

ESG View

August 2025

22 August 2025



Welcome to the August ESG View!

The summer lull has not dampened the hive of activity over the past month, so this edition is curated to spare you any FOMO.

I know we shared a summer reading list with you in our last edition but as we are still in the throes of summer, here are two further suggestions that have recently prompted me to stop in my tracks and take stock – I have since gifted them to several friends and colleagues, and cannot recommend them highly enough:

- [Moral Ambition](#) (Rutger Bregman)
- [Die with Zero](#) (Bill Perkins)

I wish we could have dedicated an article in this edition to the world's first internationally binding treaty on plastic pollution. Alas, agreement eluded the delegates representing 180 countries who gathered last week in [Geneva](#) yet again, eight months after the first part of the fifth session (INC-5.1) in Busan, Republic of Korea. A meaningful agreement on curbing plastic pollution is nevertheless urgently needed to fight this major threat to our ocean, our biodiversity and our health - a [study](#) published just last week reveals that adult humans inhale around 68,000 lung-penetrating microplastic fragments per day, a figure that's 100 times higher than previous estimates. It may take longer than it should to reach such an agreement, but there is no doubt that the call of the EU, the UK and more than 100 countries for legally binding caps on plastic production should serve as a clear signal to investors and companies alike: the transition away from plastics is inevitable, and preparing for it now will determine who is best placed to thrive in the future.

Elsewhere there have been some notable updates from an international climate law perspective with both the International Court of Justice and the InterAmerican Court of Human Rights opening that climate action is a legal duty under treaty and customary law. These judicial developments are covered more fully within this edition.

Meanwhile consolidation and simplification appear to be key themes shaping this month's regulatory activity around the world. Also, don't miss the 'Best of the Rest' segment which also features some noteworthy litigation and policy developments including the launch of the first certified biodiversity credits.

Best wishes,



Sonali Siriwardena

Partner, Global Head of ESG

T +44 20 7825 4595

E Sonali.Siriwardena@simmons-simmons.com



GLOBAL DEVELOPMENTS

1. Global: SBTi launches a net-zero standard for financial institutions

 **What:** On 22 July, the Science Based Targets initiative (SBTi) officially [launched](#) the *Financial Institutions Net-Zero Standard* (FI Standard) which sets out science-based requirements for banks, asset managers, insurers and other financial institutions to align their lending, investing, insurance underwriting and capital markets activities with a 1.5°C pathway.

 **Key details:**

- **Segmentation of financial activities** - Institutions must segment each in-scope activity (lending, asset owner investing, asset manager investing, insurance underwriting, capital markets activities) when setting targets, rather than aggregating them.
- **Fossil fuel finance restrictions** - The FI Standard requires financial institutions to publish a “fossil fuel transition policy,” which includes:
 - Immediate cessation of project finance for new coal expansion.
 - Phase-out of project finance for new oil and gas expansion by 2030.
 - Immediate cessation of general-purpose finance for companies involved in new coal expansion.
 - Phase-out of general-purpose finance for companies involved in new oil and gas expansion by 2030.
- **Deforestation exposure** - Institutions must assess and publish portfolio-level exposure to deforestation or land-use change in high-risk sectors within two years of target validation (or by 2030 for late adopters). Where significant exposure exists, an engagement plan must be published by the next target cycle.
- **Target types** - Flexibility to set portfolio climate alignment targets (increasing climate-aligned financial activities) and/or sector-specific targets for emissions-intensive sectors aligned with 1.5°C benchmarks.
- **Interoperability** - Alignment with the SBTi Corporate Net-Zero Standard is required, and recognised third-party methodologies (e.g., Moody’s, MSCI, World Benchmarking Alliance) are allowed.

 **Our view:** Thanks to this comprehensive framework, financial institutions will, for the first time, be able to set science-based targets aligned with net-zero. The FI Standard marks a significant tightening of SBTi’s expectations, particularly through mandatory segmentation and stricter fossil fuel financing policies. Its requirements could present operational and strategic challenges for institutions with material fossil fuel or deforestation exposure, but they also provide greater clarity and comparability across the sector.

Early adoption will be a useful test of whether the sector is willing—and ready—to align financing activities with the 1.5°C trajectory under these more prescriptive conditions.

 **Next steps:** The FI Standard is effective immediately, with a transition period until December 2026 during which institutions may continue using the current Near-Term Criteria. From January 2027, the FI Standard will replace the Financial Institutions Near-Term Criteria for all new near-term and long-term targets, although existing validated targets can continue under the Near-Term Criteria until their renewal.

