September 2024

The past several months have seen a flurry of developments relating to environmental, social and governance ("ESG") issues, which we expect will continue through the fall. In this newsletter, we highlight key ESG developments since our last Roundup published in April 2024, with a focus on developments of interest to U.S. companies, and companies operating in the United Kingdom and European Union. We also provide links to significant ESG developments that are expected in the near future. Our previous newsletter is available here.

As described below, this Quarterly Roundup addresses significant developments relating to:

- Non-compete provisions
- Sustainability reporting including emissions
- Supply chain due diligence
- ESG enforcement and litigation
- Corporate compliance
- AI and cybersecurity

Key Quarterly Developments

- **U.S. Federal Court Overturns New FTC Non-Compete Rule.** On August 20, 2024, the U.S. District Court for the Northern District of Texas granted summary judgment setting aside the non-compete rule adopted by the U.S. Federal Trade Commission ("FTC") in April 2024, on the basis that the FTC exceeded its statutory authority and the rule is arbitrary and capricious, so that the rule shall not be enforced nationwide or otherwise take effect on its effective date of September 4, 2024 or thereafter (*Ryan LLC v. Federal Trade Commission*, Case No. 3:24-cv-00986-E (Aug. 20, 2024)). The FTC had issued a final rule on April 23, 2024 banning most existing and new non-compete clauses in employment agreements, with some exceptions including as applied to senior executives. For more information, see our prior alerts, Texas District Court Sets Aside the FTC's Non-Compete Rule and A Divided FTC Issues Final Rule on Non-Competes – Caution is Warranted Although the Rule May Not Survive Legal Challenges.
- **Significant Delaware Corporate Law Amendments Relating to Corporate Governance.** On August 1, 2024, amendments to the Delaware General Corporation Law ("DGCL") became effective, that permit the use of shareholder agreements to grant expansive decision-making authority to shareholders. The DGCL amendments (SB 313) were proposed after the Delaware Court of Chancery invalidated shareholder agreement provisions that gave the company's founder, CEO and Chairman expansive consent rights that would have effectively limited the decision-making ability of the board of directors (*West Palm Beach Firefighters' Pension Fund v. Moelis & Company* (Del. Ch. Feb. 23, 2024)), as discussed in our prior Sustainability & ESG Quarterly Roundup. The DGCL amendments authorize corporations to enter into contracts with current or prospective shareholders and beneficial owners, in exchange for such minimum consideration as determined by the board of directors,

and provide a non-exclusive list of provisions that may be included in such contracts, including as restricting or requiring corporate actions and requiring the consent of one or more persons or bodies before taking corporate action.

