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# GIBSON DUNN

ESG: Risk, Litigation, and Reporting Update

June 26, 2026

## 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 May 2026. Please click on the links below for further details.

### I. GLOBAL

#### **1. Science Based Targets initiative (SBTi) publishes five-year corporate climate action plan to build on prior set of standards and updates its net-zero standard**

On May 21, 2026, the SBTi published its new five-year corporate climate action plan, [SBTi 2026–2030 Strategy](#). SBTi's new strategy is based on feedback from companies and reflects four key shifts in the organization's approach: (i) more tailored approaches to target-setting for different industry sectors and geographies, (ii) a "pivot towards implementation, with a stronger emphasis on data transparency and system-level assessment of progress and challenges," (iii) work to strengthen partnerships and increase system coherence to address duplication and burden on companies, and (iv) expansion of its network in high-emitting regions and sectors. SBTi has summarized its strategy [here](#).

Reflecting its new strategy, on June 11, 2026, SBTi [released](#) its [Corporate Net-Zero Standard Version 2.0](#). The new standard is intended to move "beyond a one-size-fits-all approach" by "introduc[ing] a range of target-setting options that reflect differing business contexts while remaining consistent with science." Under the new standard, companies are expected to pursue

targets on a “best-efforts basis,” including to “use all available levers to reduce emissions, address any implementation barriers and transparently report on them.” Other updates include accommodations for different markets (small and medium-sized enterprises (SMEs) and lower-income countries) and allowance of carbon credits in certain circumstances as part of a “voluntary recognition mechanism.”

## **2. Draft Taskforce on Inequality and Social-Related Financial Disclosures (TISFD) framework released**

On May 26, 2026, the TISFD [released](#) its first draft of [The TISFD Framework: Recommendations for Disclosure of People-related Information by Businesses and Financial Institutions](#). The framework seeks to provide uniform guidelines to companies on disclosing people-related impacts, dependencies, risks, and opportunities. According to the TISFD framework, “business and investment decision-makers still lack consistent, comparable information, or fail to take account of how people-related impacts, dependencies, risks and opportunities affect performance and long-term value creation.” The TISFD framework builds on standards and frameworks from the International Sustainability Standards Board (ISSB), Global Reporting Initiative (GRI), and European Sustainability Reporting Standards (ESRS) and to “foster greater harmonisation across global disclosure standards and reduce fragmentation, helping make reporting on people-related issues more consistent and comparable globally.”

The TISFD framework is structurally aligned with the Task Force on Climate-related Financial Disclosures and Taskforce on Nature-related Financial Disclosures frameworks to “support a more integrated approach to disclosures across people, climate and nature” using the same four pillar framework: governance, strategy, impact and risk management, and metrics and targets. The metrics and targets pillar is still under development and will be available in a future version of the framework. TISFD anticipates the final version of the framework will be available in 2027. In the meantime, a public comment period on this initial draft is open through July 31, 2026.

### ***Other highlights:***

- On May 18, 2026, ISS-Corporate released a [reporting program](#) designed to help companies comply with the ISSB’s reporting standards, including assistance with gap assessments, carbon accounting, climate risk and opportunity assessments, target setting, transition plan development, and regulatory reporting.
- On May 26, 2026, the International Financial Reporting Standards Foundation (IFRS) and GRI issued a [joint statement](#) regarding their collaboration on sustainability standards. While the IFRS and GRI will continue to maintain their distinct roles and make decisions independently, they have agreed to collaborate to align “common disclosures with the aim of reducing duplication, fragmentation and complexity for reporting entities and users of the information reported.” This work is relevant to GRI’s development of sector-specific standards and ISSB’s nature-related guidance and amendments to the Sustainability Accounting Standards Board standards.