2. ICMA Principles gives green light to 'nature bond' label (multi-sector)

 **What:** On 26 June, the International Capital Markets Association (ICMA) released a [Practitioner's Guide on Nature Bonds](#) (Guide) alongside updates to other sustainable bond documentation, emphasising the “substantial potential” of the \$6 trillion sustainable bond market to drive investments aligned with the Global Biodiversity Framework (GBF).

 **Key details:**

The Guide provides thematic guidance for issuers, both public and private, on using proceeds from green or sustainability bonds to finance nature-related projects. It introduces the option for issuers to designate bonds exclusively financing nature-related projects as “Nature Bonds.” Additionally, the guide highlights the potential for sustainability-linked bonds to incorporate nature-related key performance indicators (KPIs), further expanding the scope of sustainable finance instruments.

The Guide clarifies that nature-related projects can address all five environmental objectives outlined in the GBF, not just biodiversity conservation. It includes an indicative list of projects that can be supported by nature-themed bonds, such as sustainable forestry, sustainable fisheries, wastewater management, and circular economy initiatives aimed at reducing biodiversity loss.

 **Our view:** The Guide is a timely step in aligning sustainable finance with biodiversity goals. By expanding the scope of nature-related projects and introducing “Nature Bonds”, ICMA provides issuers with a clear framework to support nature-positive investments and integrate biodiversity-related KPIs into their sustainability-linked instruments.

3. Outcome of Ramsar COP15 on wetlands (multi-sector)

 **What:** The 15th Conference of the Contracting Parties ([COP15](#)) to the Ramsar Convention on Wetlands took place in July in Victoria Falls, Zimbabwe. The event brought together 134 out of the 172 contracting parties to address the alarming global loss of wetlands, which are disappearing three times faster than forests and are vital for biodiversity, water filtration, carbon storage, and flood protection.

 **Key details:**

- The approval of 25 new resolutions and 3 consolidated resolutions covering critical areas such as wetland restoration, governance improvements, youth engagement, and the integration of traditional knowledge.

- The adoption of the 5th Strategic Plan (2025-2034) with measurable targets aligned with global biodiversity goals and the Sustainable Development Goals (SDGs).
- The endorsement of the Victoria Falls Declaration, signalling a high-level political commitment to accelerate wetland conservation, restoration, financing, and international cooperation.
- A modest 4.1% increase in the Ramsar Convention's budget was agreed to support the new strategic plan.



Our view: While COP15 established a clearer strategic framework for wetlands protection, the overall outcome - and media coverage - was somewhat underwhelming. The limited budget increase, lack of stronger enforcement mechanisms, and absence of binding commitments suggest that translating high-level resolutions into tangible on-the-ground impact will be challenging.

A concerning development before the conference was Russia's announcement of its withdrawal from the Ramsar Convention, significant given it holds over 20% of the world's wetlands. This highlights the geopolitical risks facing multilateral environmental agreements and the fragility of global environmental cooperation.

4. ICJ Climate Opinion: Legal clarity, corporate consequences (multi-sector)



What: On 23 July, the International Court of Justice issued a landmark [Advisory Opinion](#) on states' obligations in respect of climate change. Though non-binding, the Opinion carries significant legal weight and marks a turning point in international climate law, with direct implications for governments and impacts on businesses.



Key details: The Court confirmed that climate action is a legal duty under treaty and customary international law. States must act with stringent due diligence to prevent significant harm to the climate system, regulate emissions, including those from private actors, and uphold human rights threatened by climate change. Crucially, the ICJ recognised the right to a clean, healthy, and sustainable environment as foundational to the enjoyment of other human rights, reinforcing its legal standing.

For further information, read our Note [here](#).



Our view: For businesses, the message is clear: climate risk is now legal risk.

The Opinion underscores that states are obligated to regulate corporate emissions and climate-related impacts. This will likely translate into tighter domestic regulation, enhanced due diligence requirements, and increased litigation exposure - particularly for high-emitting sectors and companies engaged in greenwashing. Companies should also prepare for more rigorous climate-related disclosure obligations. Supply chain scrutiny, human rights-based claims, and accountability for indirect emissions are all set to intensify.

The ICJ's Opinion empowers civil society, investors, and regulators to demand stronger climate governance. It also provides a robust legal foundation for courts to interpret domestic obligations in line with international law.

In short, the Opinion is not just a call to action for states: it is a wake-up call for the private sector. Businesses must embed climate and human rights considerations into core strategy, governance, and compliance frameworks to stay ahead of a rapidly evolving legal landscape.