- **U.S. Supreme Court Decision Overturns Long-standing Deference By Courts to Agency Interpretations of Law.** On June 28, 2024, the U.S. Supreme Court held that interpretations of law by regulatory agencies are not entitled to judicial deference, because courts are required to decide all relevant questions of law as required by the Administrative Procedure Act (*Loper Bright Enterprises v. Raimondo* (No. 22-451 (June 28, 2024)). The court's decision overturned the long-standing *Chevron* doctrine (from a 1984 decision), which had required courts to defer to agency interpretations of law where the statute is ambiguous and the agency's interpretation is reasonable. This decision could lead to additional challenges of agency determinations, particularly in areas where the legal framework is highly complex or implicates technical questions. For more information, see our prior alert, Supreme Court Abolishes Judicial Deference to Agency Interpretations of Law.
- **EU Artificial Intelligence Act Becomes Effective.** On July 12, 2024, the new Artificial Intelligence Act ("AI Act") was published in the Official Journal of the European Union, and became effective on August 1, 2024, with different provisions taking effect at various time points through to August 2, 2027. The AI Act claims to be the world's first comprehensive AI law, aiming to address risks to health, safety and fundamental rights, and will apply to both public and private actors inside and outside the EU as long as the AI system is placed on the EU market, or its use has an impact on people located in the EU. The AI Act is designed to regulate AI systems, which it categorizes into different risk levels. Determining with certainty how the AI Act will apply to a particular AI system is important, as the cost for compliance for high-risk systems and any fines for non-compliance, are significant, and some uses of AI are categorized as posing an unacceptable risk and will be banned. The AI Act also regulates general-purpose AI models and compliance obligations include maintaining technical documentation (including on the training and testing process); documents for providers to help them understand the model; a policy on how EU copyright laws will be observed; and disclosing a summary about content used to train the model (based on a template to be published by the European AI Office). The AI Act applies to providers, importers, distributors, product manufacturers, authorized representatives and deployers (i.e., the users of systems, but not necessarily the end-users). For more information, see our prior alerts, EU AI Act: Overview and FAQs and Data Protection and Cyber Security Round-up Note.
- **Corporate Sustainability Due Diligence Directive Adopted.** On July 5, 2024, the Corporate Sustainability Due Diligence Directive ("CSDDD" or "CS3D") was published in the Official Journal of the European Union, following its adoption by the European Parliament and the Council of the EU ("Council") earlier this year. It became effective on July 25, 2024 and Member States will then have two years (until July 26, 2026) to transpose it into national law. The CSDDD will apply to the largest in-scope companies on July 26, 2027. The CSDDD will apply to (among others) EU companies and parent companies with over 1,000 employees and annual worldwide turnover of more €450 million, non-EU companies and parent companies with annual turnover in the EU of more than €450 million, and companies with certain licensing or franchising arrangements. The CSDDD will require companies to integrate risk-based due diligence processes into policies and risk management systems, to prevent, end or mitigate adverse impacts from their activities on the environment (including biodiversity loss, pollution and destruction of natural heritage) and human rights (including slavery, child labor and labor exploitation). The CSDDD will also impact companies' upstream partners working in design, manufacture, transport and supply, and downstream partners, including those dealing with distribution, transport and storage. The CSDDD will also require in-scope companies to adopt a transition plan for climate change mitigation to ensure through best efforts that the company's business model and strategy are compatible with limiting global warming to 1.5°C in line with the Paris Agreement and the EU's objective of achieving climate neutrality by 2050. Companies will also be required to set targets for Scopes 1, 2 and 3 emissions where appropriate for 2030 and up to 2050. Consequences for failure to comply will include fines of up to 5% of net worldwide turnover. On July 25, 2024, the European Commission published initial guidance on CSDDD in the form of a series of Frequently Asked Questions.

