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## Skadden Offers a Review of ESG in 2024 and Key Trends for 2025

*By Raquel Fox, Marc S. Gerber, Simon Toms, Caroline S. Kim and Justin Lau* January 9, 2025

[Comment](#)

### ESG: 2024 Sees Greater Implementation in Europe and Increasing Divergence With the US

In this article, we reflect on key trends in ESG over the second half of 2024 and look ahead at trends that may emerge in 2025.

We analyze developments in the latter half of 2024, which were similar to those highlighted in Skadden’s July 2024 “[ESG in 2024: A Midyear Review](#),” including:

- The implementation of more ESG legislation and guidance in Europe paired with ongoing divergences between the EU and U.S.
- A key court ruling on judicial bodies’ role in enforcing compliance with the Paris Agreement.
- Further developments on some of the key measures announced at the UN’s Biodiversity and Climate Change conferences.

We also review potential key developments in 2025, including U.S. President-elect Donald Trump’s approach to ESG matters during his second term, the publication of the first EU Corporate Sustainability Reporting Directive (CSRD) reports, additional EU and U.K. regulatory updates and the possible simplification of the EU’s ESG reporting framework.

## Key Trends and Developments in 2024

### New ESG Legislation and Guidance

A wide range of new and enhanced ESG legislation and guidance was published in the second half of 2024 that will apply to companies in 2025. We cover key pieces of legislation and updates below.

#### CS3D Becomes Effective

As discussed in our mid-year review, on July 25, 2024, Directive 2024/1760 on corporate sustainability due diligence (CS3D) became effective. EU member states have until July 26, 2026, to transpose the directive into national law, with the directive applying to companies in progressive stages from 2027 to 2029 depending on companies’ employee counts and turnover thresholds. The directive mandates that companies address human rights and environmental risks in their supply chains by imposing comprehensive due diligence obligations, including into company policies, assessing their impacts and providing remediation if necessary. Companies must also adopt transition plans aligned with the Paris Agreement and engage with stakeholders. The directive covers both upstream and downstream activities and introduces civil liability for noncompliance. Member state supervisory authorities will oversee compliance, with penalties based on global turnover, and publicly name noncompliant companies. The CS3D also aligns with the CSRD to avoid companies having to double report under both directives, though careful planning is required by companies to ensure compliance with obligations under both directives.

#### Updated European Securities and Markets Authority Fund Naming Rules

In May 2024, the European Securities and Markets Authority (ESMA) published updated guidelines for funds with ESG- or sustainability-related terms in their names. Managers of new funds created after November 21, 2024, must comply with these rules, while funds in existence prior to this date have been given a six-month transitional period to comply, ending May 21, 2025. Alongside the new guidelines, ESMA released a report addressing responses received in relation to a recent consultation. The majority of respondents noted that compliance with the guidelines would result in a significant increase in compliance costs that would be passed through to end clients, with several respondents estimating this to be as much as a 30% increase to their current costs. However, ESMA justified these costs by noting that investors may appreciate the transparency and clarity and could even reward those funds with clear names that were not misleading.

Certain EU member state regulators have raised concerns regarding the updated guidelines. The guidelines deliberately do not contain a closed list of terms, which is aimed at preventing market participants from utilizing a technical reading to evade the spirit of the rules. However, respondents have claimed that this will lead to funds being unduly restricted in the use of naming terms and that the lack of a list of indicative terms, at a minimum, will fail to provide orientation to the market. National regulators, in particular the Luxembourg Commission de Surveillance du Secteur Financier (CSSF), are concerned that this may lead to inconsistent application across member states. In addition, national regulators are concerned about the impact on the green bond market, as many funds may be in breach of the guidelines solely from their investments in ESG-labeled bonds.

The guidelines aim to reduce greenwashing risks, enhance investor trust and standardize practices across EU member states. Requirements include:

- Funds using ESG-, impact- or sustainability-related terms must ensure that at least 80% of their investments are used to meet environmental or social characteristics or sustainable investment objectives.
- Funds using terms such as “sustainable” must commit to investing meaningfully in sustainable investments as defined by Article 2(17) of the Sustainable Finance Disclosure Regulation (SFDR), which includes contributions to environmental or social objectives without significantly harming any other such objectives, and ensuring good governance practices.
- Funds using terms such as “transition” or “net-zero” must demonstrate a clear and measurable path to social or environmental transition.
- Funds using terms such as “impact” must ensure that their investments generate positive, measurable social or environmental impact alongside financial returns.