EUROPEAN DEVELOPMENTS

1. Council agrees mandate on Omnibus CSRD & CSDDD simplification proposal (multi-sector)

 **What:** On 23 June, the Council of the European Union agreed its negotiating mandate on the Commission's proposal to simplify the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD). This proposal is part of the Commission's Omnibus I package, aimed at streamlining EU sustainability legislation.

For more information on the Omnibus I and II packages and its current status, see [here](#) and [here](#).

 **Key details:**

- **CSRD thresholds:** The Council proposes raising the employee threshold from 250 to 1,000, excluding listed SMEs, and introducing a net turnover threshold of over €450 million. A review clause allows future reassessment of the scope to ensure continued availability of corporate sustainability information.
- **CSDDD thresholds and approach:** EU companies would need 5,000 employees and €1.5 billion net turnover, with the same turnover threshold for non-EU companies. The due diligence model shifts from entity-based to risk-based, focusing on areas of likely adverse impact and using “reasonably available information.”
- **Transition plans and timelines:** The obligation to implement transition plans is removed, and substantive requirements are softened to require only that business models “contribute to” a sustainable economy and Paris Agreement alignment. Adoption of transition plans is delayed by two years, with new transposition and first-time application dates set at 26 July 2028 and 26 July 2029, respectively.
- **“Stop-the-clock” directive:** Already agreed under Omnibus I, it delays CSRD application for companies not already reporting by two years, and CSDDD transposition and application by one year.

 **Our view:** This move reflects a pragmatic path toward stronger climate cooperation post-Brexit. A linked ETS could enhance market efficiency, reduce carbon leakage, and support fair competition – and potentially act as a blueprint for similar international partnerships.

 **Next steps:** Trilogue negotiations between the Council, Parliament, and Commission are expected to begin soon, with a final agreement anticipated by the end of 2025, though some delays remain possible. Stakeholders should monitor whether thresholds remain unchanged or are expanded, and how risk-based approaches will be applied.

2. Commission adopts ESRS “quick fix” for Wave One companies under CSRD (multi-sector)

 **What:** On 11 July, the European Commission adopted a “quick fix” [delegated act](#) revising the [first set](#) of European Sustainability Reporting Standards (ESRS) for wave one companies already reporting under CSRD for financial year 2024. The act is intended to align reporting requirements with simplifications under Omnibus I.

 **Key details:**

- **Delays additional reporting:** Wave one companies will not be required to report additional information for financial years 2025 and 2026 beyond what was reported in 2024.
- **Phase-in provisions extended:** All wave one companies benefit from phased reporting for ESRS E4 (biodiversity), S2 (workers in value chain), S3 (affected communities), and S4 (consumers and end-users).
- **Safeguard provision:** Companies using temporary exemptions for a complete topical standard must still report summarised information on material topics.

 **Next steps:** Following adoption, the Council and Parliament have two months to raise objections. If none are raised, the act will be published in the Official Journal and enter into force on the third day after publication, applying to financial years beginning on or after 1 January 2025.

EU Deforestation Regulation: First country risk list adopted by Commission (multi-sector)

UK DEVELOPMENTS

1. UK releases proposed sustainability and climate reporting standards (multi-sector)

 **What:** On 25 June, the UK Department for Business and Trade released exposure drafts of the UK Sustainability Reporting Standards (UK SRS): UK SRS S1 and UK SRS S2. These standards are based on the sustainability and climate-related standards developed by the IFRS Foundation's International Sustainability Standards Board (ISSB). The aim is to establish a framework for delivering sustainability-related financial information to financial markets.

 **Key details:**

- **Alignment with ISSB Standards:** The UK SRS S1 and S2 correspond to the ISSB's S1 (sustainability-related) and S2 (climate-related) standards, with some modifications tailored to the UK context.
- **Proposed Amendments to reflect UK context:**
 - Removal of delayed reporting relief: Companies must publish sustainability-related financial disclosures in their annual reports, removing the IFRS S1 transition relief for delayed reporting in the first year. The UK government argues that this relief undermines the principle of “connectivity” between financial and sustainability reporting.
 - A “climate-first” relief is proposed: A phased timeline is introduced, allowing companies two years (compared to one year under the IFRS standards) to focus on climate-related disclosures before addressing broader sustainability-related risks.
 - Removal of GICS requirement: Financed emissions reporting is no longer bound by the Global Industry Classification Standard (GICS), avoiding reliance on commercial organisations.
 - Removal of effective date clauses: The application timetable will depend on subsequent government or FCA regulations.
 - SASB materials optional: Companies are not required to use the Sustainability Accounting Standards Board (SASB) materials but must demonstrate consideration of them if requested by assurance providers.
 - Explicit tying of transition reliefs: Transition reliefs are explicitly linked to mandatory reporting requirements.
- **Timeline:** The release is part of a broader set of consultations (see below our dedicated Section). Finalised standards are expected to be released later in 2025, with potential mandatory reporting requirements for certain companies under consideration.