United States

ESG-Related Disclosure, Enforcement & Litigation

- **Developments Regarding Eighth Circuit Lawsuit Challenging the SEC Climate Disclosure Rules.** As discussed in our prior Sustainability & ESG Quarterly Roundup, the U.S. Securities and Exchange Commission ("SEC") long-awaited final climate-related disclosure rules, are subject to challenge, which judicial review case is proceeding in the U.S. Court of Appeals for the Eighth Circuit. Pursuant to the briefing schedule set by the court, the petitioners filed their opening brief on June 14, 2024, and briefs by intervenors or amici were due on June 24, 2024. The SEC filed its response brief on August 5, 2024, and briefs by supporting intervenors or amici were due by August 15, 2024. Reply briefs from the petitioners were due September 3, 2024. The SEC's final climate disclosure rules were also challenged by the Sierra Club and the Natural Resources Defense Council ("NRDC"), who alleged that the rules were deficient, particularly due to the omission of any requirement to disclose Scope 3 emissions. On May 31, 2024, the Sierra Club and NRDC filed unopposed motions seeking voluntary dismissal of their petitions. In these motions, the Sierra Club stated that it would focus its resources on advocating for improved investor protections outside of court while also supporting the SEC's authority to require disclosure of climate-based risks, and the NRDC stated that it would focus its resources on advocating for improvements to climate-related financial disclosures.
- **Developments Regarding New California Laws Requiring Climate-Related Disclosures by Large Public and Private Entities, and Disclosures Relating to Carbon Offsets and Emissions Reductions Goals.** Several bills are progressing through the California legislature that would amend new climate-related disclosure laws enacted in October 2023.
  - On June 28, 2024, the California Department of Finance posted a trailer bill (discussed in this article) that if approved, would delay compliance deadlines under the Climate Corporate Data Accountability Act (SB 253) and Climate-Related Financial Risk Act (SB 261) by two years. At the time of writing, the delays have not been enacted but see discussion below regarding a proposed rulemaking delay in SB 219. As originally enacted, SB 253 and SB 261 will require entities (corporations, partnerships, limited liability companies and other business entities) formed in the U.S. that have total annual revenues exceeding $1 billion (SB 253) or $500 million (SB 261) and that do business in California to publicly disclose, starting 2026 (or 2028, if the amendments are adopted), their annual Scope 1 and Scope 2 greenhouse gas ("GHG") emissions, and, starting in 2027 (or 2029, if the amendments are adopted), their annual Scope 3 GHG emissions (SB 253), and annually disclose a report disclosing the entity's climate-related financial risk and measures adopted to reduce and adapt to climate-related financial risk (SB 261). For more information, see our prior alert, A New Benchmark for Corporate Transparency on Climate.
  - If enacted, SB 219 (which passed the Senate and the Assembly on August 31, 2024 but has not been signed into law at the time of writing) would impose a July 1, 2025 deadline for the California Air Resources Board ("CARB") to adopt regulations required by SB 253, instead of the original January 1, 2025 deadline. The bill would also authorize reports to be consolidated at the parent company level, among other amendments. CARB rulemaking that is required by SB 253 and SB 261 is now funded in the California 2024-25 budget released in May 2024.
  - If enacted, AB 2331 (which passed the Senate on August 28, 2024 after having passed the Assembly on April 24, 2024 but has not been signed into law at the time of writing) would amend provisions of the Health and Safety Code that had been amended by the Voluntary Carbon Market Disclosures Act (AB 1305) to establish a deadline of July 1, 2025 for initial disclosures required by AB 1305 (instead of the January 1, 2024 effective date), which is more in line with the bill author's intentions for a January 1, 2025 effective date as discussed in our December 2023 Sustainability & ESG Quarterly Roundup, and to amend the disclosure

requirements to include additional information about offsets used by entities that purchase or use voluntary carbon offsets and make claims regarding net zero emissions, carbon neutrality and similar claims.

  - The U.S. District Court for the Central District of California has scheduled a hearing on September 9, 2024 in connection with the lawsuit filed in January 2024 by the U.S Chamber of Commerce (among others) against the state of California that argues that SB 253 and SB 261 are unconstitutional because they violate the First Amendment and Dormant Commerce clause, and are precluded by federal law (namely, the Clean Air Act). CARB filed a motion to dismiss the complaint on March 27, 2024 for, among other things, lack of subject matter jurisdiction, sovereign immunity and failure to state a claim. The plaintiffs filed an opposition to the motion to dismiss on May 1, 2024. On May 24, 2024, the plaintiffs filed a motion for summary judgment asserting that the California laws violate the First Amendment.

- **Supreme Court Decision on Constitutionality of SEC Administrative Enforcement Proceedings Seeking Civil Penalties.** On June 27, 2024, the U.S. Supreme Court held that the SEC cannot pursue civil penalties for securities fraud claims in the SEC's own in-house courts because the defendant has a right to a jury trial over such claims (*SEC v. Jarkesy*, Case No. 22-859 (June 27, 2024)). In a 6-3 opinion, the Court held that the Seventh Amendment's right to a jury trial for "suits at common law" prevents the SEC from seeking civil penalties for securities fraud claims before in-house agency courts, where there are no juries. The decision limits the SEC's enforcement power and could have significant consequences for other administrative agencies. For more information, see our prior alert, Supreme Court Holds Key SEC Enforcement Power Unconstitutional.
- **Supreme Court Decision on Antifraud Actions Based on Disclosure Omissions.** On April 12, 2024, the U.S. Supreme Court held that the pure omission of disclosures required by Item 303 of Regulation S-K (Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")) cannot form the basis of a private action under Rule 10b-5 under the Securities Exchange Act of 1934 (the "Exchange Act") (*Macquarie Infrastructure Corporation v. Moab Partners LP*, Case No. 22-1154 (April 12, 2024)). Reversing the Second Circuit, the Court held that by its plain text, Rule 10b-5(b) "covers half-truths, not pure omissions" because it "requires identifying affirmative assertions (i.e., 'statements made') before determining if other facts are needed to make those statements 'not misleading.'" Thus, "[t]he failure to disclose information required by Item 303 can support a Rule 10b-5(b) claim only if the omission renders affirmative statements made misleading." For more information, see our prior alerts, After the Supreme Court's Macquarie Decision, are Public Companies Off the Hook for their MD&A Trends Disclosures? and Supreme Court Closes the Floodgates – Narrows Item 303 Claims.
- **Greenwashing Lawsuits Continue to Proliferate.** The first half of 2024 has seen an uptick in consumer greenwashing lawsuits against manufacturers of bottled water and other plastic packaging, as tracked by NYU School of Law's Plastics Litigation Tracker. Plaintiffs in these cases may argue that claims such as "natural" and "BPA-free" constitute false and misleading advertising if the products could contain microplastics.

