Key details: Following proceedings initiated in 2022 by Les Amis de la Terre France, Greenpeace France and Notre Affaire à Tous, the Court found that TotalEnergies disseminated misleading communications on its website, such as the ambition to reach carbon-neutrality by 2050 or to be a major player in the energy transition, which were deemed capable of misleading consumers. The Paris first-level Court ordered TotalEnergies to cease false claims within one month and to publish the court's decision prominently on its website homepage for 180 days.

It should be noted that the decision does not address all claims brought by the plaintiffs: allegations related to gas and agro-fuels were dismissed because the Court deemed them not directly linked to consumer-facing promotional communications.

Our view: The decision marks the first time a major oil-and-gas company has been held liable in court for greenwashing its climate credentials. It sends a strong signal that climate disinformation, particularly from fossil-fuel majors, can no longer escape legal accountability. The ruling, subject to appeal, sets a potential model for similar enforcement actions in Europe and beyond.

2. ASA decisions show risks of vague sustainability claims in marketing (multisector)

What: Two decisions from the UK Advertising Standards Authority published in October show the risks of using vague sustainability claims in marketing, and how it pays to be precise.

(E) Key details:

• The <u>first decision</u> related to a TV ad by Red Tractor, the UK's biggest certifier of farm products on supermarket shelves. The ad, aired from 2021 to 2023, said: "From field to store all our standards are met. When the Red Tractor's there, your food's farmed with care." The ASA found that the claims made in the ad and the imagery of green fields and shrubland and a dairy farm, contributed to an overall impression that the "standards" referred to would include environmental standards.





The ASA found that Red Tractor had not provided the "high level of substantiation" which is required under the ASA's rules (i.e., <u>BCAP 9.4</u>) guidance on environmental and sustainability claims. Therefore, the ad was misleading.

• The <u>second decision</u> related to a LinkedIn ad published by Shell, promoting its work decarbonising the operations of an energy technology company. The complaint that the ad gave a misleading impression of the overall environmental impact of Shell's business activities was not upheld. The ASA found that the ad would have been understood as relating to its B2B business only, and in particular its work with a specific client as a case study in how it was helping business clients decarbonise their operations. The audience was unlikely to interpret the message as representative of Shell's wider consumer-facing brand activity or as a comment on its own carbon transition plans.

Our view: These two findings show the risks of using vague language in marketing, and how these may be interpreted as environmental claims. Notwithstanding that the Red Tractor ad made no explicit reference to environmental and/or sustainability credentials, the ASA categorised it as such on the basis that this is how it could have been understood by "at least a significant minority of those consumers (sharing the characteristics of the notional average consumer)". By contrast, where an ad is sufficiently targeted and precise, this is less likely to happen.

We have experience in addressing complaints referred to the ASA in respect of alleged misleading environmental claims. If you have any questions, please get in touch.

3. BNP Paribas liable for damages over Sudan banking role (financial institutions)

- What: BNP Paribas has been found liable for more than \$20mn in damages to three Sudanese refugees because of its role in providing banking services to the government of Sudan and, as a result, enabling human rights abuses committed during the late 1990s and 2000s. The finding could make way for larger claims against it.
- Key details: The originated from BNP's guilty plea in 2014 to criminal charges of processing funds from Sudan and other sanctioned countries through the US financial system, for which it paid a \$9bn penalty. The plaintiffs alleged that BNP gave Sudanese authorities access to international money markets from at least 2002 to 2008, which enabled it to buy weapons that it used against its populace. BNP disputes the findings and is intending to appeal.
- Our view: This case demonstrates the clear risks arising from sanctions governance breaches in the form of follow on civil litigation. The plaintiffs allege that this finding opens the door to further claims, referring to a class action brought by over 20,000 refugees in the U.S. seeking potentially billions in damages from the French bank.

4. Mass claimant claim for alleged river pollution (multi-sector)

What: On 19 September, a claim was filed at the High Court by Leigh Day on behalf of almost 4,000 people challenging the pollution in the Rivers Wye, Usk, Lugg and their tributaries. The claim – which is the largest ever claim filed in the UK concerning environmental pollution – has been brought against industrial chicken production firms, Avara Foods Limited and Freemans of Newent Limited, as well as sewage company Welsh Water.



Key details: 3,943 people have signed up to be claimants, who are all residents, local business owners and/or people who use the rivers for their leisure and family time. They include people with riverside properties or fishing rights and others who live or run businesses near to intensive poultry units, chicken growing farms or sewerage infrastructure. Businesses who rely on local tourism and river activities have also joined the claim. A key section of the claim is brought on behalf of people impacted by the Lugg Moratorium – a building ban in force around the River Lugg since 2019 which was implemented by Herefordshire County Council to protect the River from further pollution. It is proposed that the moratorium cost individual claimants substantial financial losses.