 **Our view:** This is a pivotal step in enhancing corporate sustainability reporting for the UK. By aligning with ISSB standards while tailoring to UK-specific needs, the framework aims to improve transparency, comparability, and integration of sustainability and financial reporting. The “climate-first” relief offers businesses a phased approach to focus on climate-related disclosures initially, but companies must prepare for broader sustainability reporting requirements. Legal and compliance teams should proactively assess governance structures and reporting processes to mitigate risks of non-compliance or greenwashing claims.

2. UK Government abandons Green Taxonomy plans (multi-sector)

 **What:** On 15 July, the UK government, through Chancellor Rachel Reeves, announced the discontinuation of plans to create a [UK Green Taxonomy](#). The decision follows the publication of the [UK Green Taxonomy Consultation Response](#) which explored whether a UK-specific taxonomy could complement existing sustainable finance policies.

 **Key details:** The Treasury's consultation on the green taxonomy received responses from 150 different organisations and reflected mixed sentiments: 45% were broadly supportive, while 55% raised concerns about practical application and potential misalignment with the EU Taxonomy. The government concluded that a UK taxonomy - that was first proposed in 2021 - would be time-consuming to implement and could divert focus from policies it considers more effective in driving investment towards net-zero. The Treasury confirmed it will instead focus on ongoing reforms, including a series of measures known as the 'Leeds Reforms' - the detail of which was provided by an HM Treasury [document](#), listing the changes that the Government wants to introduce to deliver growth and competitiveness. These reforms include implementing the UK Sustainability Reporting Standards (UK SRS) to improve corporate ESG disclosures, developing corporate transition plans to guide companies toward net zero, and promoting ESG integration across financial services.

 **Our view:** For financial institutions and investors, the absence of a UK Green Taxonomy leaves a gap in clear, comparable guidance on environmentally sustainable activities. While the government intends to rely on other policies to drive the green transition, practical challenges remain: reporting standards, ESG fund labelling, and transition finance definitions will need to be robust enough to avoid fragmentation and greenwashing risks.

AMERICAS DEVELOPMENTS

1. One Big - not so - Beautiful Bill Act (multi-sector)

 **What:** On 4 July, U.S. President Donald Trump signed into law a sweeping tax and spending bill, the One Big Beautiful Bill Act (OBBBA). The legislation introduces major changes across tax policy, healthcare, social programmes, and environmental incentives, with wide-ranging implications for businesses and individuals. The House of Representatives passed the bill narrowly, 218 to 214, and the Senate approved it by a close margin before the President signed it into law, highlighting the contentious nature of the legislation.

 **Key details:** The OBBBA includes several provisions with ESG implications:

- **Environmental considerations:** The legislation cuts an estimated \$500 billion in green spending and phases out clean energy tax credits introduced during the Biden administration, albeit more gradually than initially proposed. Certain environmental programmes and efficiency incentives remain, but at reduced levels. The OBBBA also restricts tax credits for companies with supply chains linked to “foreign entities of concern,” such as China, impacting global supply chain strategies.
- **Social impacts:** The OBBBA introduces substantial cuts to Medicaid, the Supplemental Nutrition Assistance Program (SNAP), and other social safety nets, including housing and education programmes. The Congressional Budget Office estimates nearly 12 million Americans could lose health coverage by 2030, raising concerns about equitable access to healthcare.

 **Our view:** The OBBBA presents both challenges and considerations for businesses navigating ESG priorities. Companies should evaluate the impact of reduced clean energy incentives on their sustainability targets and factor in broader social implications on their workforce and communities. Firms with global supply chains should assess the effects of restrictions linked to foreign entities of concern. Finally, the legislation’s fiscal and governance changes may influence corporate planning, investor expectations, and ESG risk assessments in affected sectors.

For a deeper dive into the OBBBA and other US-related ESG insights, don’t hesitate to listen to the on-demand recording of our webinar “Trump 2.0 and the ESG Reckoning: What’s Next for Business?” held on 8 July.