Corporate Compliance

- **Department of Justice Incentive Programs for Whistleblowers and Self-Reporting Individuals.** On August 1, 2024, the Criminal Division of the Department of Justice ("DOJ") launched its new Corporate Whistleblower Awards Pilot Program, which was previewed in a March 7, 2024 announcement by Deputy Attorney General Lisa O. Monaco of the DOJ. Under this pilot program, a whistleblower who provides the Criminal Division with original and truthful information about certain corporate misconduct that results in a successful forfeiture of at least $1 million may be eligible for an award. The information must relate to one of the following areas: (1) certain crimes involving financial institutions, from traditional banks to cryptocurrency businesses, including money laundering; (2) foreign corruption involving misconduct by companies; (3) domestic corruption involving misconduct by companies; or (4) health care fraud schemes involving private insurance plans. Payments will only be available in cases where there is no existing financial disclosure incentive (such as *qui tam* or another

federal whistleblower program such as programs at the SEC or Financial Crimes Enforcement Network). Awards will be up to 30% of the first $100 million in net proceeds forfeited and up to 5% of any net proceeds forfeited between $100 million and $500 million. Per FAQs, whistleblowers may report to their company first (which is a factor that may increase the award) but must also report to the DOJ within 120 days of reporting to the company to be eligible for an award. In addition, on April 15, 2024, the DOJ Criminal Division launched a pilot program that discusses when non-prosecution agreements may be offered to individuals who provide voluntary self-disclosure of certain types of criminal conduct involving corporations, such as money laundering, bribery, corruption, health care fraud and violations relating to financial markets integrity.

Diversity, Equity & Inclusion, Labor & Human Rights

- **New Florida Law Prohibiting State Contracts for Commodities Produced Using Forced Labor.** On July 1, 2024, HB 1331 became effective, which prohibits state agencies from entering into certain contracts with companies for commodities produced in whole or in part by forced labor. Companies seeking to enter into contracts with the state are required to provide a senior management certification that the commodities offered to the agency have not been produced in whole or in part by forced labor. The Florida Department of Management Services is required to maintain and post on its website a forced labor vendor list of companies that have been disqualified from the public contracting and purchasing process under the new law.
- **SEC's Updated Agenda Prioritizes Human Capital Management and Board Diversity Disclosure Rulemakings.** On July 8, 2024, the SEC published its Spring 2024 Regulatory Flexibility Agenda, which indicates that the SEC plans to propose rules for enhanced human capital management disclosures by October 2024, and to propose rules to enhance board diversity disclosures by April 2025. Dates are subject to change but can indicate areas of SEC focus. Amendments to the conflicts minerals rules are included on the long-term agenda, with no date specified. For more information, see our prior alert, SEC Reveals Latest Regulatory Priorities: Key Actions Affecting Public Companies and Investors.
- **Landmark Ruling Holding a U.S. Corporation Liable for Human Rights Abuses Abroad.** On June 10, 2024, a federal jury in South Florida held a U.S. corporation liable for financing a Colombian paramilitary group that had been designated as a terrorist organization in 2001 (*In Re Chiquita Brands International, Inc*., Case No. 0:08-md-01916-KAM (June 10, 2024)). The company was ordered to pay more than $38 million in damages to Colombian families whose relatives were killed by the paramilitary group. The victims included Colombian trade unionists, banana workers, activists and others targeted by paramilitaries. Between 1997 and 2004, the company had paid the United Self-Defense Forces of Colombia around $1.7 million to protect them against a rival paramilitary group; in 2007, the company pleaded guilty to making these payments before the U.S. District Court for the District of Columbia. The company has been reported as saying that it will appeal the jury verdict.
- **Scrutiny of DEI Programs Escalates.** In the wake of the U.S. Supreme Court's *SSFA* decision in June 2023 (discussed in our September 2023 Sustainability & ESG Quarterly Roundup), scrutiny of corporate diversity, equity and inclusion ("DEI") programs has continued to escalate. On June 4, 2024, the U.S. Court of Appeals for the Eleventh Circuit issued a preliminary injunction against a venture capital fund's entrepreneurship funding competition open only to businesses owned by Black women (*American Alliance for Equal Rights v. Fearless Fund*, Case No. 23-1318 (June 3, 2024)). The court held that the contest is substantially likely to violate the federal law prohibition against private parties discriminating on the basis of race when making or enforcing contracts (42 U.S.C. Section 1981). Several major American manufacturers and retailers have recently wound back DEI programs in response to activist pressure through online channels including social media.