The claimants allege that Avara, Freedmans and Welsh Water are responsible for river pollution and the impact it has had on businesses, recreation, tourism and property values since August 2019 and that pollution has been caused by water run-off from farm land containing high concentrations of phosphorus, nitrogen and bacteria resulting from the spreading of poultry manure and sewage bio solids. It also alleged that bacteria and nutrient pollution has been caused by the discharge of sewage into the rivers from Welsh Water sewerage systems.



Next steps: The claims were served on the defendants on 15 September and the defendants must now file their defence. As well as damages, the claimants are seeking restoration and clean up of the rivers by the defendants.

5. Climate targets and investment tension (multi-sector)

- What: The UK's first investor-state claim under the International Centre for the Settlement of Investment Disputes (ICSID) has been filed in connection with a proposed coking mine near Whitehaven, known as the Woodhouse Colliery. The government had granted planning permission for the project to go ahead in 2022. However, in 2024, the High Court quashed the approval, due to deficiencies in the government's assessment of the scope 3 emissions from the project. Planning approval was therefore subsequently revoked. The claim has been filed by Woodhouse Investment Pte Ltd, a Singaporean company and the major investor in the project, and West Cumbria Mining (Holdings) Ltd.
- Key details: The claim was filed in August under the 1976 UK-Singapore Bilateral Investment Treaty (BIT), which contains an Investor-State Dispute Settlement clause. The claimants allege that the revocation of planning approval breaches the UK's obligations under the BIT. The project planned to extract coking coal from under the Irish sea for 25 years. Climate activists spoke out against it as in direct conflict with the UK's transition towards greener energy, as well as the UK's legally binding net zero targets which are embedded in the Climate Change Act 2008, and its international commitments under the Paris Agreement. It was said that the Woodhouse Colliery project would be incompatible with these targets.
- Our view: The claim highlights tension between the UK's policy to transition towards greener climate policies and upholding previously agreed contracts with investors. Should the government wish to meet its net zero targets it may need to withdraw from commitments supporting usage of fossil fuel energy. On the other hand, the consequences of those recissions could attract further investor-state arbitrations.

6. Young people lose challenge over Trump's energy policy (multi-sector)

What: On 15 October a federal judge in Missoula dismissed a lawsuit by 22 young plaintiffs that sought to challenge three executive orders of the Trump administration relating to energy policy. District Judge



Dana Christensen ruled that the plaintiffs had legitimate concerns about the impacts of those policies, but that the court did not have jurisdiction to invalidate the orders.

Key details: The plaintiffs - who range in age from 7 to 25 - sought to block three directives that promoted fossil fuels and discouraged renewable energy. The Trump administration claimed the orders would "unleash" U.S. energy production. The plaintiffs argued that the orders were causing direct harm by encouraging more fossil fuel development, leading to more greenhouse gas emissions and other pollution. Whilst the Judge found that the plaintiffs had "overwhelming evidence" to demonstrate that the impacts of fossil fuels were a "children's health emergency" and that the administration's policies could exacerbate that, those concerns did not automatically confer upon the court the power to act. The Judge held that if the court granted an injunction against the orders, it would need to review every action the Trump administration had taken since he came into office to determine whether it was implemented under the orders or some other policy. That was unworkable and had no precedent. The Judge noted that the plaintiffs' "compelling case for redress" must instead be made to the political branches or to the electorate.

Next steps: The plaintiffs' attorneys, Our Children's Trust, have announced that they plan to appeal the decision. Ten of the plaintiffs were also plaintiffs in Held v. Montana, a state case which successfully challenged Montana's policies on greenhouse gases. As that case was state rather than federal, they were able to point to the Montana Constitution's right to a "clean and healthful environment" - a guarantee not protected by the U.S. Constitution.

7. NGO serves formal notice to Airbus Atlantic over vigilance failures (multisector)

- What: On 20 October, the Ligue des Droits de l'Homme (LDH) issued a formal notice to Airbus Atlantic, alleging breaches of France's Corporate Duty of Vigilance Law.
- Key details: The LDH claims that Airbus Atlantic failed to publish an adequate vigilance plan and has violated environmental and occupational safety standards, notably through excessive emissions of chromium VI a recognised carcinogen at several industrial sites.

 If the company does not remedy these alleged shortcomings, the NGO may seek a court order compelling compliance before the competent judge.
- Our view: This case reflects mounting civil-society scrutiny of corporate vigilance obligations and the growing use of litigation tools to enforce ESG accountability. Companies should expect continued pressure to strengthen their human rights and environmental due diligence systems to mitigate reputational and legal risks.

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