2. US EPA proposes repeal of Endangerment Finding on greenhouse gases (multi-sector)

 **What:** On 29 July, the US Environmental Protection Agency (EPA) proposed rescinding the 2009 Endangerment Finding, which underpins the federal government’s authority to regulate greenhouse gas (GHG) emissions under the Clean Air Act. The move, would remove the legal foundation for federal limits on emissions from power plants, oil and gas facilities, vehicles, and other sources.

 **Key details**

- **Scope of repeal** - The 2009 Endangerment Finding established that carbon dioxide, methane, and other GHGs endanger public health and welfare. Its repeal would eliminate the legal basis for a wide range of GHG regulations, including electric vehicle mandates and emissions standards for light-, medium- and heavy-duty vehicles.
- **Rationale cited by EPA** - The Clean Air Act does not authorise the EPA to regulate GHGs for climate change purposes, as that regulatory authority should rest with Congress. The EPA estimates up to \$54 billion in annual cost savings.

 **Next steps:** The public can submit written comments to the EPA through an online portal, email or by mail through 15 September 2025. **Our view:** While the repeal would represent one of the most consequential rollbacks in US climate policy, its implementation remains uncertain. The Endangerment Finding has been repeatedly upheld in court, meaning any reversal would face significant legal and political hurdles.

Nevertheless, the proposal adds to uncertainty over the future of US climate-related regulation, particularly as court rulings and legislative developments may shape the scope of federal GHG oversight. More importantly, it could make it extremely difficult for future administrations to curb emissions without new legislation from Congress.

Businesses with exposure to US markets, especially in energy, automotive, and manufacturing, should monitor developments closely and evaluate the potential for regulatory divergence between federal and state-level climate measures. The interplay between possible federal deregulation and more stringent state or regional requirements will be a key consideration for compliance strategies in the coming years.

ASIA DEVELOPMENTS

3. China releases new green finance taxonomy (multi-sector)

 **What:** On 14 July, China's central bank (PBoC), the National Financial Regulatory Administration and the securities regulator (CSRC) [released](#) a unified Green Finance-Endorsed Project Catalogue (Catalogue), replacing previous separate standards for green bonds and loans. The new framework, which comes into force on 1 October 2025, aims to reduce duplication, cut costs for issuers and investors, and improve market confidence.

 **Key details:** The revised Catalogue goes beyond unification. It significantly broadens the range of eligible categories to cover projects in energy conservation and carbon reduction, environmental protection, resource recycling, low-carbon energy transition, ecological protection and restoration, and green infrastructure upgrades.

It also includes new areas such as professional green services, trade and consumption, signalling support not only for supply-side investment but also for demand-side financing. Notably, the addition of passenger rail, climate resilience and methane abatement reflects policy ambition to channel funds into low-carbon transport and adaptation as well as hard-to-abate sectors.

 **Our view:** This reform comes at a time when China's green finance market is already expanding rapidly, with green loans exceeding RMB 40 trillion by early 2025. The Catalogue therefore provides both structure and momentum to channel this capital more effectively.

International comparability remains limited, as the Catalogue only partially aligns with frameworks such as ICMA's Green Enabling Project Guidelines. Nonetheless, it signals that China is intent on scaling domestic green capital flows while positioning itself as an influential reference point in the global taxonomy debate.

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:

- **Africa: 'Ecocide' named top priority at UN Africa Summit** - On 25 July, African environment ministers agreed to include ecocide among the continent's top environmental priorities for 2025-2027, marking the first time a UN-recognised forum has explicitly acknowledged mass ecosystem destruction as a strategic issue. The [decision](#), taken at the 20th Ordinary Session of the African Ministerial Conference on the Environment (AMCEN), includes creating an *ad hoc* committee to explore classifying ecocide as a crime, with findings due for consideration at AMCEN's 2026 session.
- **Americas: InterAmerican Court says countries must prevent climate harms** - The Inter-American Court of Human Rights [issued](#) an opinion on 3 July, that countries must protect the climate system as part of their human rights obligations under the American Convention on Human Rights and other human rights laws.
- **Americas: Brazilian President Lula da Silva vetoes parts of Brazil's contentious environmental bill** - On 8 August, Lula [vetoed or altered](#) 63 of the 398 provisions in a bill that, as passed by Congress last month, had been seen as the biggest blow to Brazil's environmental protections in forty years, notably risking an increase in deforestation.
- **Americas: California court upholds climate disclosure laws** - On 15 August, the U.S. District Court for the Central District of California rejected the Chamber of Commerce's challenge to SB 253 and SB 261, confirming the state's authority to require corporate climate disclosures. The ruling allows the laws to proceed toward their 2026-2027 reporting deadlines.
- **Asia: SSFA issues practical guidance on Green Taxonomy** - On 9 July, the Singapore Sustainable Finance Association (SSFA) [released](#) new practical guidance to facilitate the application of the Singapore-Asia Taxonomy in green and transition finance. The document is intended to encourage consistent implementation across Southeast Asia.
- **Europe: Slovenia issues first European sovereign SLB** - On 24 June, the Republic of Slovenia became the first European sovereign to [issue](#) a sustainability-linked bond (SLB), raising €1 billion through a 10-year benchmark offering tied to its carbon neutral strategy and greenhouse gas (GHG) reduction targets.
- **Europe: ESAs publish updated consolidated Q&As on SFDR** - On 4 August, the European Supervisory Authorities (ESAs) [published](#) an updated version of the consolidated Q&A document on the SFDR and its regulatory technical standards (RTS), which sets out various technical clarifications and interpretations of the SFDR regime.
- **Europe: EBA grants temporary reprieve on ESG reporting** - On 6 August, the European Banking Authority issued a [no-action letter](#) advising national regulators not to prioritise enforcement of specific ESG Pillar 3 disclosure templates under the CRR, as revisions to the disclosure framework are underway. This decision offers temporary compliance relief for smaller banks newly brought into scope from 2025, and provides legal clarity for larger institutions as conflicting obligations are addressed. As a result, EU banks subject to ESG reporting obligations for the first time this year will not be required to meet the initial reporting deadline of 31 December 2025.
- **Europe: EU publishes long-awaited EUDR guidance** - On 12 August, the European Commission's guidance for the EU Deforestation Regulation has been [published](#) in the Official Journal, clarifying concepts such as "negligible risk" and "supply chain complexity", product scope, and key dates (30 Dec

2025, or 30 Jun 2026 for SMEs). It confirms the EUDR prevails over the CSDDD where objectives align, though political pressure for simplification and delay remains high.

- **Europe: EU launches nature credit programme to scale private investment in nature recovery** – On 7 July, the European Commission has launched a nature credit programme to mobilise private finance for biodiversity-positive projects, developing certification standards, market frameworks, and pilot initiatives over the next two years.
- **Global: Launch of the first-ever Practice Standards for Debt Conversion Projects for Nature, Resilience, and People** - In July, the Nature Conservancy (TNC) has launched voluntary practice standard for debt conversion projects alongside a diverse group of financial, legal, environmental, and policy experts. The standards, which have been in development for two years, aim to offer new baseline of integrity and transparency for structuring sovereign debt conversion projects that deliver impact and new funding for nature, resilience, and communities.
- **Global: Launch of the Coalition to Grow Carbon Markets** - On 24 June, the Governments of Kenya, Singapore, and the United Kingdom launched the first government-led initiative to establish unified high-integrity standards for carbon credits, encouraging corporate participation in voluntary carbon markets.
- **Global: World's first certified biodiversity credits hit international markets** - Savimbo, with Cercarbono and Ecoregistry, has launched the first certified biodiversity credits on the Emsurge exchange. Generated through Savimbo's Indigenous-led Indicator Species Biodiversity Methodology (ISBM), the credits blend Indigenous knowledge with ecological science to protect biodiversity hotspots, with the first project involving 70 smallholder landowners in Colombia.

ESG DISPUTES ROUND-UP

1. French Duty of Vigilance - New legal action against BNP Paribas (financial institutions)

 **What:** On 27 June, the association Jurists for the Respect of International Law (JURDI) [filed a lawsuit](#) against BNP Paribas before the Paris first-level Court, in relation to its obligations under the French Corporate Duty of Vigilance Law.

 **Key details:** JURDI's legal action is motivated by alleged violations of international humanitarian, criminal, and human rights law committed by the Israeli military in Palestine, particularly in Gaza. According to JURDI, BNP Paribas guaranteed an \$8 billion bond issuance for the Israeli government and has supported Elbit Systems, a major weapons supplier to Israel.

In December 2024, JURDI sent a formal notice to BNP Paribas, requesting the bank to update its vigilance plan to reflect these alleged high-risk activities. BNP Paribas refused in March 2025.

As a consequence, JURDI launched legal proceedings and criticizes BNP Paribas for supporting the Israeli state and arms companies, without acknowledging these activities in its 2024 vigilance plan. JURDI requests the Court order BNP Paribas to comply with its obligations in relation to the duty of vigilance and to update its vigilance plan.

2. Shein fined \$1.16M for greenwashing (retail)

 **What:** On 29 July, Italy's Competition Authority (AGCM) fined Infinite Styles Services Co. Ltd, the European operator of Shein's e-commerce platforms, EUR 1 million for unfair commercial practices due to misleading and incomplete sustainability and environmental claims in the promotion and sale of Shein-branded clothing.