Emissions, Climate Change & Public Health

- **State Climate Superfund or Cost Recovery Laws on the Horizon.** On May 30, 2024, Vermont's Climate Superfund Act (S 259) became law (without the Governor's signature). The Act establishes a "Climate Superfund Cost Recovery Program" to be administered under the Climate Action Office in the Agency of Natural

Resources. The Act is, in some ways, similar to the federal Comprehensive Environmental Response, Compensation, and Liability Act (known as "CERCLA") and requires "responsible parties" to make payments as "compensation" for certain types of pollution. Specifically, the Act applies to "responsible parties" who have engaged in the business or trade of extracting fossil fuel and/or refining crude oil, and who, between January 1, 1995 and December 31, 2024, are determined to be accountable for at least 1 billion metric tons of GHG emissions. The funds collected will be used for climate change adaption projects, which will be "designed to respond to, avoid, moderate, repair, or adapt to negative impacts caused by climate change and to assist human and natural communities, households, and businesses in preparing for future climate-change-driven disruptions." Many details of how the Act will be implemented remain unclear, including how GHG emissions will be calculated and how they will be apportioned to responsible parties. The Act has set aside $300,000 for an independent assessment in this regard, which is due to be complete by January 15, 2025. The final implementing regulations are expected in 2026.

  - New York's Climate Change Superfund Act (S 02129) passed the Assembly on June 8, 2024 and the Senate on May 7, 2024, but as of the time of this update not yet signed into law, would operate in a similar fashion to its Vermont counterpart. The law would be implemented by the New York Department of Conservation and would apply to entities that, during the period January 1, 2000 to December 31, 2018, engaged in the trade or business of extracting fossil fuel or refining crude oil and who are responsible for more than 1 billion tons of applicable GHG emissions. The total assessment on responsible parties would total $3 billion per year for 25 years, or $75 billion over the course of the program. The funds would be used for adaptive infrastructure projects, with roughly 35-40% of these funds specifically dedicated to projects benefitting disadvantaged communities. California, Massachusetts and Maryland also have proposed state climate superfund legislation.