### **Introduction of the UK Carbon Border Adjustment Mechanism**

In October 2024, the U.K. government published its response to the consultation on introducing a U.K. Carbon Border Adjustment Mechanism (CBAM) and confirmed that, from January 1, 2027, the U.K. CBAM will place a carbon price on some of the most emissions-intensive industrial goods imported into the U.K., initially focusing on the aluminium, cement, fertilizer, hydrogen, iron and steel sectors. The glass and ceramic sectors will be considered for future inclusion. Sectoral scope was determined by three factors: (i) inclusion in the U.K. Emissions Trading Scheme; (ii) carbon leakage risk; and (iii) feasibility and effectiveness.

### **Financial Conduct Authority Consultation on a New Prospectus Regime**

As part of its consultation on a new prospectus regime, the U.K. Financial Conduct Authority (FCA) has proposed that companies that have identified material climate-related risks and opportunities be required to incorporate specific climate-related disclosures in prospectuses. Such disclosures would be subject to minimum information requirements under the new rules that are themselves aligned with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and IFRS S2 Climate-Related Disclosures. These proposals, if adopted, will result in companies being required to disclose climate-related risks and opportunities if they have been identified by the company, prior to listing on the London Stock Exchange, whereas currently these disclosure obligations only apply following admission to trading. Many private U.K. companies considering a listing may already be required to report in line with the TCFD (see Skadden’s April 2022 article [“Q&A: New Climate-Related Disclosure Regulations for UK Companies and LLPs”](#) for more on these requirements), though the proposals could impact non-U.K. incorporated companies that are preparing to list in London.

Information required to be included would be specific to individual issuers and consistent with the “necessary information” test, providing flexibility and autonomy to issuers with different business focuses, while maintaining a reliable regulatory framework. These disclosures would also be considered “protected forward looking statements” under the new prospectus rules, which are subject to a higher liability standard under the proposed rules.<sup>1</sup>

### **LMA Publishes Model Provisions for Green Loans**

On November 7, 2024, the Loan Market Association (LMA) published its “Draft Provisions for Green Loans” (the LMA Green Loan Provisions). This follows the publication of the Green Loan Principles (GLP), which were co-authored by the three major loan market associations in 2018 and updated in February 2023.

The LMA Green Loan Provisions are model provisions that are intended to serve as a starting point for green loans consistent with the GLP and primarily designed to be used with the LMA’s recommended form of multicurrency term and revolving facilities agreement.

The release of the LMA Green Loan Provisions has been widely welcomed by companies, as there had previously been a lack of consensus on the standard provisions for green loans that align with the GLP. The LMA Green Loan Provisions help address this by providing standardized drafting instructions that address the core components of the GLP (e.g., regular reporting on the use of loan proceeds for green projects), which is expected to promote transparency and support the growth and integrity of the green loan market.

While these model provisions will need to be tailored to adapt to the specific needs of different transactions, their use as a starting point for negotiations will likely streamline negotiations and reduce documentation risk. Ultimately, this will contribute to the development of the green loan market, which would benefit both borrowers and lenders alike.

### **Australian Tax Disclosure Law Requires Enhanced Public Disclosures**

In late November 2024, Australia passed one of the world's strictest tax disclosure laws, requiring multinational companies with over 1 billion Australian dollars (approximately US\$650 million) in annual revenue with at least 10 million Australian dollars (approximately US\$6.5 million) of which earned in Australia to disclose financial details across 41 jurisdictions linked to "tax secrecy and profit-shifting." Notably, these disclosures will be made available to the public (with some limited exceptions), with the details to be provided modeled on the Global Reporting Initiative's standards that multiple nongovernmental organizations have pushed for in response to profit shifting concerns.

Australia is hoping to set a global precedent with the legislation, as the country seeks to compel companies to state how much revenue they book in low-tax jurisdictions and explain why tax paid in such jurisdictions differs from the applicable headline rate. The legislation goes beyond the Organization for Economic Co-operation and Development's and EU's standards and requires the disclosure of granular financial detail, such as third-party sales and intragroup transactions (subject to some commercial confidentiality limitations).