 **Key details:**

- **Misleading green claims** - The AGCM found Shein's environmental messaging in sections such as #SHEINTHEKNOW, evoluSHEIN, and Social Responsibility to be vague, generic, excessively emphatic, or in some cases false or incomplete.
- **Unsubstantiated product sustainability** - Claims about "circular design" and product recyclability were deemed inaccurate or confusing. References to "green fibres" lacked clarity on environmental benefits across the product lifecycle, and the evoluSHEIN by Design range represents only a marginal share of Shein's total output.
- **Risk of consumer deception** - Communications could lead consumers to believe the evoluSHEIN collection is made exclusively from sustainable materials and is fully recyclable, which is not the case given current recycling systems and the fibres used.

- **Climate pledges questioned** - Public commitments to reduce greenhouse gas emissions by 25% by 2030 and achieve net zero by 2050 were presented without substantiation and appeared inconsistent with rising emissions in 2023 and 2024.
- **Heightened duty of diligence** - The AGCM underlined that Shein operates in an inherently high-impact sector, where greater care is required in making environmental claims.
- **Regulatory follow-up** - The Authority has warned Shein not to continue the unfair practices and ordered it to communicate within 90 days the measures adopted to comply with the decision.



Our view: This decision reinforces the regulatory expectation that environmental claims must be specific, substantiated, and contextualised. Companies cannot rely on generic “eco” language or selectively highlight small-scale initiatives while omitting their relative scale and overall environmental footprint. For businesses in high-impact sectors such as fashion, the duty of accuracy is even more pronounced, and failure to meet it carries both reputational and financial risks. From a legal perspective, ESG-related marketing should be backed by robust, verifiable evidence and subject to internal review processes or external experts to mitigate the risk of enforcement action for greenwashing.

ESG CONSULTATION ROUND-UP

1. Shaping the UK's path to sustainable finance leadership (multi-sector)

 **What:** The UK government has launched a [trio of consultations](#) aimed at cementing the UK's status as the "sustainable finance capital of the world". Announced on 25 June during the Climate and Innovation Forum in London, the consultations form a central part of the government's broader "Plan for Change" to accelerate clean energy investment and economic growth.

 **Key details:**

1. Transition Plan Requirements – to guide large companies, financial institutions, asset managers and pension funds in developing credible transition plans aligned with the 1.5°C goal of the Paris Agreement.
2. New UK Sustainability Reporting Standards – to ensure clear, comparable disclosures on sustainability-related financial risks and opportunities.
3. Voluntary Assurance Regime – to establish a registration framework for providers of assurance on sustainability reports, bolstering trust in ESG data.

Next steps: Each of the consultations will remain open to responses until 17 September 2025.

2. European Commission calls for evidence on environmental Omnibus (financial institutions)

 **What:** On 22 July, the European Commission launched a [Call for Evidence](#) seeking feedback on how to simplify EU environmental legislation, particularly in the areas of the circular economy, industrial emissions and waste management, while maintaining high environmental and public health standards.

 **Key details:** The initiative follows the first Omnibus I package, which adjusted rules on sustainability reporting and due diligence (including CSRD, CSDDD, Taxonomy and CBAM) and sparked controversy over insufficient consultation and impact assessment. In response, the EU Ombudsman has opened an inquiry.

Building on that experience, the Commission now aims to reduce administrative burdens stemming from environmental legislation. Measures under consideration include:

- rationalising reporting and notification obligations, such as discontinuing the SCIP database under the Waste Framework Directive;
- harmonising rules for extended producer responsibility (EPR) across Member States, including reporting obligations;
- eliminating duplicative reporting and promoting greater digitalisation of reporting processes;
- tackling permitting challenges identified under recent legislation such as the Net Zero Industry Act.

 **Next steps:** The consultation is open until 10 September 2025 on the [Have Your Say portal](#). Stakeholder input will inform the forthcoming environmental omnibus proposal, expected later this year. In addition to this call for evidence, the Commission may launch targeted consultations and "reality checks" to ensure proposals are workable in practice.

3. EFRAG launches public consultation and cost-benefit survey on simplified ESRS (financial institutions)



What: On 22 July 2025, the European Financial Reporting Advisory Group (EFRAG) launched two parallel initiatives to gather stakeholder input on the proposed simplifications to the European Sustainability Reporting Standards (ESRS). These initiatives support the European Commission's Omnibus proposal aimed at reducing reporting burdens under the EU Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).



