

GIBSON DUNN

ESG: Risk, Litigation, and Reporting Update

July 25, 2025

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We are pleased to provide you with Gibson Dunn's ESG update covering the following key developments during June 2025. Please click on the links below for further details.

I. GLOBAL

1. The Global Reporting Initiative (GRI) announces new finalized climate change and energy standards

On June 26, 2025, GRI [announced the release](#) of new climate change and energy standards (GRI 102: Climate Change and GRI 103: Energy). GRI cites increased attention on climate change at the international level and increased stakeholder demand for transparency as drivers for the new standards. GRI 102 requires new disclosures on transition plans and the use of greenhouse gas (GHG) removals and carbon credits and incorporates "just transition" metrics related to impacts on workers, communities, and Indigenous Peoples. GRI 103 requires new disclosures on energy consumption (both renewable and non-renewable), decarbonization efforts, and energy reduction policies and commitments. Both standards are fully aligned with the GHG Protocol.

Also on June 26, 2025, GRI and the International Sustainability Standards Board (ISSB) issued a [joint statement](#) on reporting in alignment with both GRI 102 and ISSB's IFRS S2, including to note that IFRS S2 emissions disclosures can fulfil GRI 102's requirements so long as GHG emissions are measured in accordance with the GHG protocol.

Other highlights:

- On June 12, 2025, the Science Based Targets initiative (SBTi) [announced](#) the release of its initial draft of the [SBTi Automotive Sector Net-Zero Standard](#), a new standard designed to enable companies in the automotive sector to set science based, net zero targets. The standard is open for [consultation](#) until August 11, 2025.
- On June 13, 2025, the Basel Committee on Banking Supervision, a global standard and policy setter for the banking industry, [published](#) a voluntary climate-related financial risk disclosure framework (BCBS597) featuring eight qualitative and quantitative disclosures. National regulators can voluntarily choose to adopt the guidance, which replaces references to “forecast” with “targets” and emphasizes materiality over mandatory reporting.
- The [United Nations Ocean Conference](#) was held from June 9 to June 13, 2025, resulting in an intergovernmental [declaration](#) calling for action to protect the ocean as well as various voluntary commitments by countries and other entities in support of ocean conservation (including commitments by the European Commission, New Zealand, Indonesia, the World Bank, Canada, and 37 countries as part of the High Ambition Coalition for a Quiet Ocean).
- From June 16 to June 26, 2025, the United Nations Framework Convention on Climate Change held its [mid-year conference](#) in Bonn, Germany to prepare for COP30, to be held in November 2025, focusing on issues such as adaptation, mitigation, climate finance, and just transition.
- From June 30 to July 3, 2025, the 4th International Conference on Financing for Development was held in Sevilla, Spain, where the intergovernmental [Sevilla Commitment](#) was adopted, reaffirming the Sustainable Development Goals and setting forth joint commitments to support investment in sustainable development to help close the \$4 trillion annual gap in financing, particularly for developing countries.

II. UNITED KINGDOM

1. UK Government consults on climate transition plan requirements

On June 25, 2025, the Department of Energy Security and Net Zero (DESNZ) launched a [consultation](#) on climate-related transition plan requirements, signalling an accelerated regulatory trajectory towards Paris-aligned, net zero disclosures. The proposal envisages mandatory publication of 1.5°C-consistent transition plans by UK-regulated financial institutions (including banks, asset managers, pension funds, and insurers) and FTSE 100 companies, with sanctions for “explain-or-comply” shortfalls.

The consultation also seeks views on alignment with the Transition Plan Taskforce framework, interaction with forthcoming UK Sustainability Reporting Standards, integration of nature-related disclosures, and future assurance and accountability mechanisms. The consultation closes on September 17, 2025.