### **Continued Delays and Divergences Regarding Proposed Rules**

In addition to new rules, a number of existing pieces of ESG legislation have been delayed from being implemented. There was also an increased divergence between the approaches to ESG rules across the world, leading to greater complexities for companies that must comply with requirements put forth by various countries.

#### **Delay to the Implementation of the EU Deforestation Regulation**

In response to feedback from global stakeholders, on December 3, 2024, the EU approved delaying the implementation of the EU Deforestation Regulation (EUDR) from the original planned date of December 30, 2024, by one year to December 30, 2025, for large companies and June 30, 2026, for smaller businesses. The delay is intended to give companies more time to prepare for the required disclosures and minimize disruptions to supply chains. Initially, in addition to the postponement, the creation of a new category of countries labelled as "no risk" was also proposed. These "no-risk" countries would have faced significantly less stringent requirements due to a negligible or nonexistent risk of deforestation. However, the proposal was withdrawn after backlash from countries such as Brazil and various nonprofits that expressed concerns that this category would essentially create a loophole for EU member states to not comply with the regulation, provide an opportunity for entities to circumvent traceability requirements and undermine the due diligence obligations set out in the EUDR. The European Commission (EC) is therefore expected to allocate each relevant country or region of production a risk classification of either "high-risk," "standard risk" or "low-risk" by June 30, 2025.

#### **Antitrust Guidelines Increase in Number, But Only Go So Far**

Despite considerable progress in a number of jurisdictions, there is still no consensus between different agencies on how to assess sustainability initiatives under competition laws.

The greatest progress has been made in Europe and the Asia Pacific region, where agencies continue to adopt guidance for businesses on how to navigate competition laws while collaborating on "green" projects. Though the pace of adoption slowed down in H2 2024, final guidance was published in Australia and South Korea and is expected to be released by Portugal in the near future. Despite these countries' new guidelines, many businesses are awaiting further clarity in the form of assessments of green collaboration projects. To date, very few assessments have been published and those that have been tend to concern lower-risk forms of collaboration, shedding little insight on how to apply more complex aspects of sustainability guidance.

On the other side of the Atlantic, Mexico announced in September 2024 that the country is considering issuing sustainability guidance, while in the U.S., a conservative approach still remains regarding green collaboration. Indeed, U.S. antitrust agencies have been clear that the country's antitrust laws currently do not provide exemptions for sustainability collaborations between competitors.

Although climate action is a global challenge requiring a global response, companies need to carefully consider the evolving patchwork of guidelines and plan industry-led initiatives. Accordingly, the varied treatment toward green collaboration around the world — with differences in approaches even among jurisdictions that have adopted sustainability guidance — can make it challenging for companies to initiate cross-border collaboration.

### **Shell Wins Appeal Against Order To Cut Its Greenhouse Gas Emissions by 2030**

Overturing a first instance judgment that ordered Shell to reduce greenhouse gas emissions across global operations by 45% by the end of 2030 (see Skadden’s September 2021 article “[ESG in 2021 So Far: An Update](#)”), the Hague Court of Appeal determined that, while the company has a legal obligation to reduce emissions, the rate at which it may do so cannot be specified or imposed by a Dutch court (*Milieudefensie et al. v. Royal Dutch Shell*). This ruling was given due to a lack of scientific consensus on the required rate of reduction in emissions for specific sectors in order to reach global net zero emissions by 2050. The November 2024 judgment is broadly consistent with the ruling in *ClientEarth v Shell plc & Ors* in 2023, in which the English Court of Appeal dismissed an action to hold directors personally liable for allegedly mismanaging climate risk. These judgments perhaps indicate the tone of the courts’ willingness either to impose climate-related standards that go beyond their expertise or to fetter commercial discretion of companies that are otherwise compliant with regulations.<sup>2</sup>

## UN COP16 and COP29 Provide Mixed Outcomes

The biannual United Nations Biodiversity Conference (COP16) and the 2024 edition of the United Nations Climate Change Conference (COP29) took place in H2 2024, with the outcomes of each of the conferences receiving mixed responses from the business community.

