View on our website.

ESG: Risk, Litigation, and Reporting Update October 14, 2025

Gibson Dunn ESG: Risk, Litigation, and Reporting Update

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

I. GLOBAL

1. **The International Organization for Standardization (ISO) and Greenhouse Gas Protocol (GHG Protocol) form partnership to develop new standards for greenhouse gas (GHG) reporting**

On September 9, 2025, ISO and GHG Protocol announced a strategic partnership to co-develop global standards for GHG emissions accounting and reporting. This collaboration will combine the ISO 1406X family of standards with the GHG Protocol Corporate Accounting and Reporting, Scope 2, and Scope 3 Standards into a single framework. The initiative aims to reduce fragmentation, enhance consistency for companies and policymakers, and "bring technical rigor, policy relevance and practical usability into one set of standards" to "support robust, science-based decarbonization across regions, sectors and economies." ISO and GHG Protocol also plan to create a joint product carbon footprint standard to help companies obtain more detailed data throughout their value chains. ISO and GHG Protocol have not announced an expected timeline for the new standards, and until the new joint standards are published, the existing ISO and GHG Protocol standards will remain in effect.

2. **Science Based Targets initiative (SBTi) launches a new training and certification platform**

On September 30 2025, SBTi introduced SBTi Academy, a new training and certification platform for sustainability professionals. The platform offers three different learning hubs: free introductory modules on science-based target setting in an "Onboarding Hub," more advanced paid training on specific topics such as the application of the GHG Protocol in a "Practitioners Hub," and a "Certification Hub" that includes a seven-part assessment on SBTi standards and can lead to a formal "SBTi Certified Expert" credential. SBTi Academy includes nine hours of training and aims "to help companies to calculate and set targets more efficiently and effectively."

Other highlights:

- On September 1, 2025, the World Bank published a report titled "Reboot Development: The Economics of a Livable Planet" on the status of degraded land, unhealthy air, and water stress and the importance of "achieving economic growth without harming the environment." The report focuses on how national governments and policymakers can "connect the dots across land, air, and water sectors to drive strong, sustainable economic growth at the national-level and unlock major global benefits" and describes the need for "targeted policy interventions, governance mechanisms, and market-based solutions." The report also describes the World Bank's policies and initiatives aimed at supporting the actions laid out in the report as well as the role companies can play in "leveraging digital technologies and data to support environmental sustainability."

- As discussed in our August ESG Update, the Net-Zero Banking Alliance (NZBA) announced that it would hold a vote to transition from a membership-based structure (which expects member companies to make certain climate-related commitments when joining) to instead provide voluntary guidance as a "new framework initiative." The NZBA members voted in favor of the new initiative, and as of October 2025, the NZBA website has been replaced with a list of "Net-Zero Banking Resources," including an updated version of the Guidance for Climate Target Setting for Banks.

- The Global Reporting Initiative (GRI) has proposed revisions to the Monetary Flows Standard, GRI 201: Economic Performance, which examines an organization's impact on the economy, environment, and people and aims to "balance[] the imperative of companies to generate profit with the needs of their stakeholders, to unlock insights that enable long-term business resilience and sustainability." This is the first step in GRI's revisions to all GRI standards related to economic impact, and the proposed standard is available for public comment until December 17, 2025.

II. UNITED KINGDOM

1. **The corporate offence of failure to prevent fraud comes into effect**

On September 1, 2025, the new corporate criminal offence of failure to prevent fraud came into effect as part of the Economic Crime and Corporate Transparency Act 2023. Under the new offence, if they meet specific criteria, large corporates and partnerships will be held criminally liable where: (i) a specified fraud offence is committed by an employee or agent (such as fraud by false representation, fraud by abuse of position, or fraud by failing to disclose information), and (ii) the offence benefits the organization. For further discussion, please see our previous alerts here and here.

Previously, it was typically necessary to show that a "directing mind" (*e.g.*, senior management or the board) had the requisite intent. Now, large organizations may be held criminally liable where an "associated person" (*e.g.*, employee, agent, or subsidiary) commits certain fraud offences intending to benefit the corporate entity, even if senior management had no knowledge or involvement, thereby introducing a strict liability offence. However, corporate entities can benefit from a full defense by having reasonable fraud prevention measures in place, where possible. This measure is a key element of the broader anti-fraud initiatives introduced by the UK Government to support economic growth as part of its Plan for Change (the milestones the government aims to meet by the end of the current Parliament).