2. UK Government launches full review of statutory parental leave and pay system

On July 1, 2025, the UK Government [launched](#) a full-scale review of the current parental leave and pay system, which is expected to run for 18 months. The review comes after the June 2025 Women and Equalities Select Committee report, which concluded that the current statutory system does not adequately support working families and has fallen behind the majority of comparable countries (e.g., Canada, Finland, Iceland, Norway, Spain, Sweden, and other countries in the EU). The types of leave and pay in scope of the review are those related to maternity (including maternity allowance), paternity, adoption, shared parental leave, parental bereavement, unpaid parental leave, and neonatal care. Unpaid bereaved partner's paternity leave is also currently in development and expected to come into force in 2026. The objectives against which the Government will consider the current system and future reforms are support for maternal health, economic growth through labour market participation, and ensuring sufficient resources to facilitate the best start in life for children and support for parents' childcare needs. Certain changes to the current system are already underway via the Employment Rights Bill currently making its way through Parliament (see below). The call for evidence for the review closes on August 25, 2025.

3. UK Government publishes implementation roadmap for Employment Rights Bill

On July 1, 2025, the UK Government [published](#) a roadmap for the phased implementation of the Employment Rights Bill setting out a proposed timeline for when the various measures outlined in the Bill are expected to come into force. The roadmap is intended to provide employers with sufficient time and certainty to adapt to each of the measures as they become law. Amongst other things, the roadmap indicates that immediately after the Bill is enacted, the Strikes (Minimum Service Levels) Act 2023 will be repealed and measures to enhance protection against dismissal for engaging in industrial action will come into force. In April 2026, the maximum period for the protective award for collective redundancies will be doubled, paternity leave and unpaid parental leave will become Day One rights, and enhanced whistleblowing protections will be implemented, as will a number of trade union measures designed to simplify the union recognition process and changes related to electronic balloting. In October 2026, restrictions will be placed on the controversial "fire and rehire" method of unilaterally changing employment terms and conditions, employers will be required to take all reasonable steps to prevent sexual harassment, including by third parties, and changes will be made to the time limits for bringing employment tribunal claims. Certain other measures, including making unfair dismissal a Day One right, enhanced protections against dismissal for new and expectant mothers, and the introduction of rules to give greater certainty to workers on zero-hours contracts are not expected to be implemented until 2027. The Government has confirmed that it will produce guidance in advance of the various implementation guidelines to assist organisations in navigating the upcoming legal changes.

Other highlights:

- On June 19, 2025, DESNZ [issued](#) supplementary [guidance](#) (implementing the Supreme Court's Finch decision) on assessing the effects of downstream Scope 3 emissions from offshore oil and gas projects on the climate. This guidance is supplementary to existing guidance on Environmental Impact Assessments for oil and gas projects.
- On June 26, 2025, the UK Government [launched](#) its new trade strategy, focusing on boosting exports, supporting high growth sectors, and strengthening trade defence. As part of this strategy, the Department for Business and Trade has replaced the National Contact Point with the Office for Responsible Business Conduct, to, among other things, "improve its visibility with industry," "strengthen cooperation and coordinated action to promote responsible business conduct through multilateral forums," and "support[] businesses to integrate responsible business practices."

III. EUROPE

1. Omnibus discussions ongoing

The legislative process surrounding the Omnibus Simplification Package is continuing to progress. For more details, see our [client alert](#) of June 18, 2025.

Following the publication of a [draft report](#) by the European Parliament's lead rapporteur Jörgen Warborn on June 12, 2025, the Council of the EU released its [initial position](#) on June 23, 2025. The proposed revisions include significantly increasing the applicability thresholds for both the Corporate Sustainability Due Diligence Directive (CSDDD) and Corporate Sustainability Reporting Directive (CSRD) and easing requirements related to climate transition plans. Therefore, all three bodies required for EU legislation, namely Parliament, Council, and Commission (see the Commission [proposal](#) of February 26, 2025 and our related [client alert](#)), have now provided first proposals.