COP16 continued to be a platform for organizations to launch new initiatives. During this edition of the conference, six global environmental organizations (including the World Wildlife Fund and The Nature Conservancy) announced the formation of a coalition that aims to scale climate and conservation through the use of sovereign debt conversion (the cancellation or reduction of existing hard currency debt obligations in exchange for debtor nation investments in biodiversity protection and climate initiatives). The coalition intends to focus on the creation of practice standards, the development of a pipeline of projects for prospective investment and the expansion of the available capital pool.<sup>3</sup> Sovereign nations are some of the largest issuers of green bonds, and the creation of universal standards alongside eligible projects is intended to continue to encourage ever-increasing investment in nature-related projects.

During this year’s COP29, participants struggled to reach consensus, as the absence of a number of key global leaders and attendees’ differing opinions on the role of oil and gas in the climate transition resulted in an impasse on certain matters.<sup>4</sup> Despite these disagreements, progress was made regarding carbon markets, with countries agreeing on standards for a centralized UN market and that the UN Supervisory Body would continue to work on the establishment of a new carbon crediting mechanism throughout 2025. These measures are intended to make country-to-country carbon trading and a carbon crediting mechanism fully operational, thereby facilitating new flows of financing to developing countries. In the final hours of COP29, an agreement was also reached to triple the flow of capital to developing countries from \$100 billion to \$300 billion a year by 2035. This figure comprises both public and private sources of capital, which may result in increased interest from governments and development finance institutions in attracting private capital investment over the next decade.<sup>5</sup>

## Expected 2025 Trends and Developments

### A Different Approach to ESG Under the New US Presidential Administration

In the U.S., the SEC climate disclosure rules adopted in 2023 are being challenged in court and may not survive to become effective going forward during President-elect Donald Trump’s second term. Uncertainty surrounding the status of these rules has made it difficult for U.S. public companies to plan and prepare for implementation of the new requirements. Regardless of the outcome of the court challenges and change in administration, companies should continue their overall preparations for other climate-related disclosure requirements, such as legislation enacted by California and introduced in other U.S. states, as further discussed in our November 2024 article “[Enhancing Controls and Procedures for Climate-Related Disclosures](#).” Relevant policies and priorities of President-elect Trump’s second term are expected to be unveiled throughout 2025 and will help provide clarity to the market on the future of green and clean energy projects in the U.S., as well as whether climate reporting will remain a priority at a federal level.

The potential divergence in ESG regulatory regimes between federal and state governments, as well as differences between regimes in the U.S., EU and U.K., will be a key issue for companies to consider going forward.

### Nasdaq Board Diversity Rules Vacated by the Fifth Circuit

On December 11, 2024, the U.S. Court of Appeals for the Fifth Circuit, in a 9-8 vote, ruled that the SEC exceeded its authority in approving Nasdaq’s board diversity rules that required Nasdaq-listed companies to (i) publish a standardized matrix reflecting company boards’ gender and racial/ethnic composition and (ii) have a minimum number of women and diverse directors or explain why such diversity is not present. The rules were challenged by the National Center for Public Policy Research, a conservative think tank, and the Alliance for Fair Board Recruitment, a nonprofit that seeks “to promote the recruitment of corporate board members without regard to race, ethnicity, sex and sexual identity.” While Nasdaq-listed companies will no longer be required to comply with the rules, U.S. public companies are expected to continue providing voluntary board diversity disclosures to align with investor expectations.

### First EU CSRD Reports Due in 2025

EU-incorporated companies currently reporting under the Non-Financial Reporting Directive must transition to reporting under the CSRD in reports submitted in 2025. Relevant companies will need to disclose their impact on society and the environment, as well as how sustainability factors affect their businesses. The EC has been publishing, and continues to release, reporting standards that include detailed disclosure requirements and data points. Going forward, companies will need to monitor and adhere to these standards following a thorough double materiality assessment.

Given the complexities of the CSRD, this transition presents a crucial opportunity to observe how companies are adhering to the reporting requirements, particularly those organizations that publish their annual reports in multiple jurisdictions and/or have U.S. disclosure obligations. Additionally, reports submitted in 2025 will offer insight into how member state authorities and investors respond to the various approaches to CSRD reporting.

## Potential Simplification of EU ESG Reporting Obligations

As mentioned in Skadden's November 2024 article "[EU Seeks To Simplify ESG Reporting Obligations](#)," the EU is considering simplifying its ESG reporting obligations by consolidating various such regulations into a single omnibus regulation.