2. **The Financial Conduct Authority (FCA) publishes its quarterly consultation paper**

On September 10, 2025, the FCA published its quarterly consultation paper, proposing targeted amendments to its ESG Sourcebook, the portion of the FCA's Handbook that sets out rules and guidance for ESG matters. The FCA received feedback that restricting sustainability product reports to a 12-month period was challenging. As such, the FCA is proposing to insert ESG 5.4.3R(1A), allowing the publication of reports that either cover a reporting period of less than 12 months, or include a period of time during which neither a label nor the terms were used, provided that the period reported upon is made clear in the report and that the choice of reporting period is justified. The consultation for that chapter will end on October 15, 2025.

Other highlights:

- Consultations on the Draft UK Sustainability Reporting Standards, the Climate-Related Transition Planning, and the Oversight of Sustainability Reporting Assurance Providers consultations closed on September 17, 2025. The UK Government is expected to make decisions on adoption and issue corresponding regulatory and policy proposals, as appropriate, later this year and early in 2026.

III. EUROPE

1. **European Parliament's Legal Affairs Committee (JURI committee) approved compromise on narrowing scope of Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD) reached in European parliament discussions**

On October 13, 2025, the JURI committee approved a sweeping compromise to scale back the European Union's corporate sustainability reporting and due diligence obligations. The compromise was accepted by the Socialists party to avoid a weaker outcome driven by far-right alliances. The approved compromise proposes to limit the application of the CSDDD to companies with more than 5,000 employees and with a net turnover of EUR 1.5 billion. The CSRD would apply only to companies with 1,000 employees and EUR 450 million net turnover. The deal also proposes to remove any EU-level civil liability regime from the CSDDD, leaving enforcement to national authorities. Under the approved proposal, the CSDDD also shifts to a "risk-based approach" towards due diligence from the former entity-based approach. The European Parliament will resolve on the JURI committee's approved compromise at the next plenary session on October 20, 2025, and trilogue negotiations between the European Parliament, the European Commission, and the Council of the EU on the proposed legislation would start on October 24, 2025. Final versions of the amended CSRD and CSDDD are not expected before the end of 2025.

2. **Delay of revision of European Sustainability Reporting Standards for non-EU groups (NESRS)**

While the political compromise on CSRD and CSDDD faces additional review, as noted above, the European Commission has decided to postpone the adoption of the NESRS until at least October 2027 (previously June 2026), as outlined in a letter to financial supervisory authorities. The NESRS set standards for sustainability reports under Article 40a of the Accounting Directive (as amended by the CSRD). Starting in 2029 (for the 2028 fiscal year), the CSRD requires in-scope EU entities to also publish a sustainability report for their non-EU parent if the parent generated over EUR 150 million in EU net turnover in each of the previous two years. A first draft of the NESRS was published on February 26, 2025, which did not yet take into account the Omnibus discussion and the ongoing revision of the European Sustainability Reporting Standards (ESRS). A first exposure draft of the revised ESRS was published on July 31, 2025, as covered in our July 2025 ESG Update.

The delay forms part of the European Commission's broader effort to streamline and delay elements of the EU sustainability reporting framework. While many investors welcome the reduction of datapoints and closer alignment with global International Sustainability Standards Board standards, others warn that excessive simplification could undermine reporting credibility and consistency with the Sustainable Finance Disclosure Regulation.

3. **European Commission proposes delay of EU Deforestation Regulation's application by another year**

On September 23, 2025, the European Commissioner Jessika Roswall announced in a statement that the European Commission plans to propose a further delay of the EU Deforestation Regulation by another year (until December 30, 2026). Commissioner Roswall stated that the delay is driven by capacity issues with the EU's information technology systems and not linked to complaints by the U.S. Government or the EU-U.S. trade deal. Currently, the application deadline is set for December 30, 2025. To come into effect, the proposal would need to be approved by the European Parliament and the Council of the EU.

CSRD Current Transposition Status:

An overview of the current transposition status of the CSRD into national laws and the "Stop-the-Clock" process under the Omnibus Simplification Package can be found here.

IV. NORTH AMERICA

1. **U.S. Environmental Protection Agency (EPA) developments**

On September 12, 2025, the EPA announced a proposed rule to end reporting obligations under the Greenhouse Gas Reporting Program (GHGRP), which requires certain large GHG emissions sources, fuel and industrial gas suppliers, and CO_2 injection sites to annually calculate and report their GHG emissions to the EPA. If finalized, the rule would remove all reporting obligations except for those facilities subject to the Waste Emissions Charge (WEC), which requires the EPA to collect the WEC on methane emissions from petroleum and natural gas systems exceeding a certain threshold. For facilities subject to the WEC, the rule proposes to permanently remove reporting obligations for facilities in the natural gas distribution segment and suspend reporting requirements for the remaining segments until 2034. The public comment period is available until November 3, 2025.