In parallel, the European Financial Reporting Advisory Group (EFRAG) published a [status report](#) on the ongoing European Sustainability Reporting Standards (ESRS) revision process, which notably aims to reduce the number of mandatory data points by at least 50 percent, align more closely with ISSB standards, and streamline disclosures, particularly by significantly narrowing the scope of ESRS 2. Furthermore, on July 10, 2025, EFRAG published working drafts of revised ESRS standards that formed the basis for internal meetings and discussions on July 15 and 16, 2025. The non-authoritative working drafts prescribe, among other things, significantly simplified and reduced "shall" disclosure requirements, a different structure regarding the application requirements, the almost full abandonment of the current "may" disclosures and the introduction of non-mandatory illustrative guidance documents alongside the ESRS standards.

Further developments are expected in the coming months with negotiations within the European Parliament formally set to begin in mid-July and a plenary vote currently scheduled for October 2025. However, recent discussions within the European Parliament have revealed significant political disagreement over the direction and substance of the proposed changes. Concerns have

been raised that the rapporteur's proposals could weaken the overall coherence and ambition of the CSRD and CSDDD.

2. European Commission adopts new taxonomy measures

On July 4, 2025 the European Commission adopted a [delegated act](#) under the Taxonomy Regulation, aiming to streamline sustainability reporting and reduce administrative burden. Alongside the legal text, the Commission also published [Q&As](#) and model reporting [templates](#) to support implementation.

The new measures introduce a materiality concept for both financial and non-financial undertakings. Companies will no longer be required to assess the Taxonomy eligibility or alignment of economic activities that are not financially material to their business. In parallel, reporting obligations for financial market participants have been eased, including temporary exemptions from certain key performance indicators. Reporting templates have also been significantly simplified, with a substantial reduction in the number of required data points. In addition, the technical screening criteria have been adjusted, particularly the Do No Significant Harm requirements under the environmental objective of pollution prevention and control.

The delegated act is now subject to a four-month scrutiny period by the European Parliament and the Council. If no objections are raised, it will apply from January 2026 for reporting on the 2025 financial year. However, undertakings are given an option to apply the changes at a later date.

3. Update on greenwashing regulations in the EU and in Germany

EU

In the EU, there is new momentum in the debate around the future of the proposal for the [Green Claims Directive](#). A June 23, 2025 [press release](#) from the European Parliament indicates that the European Commission has announced its intention to scrap the legislative proposal. As a result, the Council of the EU [cancelled](#) the final trilogue negotiations with the European Parliament, which was set for June 23, 2025. There is various conflicting media coverage, claiming both that the European Commission intends to completely withdraw the Green Claims Directive and that it does not. There is currently no reliable official statement as to the status. Until now, there has been no formal withdrawal of the directive. The proposal for the Green Claims Directive was introduced in 2023 to make non-mandatory, commercial environmental claims more reliable, comparable, and verifiable across the EU and protect consumers from greenwashing and introduces obligations for third-party verifications prior to the publication of such claims.

Germany

There are also developments in Germany in the context of greenwashing regulations. The German Ministry of Justice has presented a [draft bill](#) within the framework of competition law (UWG) to transpose the so-called "Empowering Consumers Directive" or "EmpCo Directive" ([EU Regulation 2024/825](#)) into German national law. The deadline for EU member states to transpose the directive into national law is March 27, 2026. The EU directive aims to better protect

consumers from greenwashing in advertising and prohibits companies, amongst others, from using certain terms that qualify as greenwashing.

4. CSRD / Omnibus “Stop-the-Clock” Directive Transposition Update

Since our last update, Estonia, Lithuania, and Poland have proceeded to transpose the Stop-the-Clock Directive into national law, and Liechtenstein has initiated the legislative process. Unexpectedly, on July 10, 2025, the German Federal Ministry of Justice and Consumer Protection published a new [draft law](#) that aims to transpose both the CSRD and the Stop-the-Clock Directive into national law. The draft generally maintains the applicability thresholds established in the original CSRD; it does, however, provide for an exemption of reporting obligations of wave 1 companies (*i.e.*, public interest entities) below 1,000 employees for financial years 2025 and 2026.

An overview of the current transposition status of CSRD into national laws and the “Stop-the-Clock” process under the Omnibus Simplification Package can be found [here](#).