The potential move, which is being spearheaded by EC President Ursula von der Leyen, follows the Budapest Declaration adopted by EU member states' leaders, which calls for a "simplification revolution" to create a clear regulatory framework. The initiative would merge the CSRD, the EU Taxonomy Regulation and CS3D into one omnibus regulation, thereby potentially reducing the regulatory burden on companies.

Both the Budapest Declaration and the EU's "[Future of European Competitiveness](#)" report emphasize the need to cut reporting requirements by 25% to enhance the EU's competitiveness, with the European Council calling on the EC to present concrete proposals by mid-2025.

In 2025, the business community should monitor how the EC implements these proposals and whether they achieve the intended reduction in regulatory complexity and administrative burden.

## Sustainable Finance Disclosure Regulation Updates

In Q1 2025, the EC is expected to release the EU SFDR Regulatory Technical Standard, implementing the amendments to the SFDR's annual reporting disclosure requirements for investors, which were first recommended in December 2023. A broad review into the SFDR is expected in mid-2025, under which:

- The Joint Committee will be required to contribute more guidance, including through Q&As on sustainability disclosures under the SFDR Delegated Regulation.
- It is anticipated there will be a report by the three European Supervisory Authorities on the reporting of principal adverse impacts under Article 18 of SFDR.

## Potential Reforms to the UK Modern Slavery Act

Since the U.K. Modern Slavery Act 2015 (U.K. MSA) came into force, critics have argued that the legislation has had limited impact and called for the measure to be reformed. An independent review in 2019 and subsequent public consultation highlighted issues surrounding the law, such as the quality and scope of modern slavery statements and ineffective enforcement. Recommendations from the review included making reporting areas mandatory, requiring comprehensive supply chain reporting and introducing stricter enforcement measures. In January 2024, a House of Lords committee was established to consider legislative amendments, potentially leading to significant reforms to the law.

Although the new Labour government's intentions on the reforms are not yet clear, the change in political control in the U.K. and a growing global focus on supply chain regulation indicate there will be changes to the U.K. MSA's reporting regime sometime in the near future. See Skadden's September 2024 article "[UK Modern Slavery Act: The Future of Transparency in Supply Chains](#)" for further context on the anticipated reforms.

## Publication of Policy Statement by the FCA and Prudential Regulation Authority on a New Diversity and Inclusion Regulatory Framework

The policy statement by the FCA and Prudential Regulation Authority (PRA) on a new diversity and inclusion regulatory framework was initially expected by the end of 2024 but was postponed due to the U.K. general election. However, despite these delays, the leadership change in the U.K. government has brought a renewed focus to some new diversity measures. A draft of the Equality (Race and Disability) Bill is expected to be put before Parliament in early 2025, which will make ethnicity and disability pay gap reporting mandatory for employers with 250 or more employees, which thus far has only been done on a voluntary basis. The bill would also enact protections against dual discrimination, which is a claim for direct discrimination based on the combination of no more than two relevant protected characteristics. These provisions, once in force, would give employees a more specific cause of action against intersectional discrimination.

## Antitrust Divergence Likely To Increase in EU and US

Leadership changes and new political mandates in the EU and the U.S. are likely to further increase divergence between these jurisdictions.

The EU's new Commissioner for Competitiveness Teresa Ribera Rodriguez has a broad remit that includes overseeing both competition policy and the green-focused transition. The objectives for her five-year mandate include modernizing competition policy to further wider objectives, including sustainability. This signals that sustainability considerations may start to feature more heavily in all areas of EU competition policy, including merger control. In contrast, in the U.S., the second Trump administration's priorities may include the Department of Justice's Antitrust Division targeting competitor collaborations on sustainability initiatives as anticompetitive collusion.

This growing divergence, coupled with the fragmentation and limited adoption of guidance globally, means that legal uncertainty regarding green collaboration is likely to remain in 2025.