- On May 7, 2026, the EU, Brazil, and China launched the [Open Coalition on Compliance Carbon Markets](#), a new international initiative aimed at strengthening the effectiveness, transparency, and integrity of domestic carbon pricing schemes worldwide, with New Zealand and Germany joining as the first additional members.
- On April 30, 2026, Climate Action 100+ (CA100+) [released](#) a streamlined [Net Zero Company Benchmark framework](#) for 2026. The new framework includes several significant changes, including a partnership with the World Benchmarking Alliance to track decarbonization metrics and the use of InfluenceMap for climate lobbying metrics, each aimed at reducing duplication and promoting consistency. The new framework also removes and refines certain metrics and methodologies.
- On May 20, 2026, the United Nations (UN) General Assembly [adopted](#) a [resolution](#) building on the UN's International Court of Justice's advisory ruling in July 2025 and calling on UN Member States to "take all possible steps to avoid causing significant damage to the climate and environment, including emissions produced within their borders, and to follow through on their existing climate pledges under the Paris Agreement." A total of 141 countries voted in favor of the resolution, while 8 voted against it (Belarus, Iran, Israel, Liberia, Russia, Saudi Arabia, the United States, and Yemen) and 28 abstained.

## **II. UNITED KINGDOM**

### **1. The UK Department for Energy Security and Net Zero (DESNZ) publishes post-implementation review of the streamlined energy and carbon reporting (SECR) framework**

On May 26, 2026, DESNZ [published](#) a review of the UK's implementation of the SECR framework, including the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The review indicates that the SECR regulations have mainly met their objectives and have delivered measurable benefits. However, attribution remains challenging given the presence of overlapping policies and wider market conditions. The review recommends retaining the SECR requirements with amendments, including introducing a standardized disclosure template and aligning SECR definitions and metrics with ISSB, Corporate Sustainability Reporting Directive (CSRD), and Task Force on Climate-related Financial Disclosures frameworks to allow adaptation with the evolving reporting landscape.

### **2. The Climate Change Committee publishes the Fourth Independent Assessment of UK Climate Risk**

On May 20, 2026, the Climate Change Committee [published](#) the Fourth Independent Assessment, providing statutory advice to inform the UK Government's next five-yearly assessment of climate risks under the Climate Change Act 2008. The Climate Change Committee is an independent statutory body established under the Climate Change Act 2008 to advise the UK and devolved governments on emissions reduction and adaptation. The report identifies climate risks, actions, and enablers across 14 systems, including health, land, and the economy.

### 3. **The Employment Rights Act 2025 unfair dismissal reforms will come into force on January 1, 2027**

On May 26, 2026, the Employment Rights Act 2025 (Commencement No. 4 and Transitional and Saving Provisions) Regulations 2026 (SI 2026/559) were [finalized](#), bringing into force key reforms to the unfair dismissal regime by January 1, 2027. These new regulations will reduce the qualifying period for bringing an unfair dismissal claim from two years of continuous employment to six months, as well as remove the statutory cap on compensatory awards for successful unfair dismissal claims (currently 52 weeks of gross pay or £123,543 (whichever is lower)). The changes introduced by the new regulations will apply to any unfair dismissal claims where the effective date of termination is on or after January 1, 2027.

#### ***Other highlights:***

- On May 21, 2026, the UK Financial Conduct Authority [published](#) their findings from the Transition Finance Pilot, examining barriers to scaling finance for climate solutions.

### **III. [EUROPE](#)**

#### **1. CSRD reporting standards update**

##### **Consultation on Revised ESRS and voluntary sustainability reporting standard closes:**

Formal adoption of the final standards of both the [revised ESRS](#) and a [voluntary sustainability reporting standard](#) by the European Commission is expected in late June or early July 2026.

The four-week public consultation on the two draft delegated acts under the CSRD closed on June 3, 2026 (see feedback on the [draft ESRS](#) and on the new [voluntary sustainability reporting standard](#)), recording more than 400 responses. As reported in our [April 2026 ESG Update](#), the European Commission launched the consultation on May 6, 2026, covering a set of revised ESRS and a new voluntary sustainability reporting standard for companies outside the scope of the CSRD, the latter incorporating the “value chain cap” that limits the sustainability information larger CSRD-reporting companies may request from smaller suppliers and business partners. Feedback from investors was varied. For example, several major institutional investors raised concerns over broad disclosure exemptions and called for greater alignment with ISSB standards, and other financial institutions such as AXA Group and Crédit Agricole welcomed the European Commission’s decision to retain the double materiality approach unaltered.