On September 22, 2025, 22 states, the District of Columbia, and nine local governments submitted a comment letter to the EPA opposing the EPA's proposal to rescind its endangerment finding. As covered in our February 2025 ESG Update, the endangerment finding declared that GHGs pose a threat to public health and welfare and serve as the basis for EPA GHG regulations under the Clean Air Act. The comment letter argues that rescinding the endangerment finding would violate "settled law, Supreme Court precedent, and the scientific consensus."

2. **California Governor Gavin Newsom signs package of energy bills into law**

On September 19, 2025, California Governor Gavin Newsom signed into law a set of six bills that address energy, wildfires, and climate. Together, the legislation aims to "bring down electricity costs, stabilize the petroleum market and slash air pollution."

The legislation package consists of the following:

- AB 1207, which renames California's cap-and-trade program to "Cap-and-Invest," extends the program through 2045, and makes program reforms related to compliance offsets, the program's price ceiling, and allocation of allowances;
- SB 840, which directs revenue from the Cap-and-Invest program to projects funding "clean transportation, housing and community investment, clean air and water, wildfire prevention and resilience, agriculture, clean energy, and climate-focused innovation";
- AB 825, which allows for the creation of an independent body to oversee a voluntary regional electricity market;
- SB 352, which codifies the existing Bureau of Environmental Justice within California's Department of Justice, which was established in 2018 to "[p]rotect people and communities that endure a disproportionate share of environmental pollution and public health hazards";
- SB 254, which relates to public financing and ownership of electrical transmission projects, siting and permitting of clean energy projects, wildfire mitigation by electric utilities, and a wildfire mitigation fund; and

- SB 237, which relates to drilling and gasoline requirements, including to allow permits for drilling new oil wells in Kern County and to allow the governor to suspend certain gasoline regulatory control periods to help prevent gasoline price increases.

3. **U.S. Department of Energy (DOE) provides internal guidance on terminology to avoid**

According to multiple sources, in an internal email sent to the DOE's Office of Energy Efficiency and Renewable Energy by the acting director of external affairs, employees were instructed to avoid using specific terms in both internal and external communications, including on the DOE website, internal reports, and public documents. These included phrases such as "climate change," "decarbonization," "emissions," "green," "clean energy," "energy transition," and "sustainability/sustainable." The email noted that DOE staff should be "conscientious about avoiding any terminology that you know to be misaligned with the Administration's perspectives and priorities."

Other highlights:

- On September 16, 2025, Texas Attorney General Ken Paxton announced an investigation into Glass Lewis & Co. and Institutional Shareholder Services, Inc., alleging that the proxy advisors may have violated Texas consumer protection laws "by issuing voting recommendations that advance radical political agendas rather than sound financial principles."

- On September 10, 2025, the U.S. Senate Environmental and Public Works Committee held a hearing to discuss two pieces of draft legislation—the Wildfire Emissions Prevention Act and the Renewable Fuel for Ocean-Going Vessels Act—that address the EPA's treatment of emissions from prescribed burns to help states mitigate wildfires and the use of biofuels for ocean-going vessels, respectively.

- On September 8, 2025, the U.S. Office of the Comptroller of the Currency (OCC) published a bulletin clarifying how the OCC considers "politicized or unlawful debanking" in evaluating banks' licensing applications and performance under the Community Reinvestment Act. For more information on the administration's actions related to politicized or unlawful banking, see our recent client alert.

- On September 24, 2025, the California Air Resources Board (CARB) published a preliminary list of entities potentially in scope of the Climate Corporate Data Accountability Act (SB 253) and the Climate-Related Financial Risk Act (SB 261). CARB clarified that not all entities covered by the laws will be included in the list, reiterated that entities are ultimately responsible for determining whether or not they are in scope, and encouraged companies to provide feedback via a survey if they are not on the list but believe they are subject to the laws or are on the list but believe they qualify for an exemption to the reporting requirements. The preliminary list did not account for proposed entity exemptions and relied on data only as recent as March 2022. On October 10, 2025, CARB also released a draft reporting template for entities to report Scope 1 and 2 GHG emissions pursuant to Senate Bill 253. CARB seeks feedback on the template by October 27, 2025. As described in our August 2025 ESG Update, plaintiffs have sought an injunction pending appeal of SB 253 and SB 261 from the Ninth Circuit and requested a ruling from the court by November 3.