## Key ESG Regulatory and Legislative Updates

UNITED KINGDOM	
<p><b>U.K. government publishes response to consultation on regulating providers of ESG ratings</b></p>	<p>On November 14, 2024, the U.K. government published its response to the 2023 consultation on regulating providers of ESG ratings. In doing so, the U.K. government stated that there was “strong support” for regulating the provision of ESG ratings and proposed draft legislation, which, if passed, will amend the Financial Services and Markets Act 2000. The provision of ESG ratings to U.K. users will become a regulated activity and the draft legislation borrows heavily from the equivalent EU ESG Ratings Regulation, in particular with regard to the definition of “ESG Rating,” which is expected to come in to force during the first half of 2026 (see Skadden’s July 2024 article “<a href="#">EU Adopts Legislation To Regulate ESG Rating Providers</a>”). The U.K. government is accepting technical comments on the draft legislation until January 14, 2025. Once the draft legislation is finalized, the FCA will consult on the standards and requirements that ESG rating providers will be expected to meet.</p>
<p><b>Consultation paper on the introduction of a U.K. Green Taxonomy</b></p>	<p>In November 2024, the U.K. government published a <a href="#">consultation paper</a> to determine if a U.K. Green Taxonomy would complement existing policies to mitigate greenwashing and support the U.K. government’s sustainability goals. The paper seeks input on market and regulatory use cases and how to enhance the taxonomy’s usability. The consultation, which closes on February 6, 2025, does not cover detailed activity-level standards or broader U.K. climate and environmental strategies.</p>
<p><b>FCA’s rules for sustainability disclosure and investment labels (SDR Rules)</b></p>	<p>In May 2024, the FCA released its final rules and guidance for the SDR Rules, which apply to fund managers from December 2, 2024. The <a href="#">FCA has consulted</a> on extending the SDR Rules to portfolio managers and intends to publish a policy statement and further information about implementation in Q2 2025. The government also intends to consult on whether to broaden the SDR Rules further to include funds recognized under the Overseas Funds Regime, with legislative requirements potentially coming into force in Q2 2025.</p>
<p><b>Findings of the Transition Finance Market Review</b></p>	<p>On October 17, 2024, the Transition Finance Market Review (TFMR) published a report with its final recommendations, offering a road map to scale a high-integrity transition finance market that supports U.K. and global decarbonization goals. The report includes recommendations on how to unlock the required levels of finance to achieve goals by creating the right policies, pathways and signals for investment through collaboration between the U.K. government, investors, the business community and civil society. The TFMR was a market-led review commissioned by the U.K. government into growing transition finance in the U.K.</p>

<b>Modern Slavery Act 2015 reforms</b>	<p>In January 2024, a House of Lords committee was created to consider potential legislation amendments to the MSA. For more information on this, see Skadden's September 2024 article <a href="#">UK Modern Slavery Act: The Future of Transparency in Supply Chains</a> on the MSA in the context of related international legal developments and the potential for reform.</p> <p>The new Labour government has not yet announced if it intends to review MSA reforms, but it is likely that this will be reviewed during this Parliament.</p>
<b>U.K. Carbon Border Adjustment Mechanism (U.K. CBAM)</b>	<p>As part of the Autumn Budget in October 2024, the U.K. government announced the introduction of the U.K. CBAM from January 1, 2027, as previously trailed. The intent behind the regime is to ensure that highly traded, carbon-intensive goods imported from overseas face a carbon price that is comparable to what would have been payable had they been produced in the U.K.</p> <p>The Department for Business and Trade has released a policy paper outlining the framework for the Sustainability Reporting Standards (U.K. SRS), which are based on International Sustainability Standards Board standards.</p>
<b>U.K. Sustainability Reporting Standards (U.K. SRS)</b>	<p>The U.K. government aims to make endorsement decisions on the first two standards by Q1 2025, which will allow the FCA to introduce U.K. SRS requirements for U.K.-listed companies to report sustainability-related information, and for the U.K. government to consult in Q2 2025 on the application of U.K. SRS to U.K. companies outside of the FCA's remit.</p>
<b>U.K. Transition Plan Disclosures</b>	<p>In May 2024, the U.K. government announced that the FCA will consult on enhancing existing mandatory climate-related reporting in line with the Transition Plan Taskforce disclosure framework, which is currently voluntary. The consultation was expected in Q2 2024, but has not yet been released.</p>