Once adopted, the delegated acts will be submitted to the European Parliament and the Council of the EU for scrutiny under the standard no-objection procedure, which runs for two months and may be extended by a further two months. No transposition into national law is required. On this timeline, entry into force is likely to occur in the fourth quarter of 2026. The revised ESRS are intended to first apply for all CSRD reporting for financial years beginning on or after January 1, 2027.

**European Financial Reporting Advisory Group (EFRAG) invites participation in a field test of the draft non-EU sustainability reporting standard:** On June 4, 2026, EFRAG launched a [field test](#) for a dedicated sustainability reporting standard for non-EU groups (“N-ESRS”) that fall within the scope of the CSRD by virtue of their EU operations. The field test will occur ahead of EFRAG’s public consultation on the N-ESRS, which is expected to be launched in the second half of July 2026.

## 2. France: updates regarding duty of vigilance cases

**Landmark ruling expected in climate duty of vigilance case on June 25, 2026:** In February 2026, the Paris Judicial Court held the first merits hearing in France in a climate-related duty of vigilance claim brought by [NGOs](#) and supported by the City of Paris, alleging failures to address climate and environmental risks in the defendant company’s vigilance plan. The case raises three legal issues: whether France’s 2017 duty of vigilance law applies to climate change, whether Scope 3 emissions should be included in the company’s risk mapping and vigilance plan, and how far the court may go in reviewing or ordering changes to that plan. The plaintiffs seek, among other measures, an end to new hydrocarbon projects and reductions in oil and gas production by 2030, while the defendant argues that responsibility for emissions rests primarily with consumers and public policy choices. The Paris Judicial Court is expected to hand down its judgment on June 25, 2026. Gibson Dunn’s Paris team will issue a specific client alert once the judgment has been made public.

**Vigilance plan challenged before French courts over downstream human rights risks:** Five organizations, including certain shareholders, have announced their intention to bring proceedings against a European defense-sector joint venture before the Paris Judicial Court for alleged breaches of the French duty of vigilance law. The contemplated proceedings are expected to center on a question of broad relevance under the French vigilance regime: whether a company’s vigilance plan must address human rights risks linked to the downstream use of its products by third parties, or whether those obligations are confined to its upstream value chain.

Separately, Amnesty International has [announced](#) that it is joining a distinct complaint in Belgium concerning allegedly unlawful arms transits to Israel involving actors in the logistics chain, underscoring broader European scrutiny of logistics chains connected to the Gaza conflict.

### ***Other highlights:***

- On May 28, 2026, the European Commission opened [infringement procedures](#) against 20 EU member states for failing to transpose the Directive on Empowering Consumers for the Green Transition (ECGT) into national law. The ECGT, adopted in 2024, bans unverified generic environmental claims and restricts the use of sustainability labels to those based on official certification schemes or established by public authorities. The affected member states now have two months to respond and complete transposition.
- 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](#).
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## **IV. NORTH AMERICA**

### **1. The U.S. Department of Justice (DOJ) files suit seeking to block a Minnesota lawsuit against multiple energy companies**

On May 4, 2026, the DOJ [filed suit](#) in the U.S. District Court for the District of Minnesota against the State of Minnesota to block a [lawsuit](#) filed in 2020 by the Minnesota Attorney General against multiple energy companies arguing that the companies engaged in consumer fraud and deceptive trade practices by failing to inform consumers about how they impacted climate change. The DOJ's complaint alleges that the 2020 lawsuit is preempted because "federal law, not state law, exclusively governs regulation of global greenhouse gas emissions." The complaint asserts preemption under the Constitution's federal interest principles, separation of powers doctrine, foreign affairs doctrine, and Commerce Clause, as well as the Clean Air Act. This follows lawsuits brought by the DOJ last year against Hawaii and Michigan seeking to prevent the states from pursuing climate change lawsuits against fossil fuel companies, as covered in our [May 2025 ESG Update](#).