Other highlights:

- In a time when Germany is waiting for the repeal of the national Supply Chain Due Diligence Act—as anticipated in the German coalition agreement—BAFA (Federal Office for Economic Affairs and Export Control) somewhat surprisingly [has released](#) a new guidance document and FAQs focused on the protection of children’s rights.
- On June 18, 2025, the European Parliament and the Council of the EU agreed on changes to the carbon border adjustment mechanism (CBAM), the EU’s carbon tax on imported goods, including introducing a 50-ton threshold to the regulation, which would exempt 90% of importers—primarily small- and medium-sized enterprises—from the scope of CBAM rules.
- On July 9, 2025, the European Parliament passed a resolution rejecting the European Commission’s proposed methodology to classify countries by their deforestation risk level under the EU Deforestation Regulation (EUDR).
- The European Commission is preparing for an additional Omnibus Package, this time focusing on EU environmental laws in the areas of circular economy, industrial emissions, and waste management. EU officials suggest that this Environmental Omnibus could propose amendments to the EUDR, the Green Claims Directive, and the Industrial Emissions Directive. A Call for Evidence to simplify environmental legislation and reduce administrative burdens at the implementation level was launched on July 22, 2025.

[IV. NORTH AMERICA](#)

- 1. The Securities and Exchange Commission (SEC) withdraws proposed rules related to ESG disclosures and shareholder proposals**

On June 17, 2025, the SEC announced that it was [formally withdrawing various proposed rules](#) issued between 2020 and 2023. Among the withdrawn rules is a rule proposal that would have required investment advisers and funds to provide additional disclosures regarding ESG strategies, investment practices, and, for certain environmentally focused funds, the greenhouse gas emissions associated with their portfolios. Also withdrawn is a rule proposal that would have amended Rule 14a-8's substantive bases for the exclusion of shareholder proposals, making changes to the substantial implementation basis for exclusion, the duplication basis for exclusion, and the resubmission basis for exclusion. The withdrawn rule proposal will adversely impact some of the provisions that shareholder proponents rely on to advance ESG-related proposals. The SEC stated that it will issue new proposed rules if it decides to pursue future regulatory action in any of the areas covered by the withdrawn rules.

2. Canada's Competition Bureau announces the release of final guidelines on environmental claims

On June 5, 2025, Canada's Competition Bureau [announced the release](#) of final guidelines on environmental claims, which are designed to help companies comply with anti-greenwashing laws passed last year as an amendment to the Competition Act's provisions related to deceptive marketing. The guidelines cover four provisions of the Competition Act relevant to environmental claims: (i) false or misleading representations, (ii) product performance claims, (iii) claims about environmental benefits of a product, and (iv) claims about environmental benefits of a business or business activity. Among other principles, the guidelines emphasize that (i) claims relating to performance or environmental benefits of a product should be "adequately and properly tested" and (ii) claims about the future, including net zero claims, should be "adequately and properly substantiated in accordance with internationally recognized methodology."

3. States sue Trump Administration over electric vehicle waiver repeal

On June 12, 2025, President Donald Trump [signed joint resolutions](#) under the Congressional Review Act (CRA) repealing waivers of preemption by the Clean Air Act previously issued by the Environmental Protection Agency (EPA) authorizing California to establish electric vehicle emissions standards, including banning the sale of gas-powered vehicles by 2035, mandating the sale of zero-emission trucks, and implementing nitrogen oxide engine emissions standards. The President stated that the EPA is authorized to grant waivers only to "address compelling and extraordinary localized issues," and that the repeal was to prevent California's "attempts to impose an electric vehicle mandate, regulate national fuel economy, and regulate greenhouse gas emissions."

That same day, ten states joined California's Attorney General in [filing a complaint](#) against the Trump Administration in federal court, arguing that the CRA applies to federal agency rules but does not apply to EPA waivers. Specifically, the complaint alleges, among other causes of action, that the Trump Administration's actions are beyond its statutory authority, violate the Administrative Procedure Act and the CRA, and violate the Constitution's separation of powers, principles of federalism, and Take Care Clause. The complaint asks the court to declare that the joint resolutions are unconstitutional, to declare that the CRA does not apply to EPA waiver decisions, and to enjoin the EPA from taking any action to implement the joint resolutions.