Key details: The first initiative is a [public consultation](#) on the [Amended ESRS Exposure Draft for July 2025](#). The draft standards reduce the number of required data points by approximately 68%, remove certain voluntary disclosures, and aim to maintain alignment with EU climate and sustainability objectives while simplifying reporting obligations. Stakeholders are invited to provide feedback on the draft standards, including clarity, feasibility, and potential gaps.

The second initiative is a [survey on the cost-benefit analysis](#) of the simplified ESRS. This survey seeks input on the expected costs and savings of the proposed changes, including potential impacts on access to and cost of capital, green finance, and data comparability. It also explores whether the reduction in data points might affect companies' ability to report sustainability performance effectively.

Next steps: Stakeholders can respond to the public consultation until 29 September 2025 via the [Alchemer survey](#) and to the cost-benefit analysis survey until 12 September 2025 via [EFRAG's portal](#). Feedback from both exercises will inform the final ESRS amendments and help ensure that the standards strike a balance between simplification, transparency, and comparability.

4. European Union seeks input on proposed Circular Economy Act (multi-sector)



What: On 1 August 2025, the European Commission launched a public "[call for evidence](#)" on the proposed [Circular Economy Act \(CEA\)](#), aiming to streamline the EU's recycling and waste management landscape and boost the circular use of materials. The Commission expects to finalise the proposal in Q4 2026 before it enters the EU legislative process.



Key details: The CEA responds to the fragmented European market for recycled materials and the higher costs of recycled versus virgin materials. It sets a target to make 24% of the EU's materials circular by 2030 and prioritises improving collection, recycling, and demand for electronic waste, which currently sees less than 40% recycling. The Act may also update extended producer responsibility schemes, clarify criteria for classifying waste as secondary raw materials, and adjust public procurement rules to support a single market for waste and recycled materials.



Next steps: Stakeholders can submit feedback until 6 November 2025. The Commission plans to publish the consultation results eight weeks later alongside its impact assessment, which will examine potential effects on SMEs, EU competitiveness, and international trade.

5. EU consults on incorporating ESG risks into financial stress tests (multi-sector)



What: The European Supervisory Authorities (ESAs), comprising the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Securities and Markets Authority (ESMA), have launched a [public consultation](#) on their draft [Joint Guidelines for](#)

[integrating ESG risks into supervisory stress tests](#) for banks and insurers. This initiative is mandated by the Capital Requirements Directive (CRD VI) and the Solvency II Directive, with the final guidelines expected to be published by 10 January 2026.

 **Key details:** The draft guidelines aim to establish a consistent framework for assessing ESG risks within stress testing activities, ensuring that competent authorities across the EU adopt harmonized methodologies. The guidelines propose that supervisors consider both short- to medium-term resilience, focusing on capital, liquidity, and loss-absorption capacity, and medium- to long-term resilience, evaluating the sustainability of business models and strategies in the face of ESG-related shocks. Additionally, the guidelines emphasise the importance of appropriate governance structures, data management systems, and adequate human resources to support ESG stress testing processes.

 **Next steps:** Stakeholders, including financial institutions, industry associations, and other interested parties, are invited to provide feedback on the draft guidelines. The consultation period is open until 19 September 2025, and responses can be submitted via an online survey. A [public hearing](#) to discuss the draft guidelines will be held on 26 August 2025, from 10:00 to 12:00 CEST and finalised guidelines will be published by 10 January 2026.

6. ASEAN launches consultation on simplified ESG disclosure guide for SMEs (multi-sector)

 **What:** The ASEAN Capital Markets Forum (ACMF) has initiated a [public consultation](#) on the [ASEAN Simplified ESG Disclosure Guide](#) (ASEDG) for SMEs in supply chains. This guide aims to assist small and medium-sized enterprises (SMEs) across ASEAN in reporting ESG information to stakeholders such as customers, financiers, and investors.

 **Key details:** The ASEDG consolidates various global and local ESG frameworks into 38 priority disclosures, divided into basic, intermediate and advanced levels to reflect different sustainability maturity among SMEs. It is designed to simplify ESG reporting and improve transparency within supply chains.

 **Next steps:** Stakeholders are invited to provide feedback on the guide until 12 September 2025. The ACMF plans to launch ASEDG Version 2 at the ACMF International Conference in November 2025

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Sonali Siriwardena

Partner, Global Head of ESG

T +44 20 7825 4595

E Sonali.Siriwardena@simmons-simmons.com



ESG Team

T +352 26 21 16 23

E esg@simmons-simmons.com

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