### **2. Lawsuits involving, and brought by, proxy advisory firms Institutional Shareholder Services Inc. (ISS) and Glass Lewis & Co. LLC (Glass Lewis)**

In May 2026, Attorneys General from [Texas](#), [Nebraska](#), [Iowa](#), and [West Virginia](#) each filed suit against proxy advisory firm ISS alleging that ISS violated consumer protection laws and engaged in deceptive practices by promoting ESG and diversity, equity, and inclusion (DEI) proposals and policies in its advice to investors instead of providing "objective and impartial" investment advice. The Attorneys General also argue that ISS has a conflict of interest because it provides ESG consulting services directly to multiple companies for which it also provides voting information to investors. These lawsuits follow a similar lawsuit filed by the Florida Attorney General in November 2025, alleging violations of state consumer protection and antitrust laws. For more information, please see the [November 2025 ESG Update](#).

As noted in our [April 2026 ESG Update](#), [ISS](#) and [Glass Lewis](#) filed lawsuits challenging Indiana statute H.B. 1273, which requires proxy advisors to issue warnings if they have not conducted a "written financial analysis" considering the financial costs and benefits of a proposal when advising clients to vote against company management's recommendation. [ISS](#) and Glass Lewis have also brought lawsuits challenging a similar law in Kansas.

#### ***Other highlights:***

- The California Air and Resources Board (CARB) has [updated](#) its Cap-and-Invest Program by establishing more stringent allowance budgets, requiring 80% of allowances to "directly benefit California" including through electricity bill credits, providing an incentive fund to support investments by businesses that reduce emissions and future compliance costs, and adding compliance support for industry. The changes aim to "strengthen affordability, support economic stability, enhance industry assistance, and incorporate public feedback, while maintaining program ambition and integrity."

### ***In case you missed it...***

- On May 29, 2026, the U.S. Securities and Exchange Commission (Commission) formally proposed to rescind the Commission's climate-related disclosure rules adopted in March 2024. Comments on the proposal are due on or before August 3, 2026. 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 current administration is available [here](#).

## **V. APAC**

### **1. Singapore partners with the World Bank Group to launch Carbon Markets Program**

On May 20, 2026, the Singapore Government and the World Bank Group launched the [Singapore Carbon Markets Program](#) at the Innovate4Climate conference in Singapore. The program aims to address key barriers to the development and scaling of carbon markets by supporting countries in building technical capacity, institutional frameworks, and digital infrastructure required for high-integrity carbon markets. It comprises three core components: (i) developing interoperable carbon registries and digital monitoring, reporting, and verification tools; (ii) piloting new approaches to aggregating carbon credit supply and demand to reduce transaction costs and improve market access; and (iii) supporting the development of national carbon market strategies and policies.

### **2. Asia Pacific Loan Market Association (APLMA) publishes Practice Note on Sustainability-Linked Loan Principles (SLLP) for SMEs**

On May 15, 2026, the APLMA, an Asia Pacific loan market industry association based in Hong Kong, [published](#) a Practice Note providing guidance on the applicability of the SLLP to loans made to SMEs. The Practice Note supplements the SLLP by addressing practical challenges in the SME context, with a focus on key areas such as key performance indicator selection, target-setting, reporting, and verification. The Practice Note also addresses program-based sustainability-linked loan structures, which allow lenders to offer standardized SLLP products to large numbers of SMEs rather than negotiating bespoke terms with individual SME borrowers.

### ***Other highlights:***

- Companies Commission of Malaysia [consults](#) on mandatory sustainability reporting for non-listed companies, including SMEs.

[Read More](#)

*Warmest regards,*  
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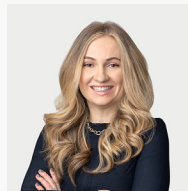
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