4. SEC files status update in climate disclosure rules litigation

As discussed in our [April 2025 alert](#), after the SEC withdrew from its defense of the climate disclosure rules, the Eighth Circuit directed the SEC to file a report advising (i) whether the SEC intends to review or reconsider the rules and (ii) if the SEC determines to take no action, whether it “will adhere to the rules if the petitions for review are denied.” On July 23, 2025, the SEC filed a [status report](#) with the Court stating that the SEC “does not intend to review or reconsider the [r]ules at this time” and asking the court to lift the abeyance and make a ruling since the case has been fully briefed. The SEC stated it is possible the SEC may take action to “replace, rescind, or modify” the rules, but that the Court’s decision would “inform the scope and need for such action, including providing insights as to the [SEC’s] jurisdiction and authority” to issue the rules. SEC Commissioner Caroline Crenshaw issued a [statement](#) the same day criticizing the status update as being unresponsive to the Court’s request and as avoiding the “statutorily-required work” under the Administrative Procedure Act to rescind, repeal, or modify the rules.

In case you missed it...

The Gibson Dunn [Workplace DEI Task Force](#) has published its updates for June summarizing the latest key developments, media coverage, case updates, and legislation related to diversity, equity, and inclusion.

A collection of our analyses of the legal and industry impacts from the presidential transition is available [here](#).

V. [APAC](#)

1. Singapore issues draft guidance on the voluntary carbon market

On June 20, 2025, Singapore’s National Climate Change Secretariat, Ministry of Trade and Industry, and Enterprise Singapore jointly [issued](#) draft guidance and consultation on companies’ use of carbon credits as part of their decarbonization plans under Singapore’s voluntary carbon market. The draft guidance aims to aid companies in assessing the environmental integrity of carbon credits and ensuring that reductions from credits are not double counted. Moreover, they remind companies that carbon credits should only be used after a company has prioritized all feasible emission abatement efforts. The draft guidance is open for public feedback until July 20, 2025.

2. The Australian Sustainable Finance Institution releases sustainable finance taxonomy

On June 17, 2025, the Australian Sustainable Finance Institution [released](#) the Australian sustainable finance taxonomy, marking a step toward aligning investment with the country’s net zero ambitions. The taxonomy provides financial institutions and businesses with a voluntary framework to assess the green claims of economic activities and invest in projects aimed at achieving net zero. Some additional goals of the taxonomy are to direct private investments to

these sustainable activities and prevent companies from “greenwashing.” The taxonomy represents an almost two-year collaboration between the government and the finance sector.

3. The Securities and Exchange Board of India publishes ESG debt securities framework

On June 5, 2025, the Securities and Exchange Board of India [announced](#) the release of a comprehensive framework for ESG debt securities designed to increase transparency and credibility. The framework includes a set of regulations for the issuance of social bonds, sustainability bonds, and sustainability-linked bonds. The framework provides guidelines for pre-issuance, post-issuance, and ongoing reporting, including requiring issuers to define how proceeds will be allocated and submit disclosures regarding project objectives and selection criteria. Additionally, only debts that align with internationally recognized standards (such as the International Capital Market Association standards or the ASEAN or EU standards) may be labeled as a social bond, sustainability bond, or sustainability-linked bond. Third-party reviewers must be appointed pre- and post-issuance to ensure alignment with recognized frameworks.

Other highlights:

- On June 26, 2025, the [Singapore Business Federation](#) recommended a one- to two-year time extension and more specific regulatory guidance for small- and medium-sized companies listed on the Singapore Exchange Regulation to prepare for new climate-related disclosure requirements.
- The Korea Stock Exchange announced that it will introduce carbon emissions futures in 2026, with the goal of improving liquidity in the carbon market and providing businesses with tools to manage risks related to emissions costs.

Warmest regards,
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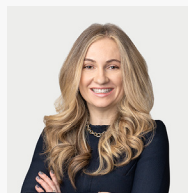
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