- **Exxon Mobil and Arjuna Capital Shareholder Proposal Lawsuit Dismissed by Texas Federal Court.** On June 17, 2024, the U.S. District Court for the Northern District of Texas, Fort Worth Division dismissed a lawsuit brought by Exxon Mobil Corporation against Arjuna Capital relating to a climate change-related shareholder proposal, on the basis that Exxon's claim had been rendered moot by Arjuna's unconditional and irrevocable pledge on May 27, 2024 not to submit another proposal to Exxon "relating to GHG or climate change" (*Exxon Mobil Corporation v. Arjuna Capital, LLC*, Case No. 4:24-cv-00069-P (June 17, 2024)). Arjuna and Follow This had submitted a shareholder proposal to Exxon for inclusion in the 2024 annual meeting proxy materials, that called for Exxon to accelerate the pace of GHG emission reductions in the medium term across Scope 1, 2 and 3, and to summarize new plans, targets and timetables. The proposal was withdrawn after Exxon filed a complaint on January 21, 2024 seeking declaratory judgment that it may exclude the proposal from the proxy statement on the basis that the proposal interferes with Exxon's ordinary business operations, among other grounds.
- **Federal Acquisition Regulation Amended to Require Sustainable Procurement.** On May 22, 2024, the final rule amending the Federal Acquisition Regulation became effective, which implements a requirement for federal agencies to procure "sustainable products and services" to the maximum extent practicable. The definition of ''sustainable products and services'' provides that products and services must meet the U.S. Environmental Protection Agency ("EPA") Recommendations of Specifications, Standards, and Ecolabels in effect as of October 2023.
- **Biden Administration Codifies Approach to Advance High-Integrity Voluntary Carbon Markets.** On May 28, 2024, the Biden-Harris Administration released the Voluntary Carbon Markets Joint Policy Statement and Principles. The principles that are designed to facilitate the meaningful role that high-integrity voluntary carbon markets ("VCMs") can play in facilitating GHG emissions reductions.

- **Selected EPA Rulemaking.** The EPA has recently issued final rules on several major initiatives.
  - On May 9, 2024, the EPA published in the Federal Register final carbon pollution standards for power plants that set carbon dioxide limits for new gas-fired combustion turbines and emission guidelines for existing coal, oil and gas-fired steam generating units, which became effective July 8, 2024.
  - On May 6, 2024, the EPA announced a final rule to strengthen, expand and update methane emissions reporting requirements for petroleum and natural gas systems under the EPA's Greenhouse Gas Reporting Program, as required by the Inflation Reduction Act and pursuant to the Biden-Harris Administration's whole-of-government initiative to slash methane emissions from every sector of the economy under the U.S. Methane Emissions Reduction Plan.
  - On April 26, 2024, the EPA published in the Federal Register its final PFAS National Primary Drinking Water Regulation, which became effective June 25, 2024.
  - On April 22, 2024, the EPA published in the Federal Register a final rule pursuant to the Clean Air Act, Greenhouse Gas Emissions Standards for Heavy-Duty Vehicles – Phase 3, that requires further reductions of GHG emissions from heavy-duty vehicles starting with model year 2027. These standards will phase in over model years 2027 through 2032.

Cybersecurity / Privacy / Technology

- **SEC Enforcement Action Applies Broad Interpretation to Internal Controls Requirement.** On June 18, 2024, the SEC announced that a global provider of business communication and marketing services agreed to pay over $2.1 million to settle disclosure and internal control failure charges relating to cybersecurity incidents. The SEC alleged in its complaint that the company violated Exchange Act Section 13(b)(2)(B) and Rule 13a-15(a) because it failed to (1) design effective disclosure controls and procedures related to the disclosure of cybersecurity risks and incidents, and (2) devise and maintain a system of cybersecurity-related internal accounting controls sufficient to provide reasonable assurances that access to the company's assets – its information technology systems and networks, which contained sensitive business and client data – was permitted only with management's authorization. The SEC alleged that these failures caused the company to not timely respond to a ransomware network intrusion that occurred in November and December 2021. This enforcement action continues a recent focus on internal controls, as discussed in our December 2023 Sustainability & ESG Quarterly Roundup.
- **New SEC Staff Guidance Regarding Cybersecurity Disclosure Rules.** On June 24, 2024, the SEC Staff published five new Compliance and Disclosure Interpretations regarding the new cybersecurity disclosure rules in Form 8-K in the context of ransomware attacks. In addition, on May 21, 2024, the Director of the SEC's Division of Corporation Finance released a statement relating to cybersecurity incident disclosures on Form 8-K, focusing on when to use Item 1.05 (required disclosure for material incidents) compared with Item 8.01 (voluntary disclosure for immaterial incidents and incidents for which a materiality determination has not yet been made). For more information, see our prior alert, SEC Division Director Provides Guidance on Form 8-K Cyber Incident Disclosure.
- **SEC Enforcement Continues to Target "AI Washing."** On June 11, 2024, the SEC announced fraud charges against a CEO and founder of a now-defunct recruitment startup firm that allegedly made material misrepresentations to investors about its customer base, technology and revenues. As described in the SEC complaint, the company claimed to use artificial intelligence to match customer firms with diverse job candidates from underrepresented backgrounds to help the firms fulfill DEI goals, including by using technology based on "seven different AI algorithms." In a parallel action on June 11, 2024, the U.S. Attorney's Office for the Southern District of New York announced criminal charges against the CEO and founder. For more information about AI-washing SEC enforcement actions, see our prior alert, SEC Charges Advisers with Marketing Rule Violations