In case you missed it…

In a significant no-action letter issued on September 15, 2025 to Exxon Mobil Corporation, the staff of the SEC's Division of Corporation Finance concurred that the company can implement a groundbreaking "Retail Voting Program" allowing retail shareholders to provide a standing instruction under which in future annual meetings their shares will be voted on an on-going basis as recommended by the company's board of directors. For more details, see our client alert here.

The Gibson Dunn Workplace DEI Task Force has published its updates 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. **Australia sets ambitious 2035 emissions target to accelerate climate action**

On September 18, 2025, Australian Prime Minister Anthony Albanese announced that Australia aims to cut its carbon emissions by 62-70% below 2005 levels by 2035, marking a major step towards its long-term goal of net zero by 2050. The Net Zero Plan identifies five key priorities for decarbonization, including expanding clean electricity, improving energy efficiency, and scaling up carbon removals. Sector-specific strategies, such as the Electricity and Energy Sector Plan and the Agriculture and Land Sector Plan, aim to ensure a fair and efficient transition across the economy. The government highlighted its view that climate action is not only essential to avoid worsening impacts but also presents a major opportunity to grow jobs, industries, and investment in Australia's clean energy future.

2. **Monetary Authority of Singapore (MAS) announces blended finance partnership**

On September 8, 2025, the MAS announced that the Green Investments Partnership, a blended finance partnership under Singapore's Financing Asia's Transition Partnership initiative, has achieved its first close with US $510 million of committed capital from global and regional private, public, and philanthropic institutions, including the Australian Government represented by Export Finance Australia, International Finance Corporation, the Dutch Entrepreneurial Development Bank, HSBC, Temasek, British International Investment, Bank of the Philippine Islands, and Allied Climate Partners. The capital will be deployed into green and sustainable infrastructure opportunities in Southeast and South Asia across a strong pipeline of transactions.

3. **European Union and Southeast Asian nations announce flagship biodiversity programs**

On September 4, 2025, the EU and the Association of Southeast Asian Nations (ASEAN) announced the launch of two regional programs aimed at scaling up nature-based solutions, biodiversity conservation, and climate resilience across Southeast Asia. The programs—the Nature Solutions Finance Hub (NSFH) and ASEAN Small Grants Program Phase III (SGP III)—aim to mobilize funding and contribute to protection of biodiversity in the region to benefit local communities. The NSFH aims to mobilize around EUR 1.5 billion by 2030 to support scalable projects and innovative green finance instruments, while SGP III aims to support agroforestry, eco-tourism, alternative livelihoods, and inclusive governance models with a budget of EUR 20 million.

Warmest regards,
Susy Bullock
Perlette M. Jura
Ronald Kirk
Julia Lapitskaya
Michael K. Murphy
Robert Spano

Chairs, ESG: Risk, Litigation, and Reporting, Gibson Dunn & Crutcher LLP

For further information about any of the topics discussed herein, please contact the ESG Practice Group Chairs or contributors, or the Gibson Dunn attorney with whom you regularly work.

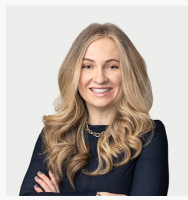
The following Gibson Dunn lawyers prepared this update: Lauren Assaf-Holmes, Carla Baum, Becky Chung, Mellissa Campbell Duru, Ferdinand Fromholzer, Kriti Hannon, Saad Khan, Julia Lapitskaya, Vanessa Ludwig, Leo Métais*, Babette Milz, Antony Nguyen, Johannes Reul, Meghan Sherley, and Nicholas Tok.

ESG: Risk, Litigation, and Reporting Leaders and Members

Susy Bullock
London
+44 20 7071 4283
sbullock@gibsondunn.com

Perlette Michèle Jura
Los Angeles
+1 213.229.7121
pjura@gibsondunn.com

Ronald Kirk
Dallas
+1 214.698.3295
rkirk@gibsondunn.com



Julia Lapitskaya
New York
+1 212.351.2354
jjlapitskaya@gibsondunn.com

Michael K. Murphy
Washington, D.C.
+1 202.955.8238
mmurphy@gibsondunn.com

Robert Spano
London/Paris
+33 1 56 43 13 00
rspano@gibsondunn.com

**Leo Métais, a trainee solicitor in the London office, is not admitted to practice law.*