## EUROPE

<b>EU Regulation 2023/1115 (EUDR)</b>	<p>On June 29, 2023, the EU's EUDR restricting the sale in the EU of products that may cause deforestation or the degradation of forests entered into force. For larger companies, the EUDR obligations were scheduled to apply from December 31, 2024, but in response to calls by global stakeholders, the EC has delayed the implementation of the EUDR by one year. See Skadden's October 2024 article <a href="#">"The EU Deforestation Regulation: What Do Companies Need To Do To Prepare"</a> for more information.</p>
<b>EU Ecodesign for Sustainable Products Regulation (ESPR)</b>	<p>The EU is set to publish its working plan on the ESPR in Q2 2025, with the regulation set to apply from July 2026. The ESPR aims to enhance the sustainability of products in the EU market by improving their circularity, energy performance, recyclability and durability. ESPR expands the scope of the previous directive to nearly all physical products and seeks to address issues such as the destruction of unsold textiles and footwear items. Additionally, companies must disclose information about the disposal of unsold consumer goods on their websites, with compliance timelines varying by business size.</p>
<b>EU Forced Labor Regulation</b>	<p>On November 19, 2024, the European Council adopted a regulation prohibiting products in the EU that are made using forced labor. The regulation prohibits the "placing and making available," or the export from the EU, of any product made using forced labor by creating a framework on which to base legal action. The European Commission will create a database of forced labor risk areas or products to support the work of competent authorities in assessing possible violations of this regulation.</p>
<b>EU Green Bond Regulation</b>	<p>The EU Green Bond Regulation entered into force on December 21, 2024. The regulation sets out uniform requirements for issuers who wish to use the designation "European green bond" or "EuGB," establishes a registration and supervisory system for external reviewers and provides disclosure templates, notably for pre-issuance disclosures and allocation reports linked to the bonds.</p>
<b>EU Green Bond Standard</b>	<p>With the creation of the Green Bond Standard, the EU is aiming to set a clear gold standard worldwide for green bonds. The Standard is voluntary and uses the criteria of the EU Taxonomy Regulation to define green economic activities in order to ensure transparency in line with best market practices.</p>



## UNITED STATES

### California's Amended Climate Disclosure Rules

In September 2024, California Gov. Gavin Newsom signed into law a bill amending certain climate disclosure requirements under the Climate Corporate Data Accountability Act and the Greenhouse Gases: Climate-Related Financial Risk legislation. The bills require companies with significant revenues in California that are “doing business in California” to publicly disclose greenhouse gas emissions data and climate-related financial risk reports. A third California climate bill, the California Voluntary Carbon Markets Disclosure Act, was not amended. See Skadden’s October 2024 article [“State of Play: California Amends Climate Disclosure Rules”](#) for more information.

## GUIDANCE

### Impact Disclosure Taskforce Guidance

The Impact Disclosure Taskforce, a market-led effort co-chaired by JP Morgan and Natixis Corporate & Investment Banking, released its final voluntary Impact Disclosure Guidance in October 2024. The task force was established to help mobilize private sector investment to address the financing gap to achieve the UN Sustainable Development Goals. The voluntary guidance is intended to help corporate and sovereign entities use the principles of impact measurement and monitoring as a means to attract sustainable pools of capital.

### TNFD Consultation Paper on Nature Transition Plans

The Taskforce for Nature-related Financial Disclosure (TNFD) published a discussion paper setting out draft guidance on nature transition planning for corporations and financial institutions that are developing and disclosing transition plans. The consultation closes on February 1, 2025.

### TNFD Consultation Paper on a road map for upgrading market access to “decision-useful” nature-related data

The TNFD has published a discussion paper outlining a road map to accessing high-quality “decision-useful” nature data aiming to empower corporations and financial institutions to understand their nature-related dependencies and impacts. This comes partially in response to the introduction of mandatory climate- and nature-related reporting standards in Europe. The consultation closes on January 17, 2025.

## ENDNOTES

1 More detail on the [new prospectus regime](#) can be found [here](#).

2 See *Financial Times*’ article [“Shell wins appeal against order to cut greenhouse gas emissions.”](#)

3 See [here](#) for more information about the new coalition.

4 See *Financial Times*’ article [“France shuns COP29 but oil and gas industry shows up as climate summit divisions deepen.”](#)

5 See more about the United Nations COP29 conference.

*This post comes to us from Skadden, Arps, Slate, Meagher & Flom LLP. It is based on the firm's memorandum, "ESG: A Review of 2024 and Key Trends To Look for in 2025," dated January 6, 2025, and available [here](#).*

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