Regarding Statements about Performance and Use of AI, including Inability to Substantiate Marketing Claims upon Demand.

ESG / Sustainability Stakeholder Views

- **Lower Support for E&S Shareholder Proposals in 2024.** According to data as of June 30, 2024 included in the Alliance Advisors 2024 U.S. Proxy Season Review, environmental and social ("E&S") initiatives suffered their third year of diminishing average support, despite consistent levels of support from proxy advisors Institutional Shareholder Services ("ISS") and Glass Lewis year over year. The number of E&S proposals submitted in 2024 is lower than for 2023 (586 as at June 30, 2024 compared to 620 for full year 2023), and fewer have received majority support. Out of 351 E&S proposals voted on as at June 30, 2024, only three received majority support (two on reducing GHG emissions and one on lobbying disclosure), compared to 354 E&S proposals voted on for the full year 2023 and seven that received majority support – well down from the 35 E&S proposals that received majority support in 2022. These results reflect the views of some major asset managers that many of the E&S resolutions reaching ballots are overly prescriptive, poorly targeted and/or lacking economic merit. According to its U.S. Regional Brief, Vanguard did not support any of the 400 shareholder proposals that requested actions from U.S. portfolio companies on a range of environmental and/or social matters during the period July 1, 2023 to June 30, 2024. Similarly, according to its 2024 Investment Stewardship Voting Spotlight covering the same time period, BlackRock globally supported approximately 4% of proposals on climate and natural capital and approximately 4% of proposals on company impacts on people. See also our prior alert, The Big Three & ESG: A Guide to BlackRock, State Street & Vanguard Proxy Voting Policies & Guidance on Key ESG Issues.
- **Changes to ISS E&S QualityScore Factors.** On July 15, 2024, ISS announced it will be implementing a comprehensive update of its Environmental & Social Disclosure QualityScore Methodology, including by adding 26 new factors and retiring 45 datapoints to better align with European Sustainability Reporting Standards ("ESRS"). ISS stated that companies within the coverage universe will able to verify the new data in late August, prior to which ISS should have provided granular detail about the changes. ISS does not appear to have made this information publicly available at the time of writing.

Anti-ESG – Selected State Developments

- **Georgia.** On May 6, 2024, the Governor of Georgia signed into law HB 481, which provides for a fiduciary duty to invest retirement system assets solely in the financial interests of participants and their beneficiaries, and not subordinate the interests of the participants and their beneficiaries or sacrifice investment returns or accept increased investment risks in the promotion of any nonpecuniary interests including the furtherance of any social, political, or ideological interests.
- **Indiana.** On June 21, 2024, the Indiana Treasurer of State announced that BlackRock would be added to a watchlist because of its commitment to ESG.
- **Louisiana.** On June 11, 2024, the Governor of Louisiana signed into law SB 234, which provides that a public entity may not enter into certain contracts with companies for goods or services unless the contract contains a written verification from the company that (1) the company does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association based solely on the entity's or association's status as a firearm entity or firearm trade association; and (2) the company will not discriminate against a firearm entity or firearm trade association during the term of the contract based solely on the entity's or association's status as a firearm entity or firearm trade association.
- **Oklahoma.** On July 19, 2024, an Oklahoma Country District Court issued an injunction blocking enforcement of the Oklahoma Energy Discrimination Act of 2022, which prohibits state contracts and pension system investments with financial institutions that discriminate against the oil and gas industry, on the basis that the law

contains conflicting and vague provisions (*Keenan v. Russ*, Case No. CV-2023-3021 (July 19, 2024)). The Oklahoma Office of the Attorney-General has stated that it is appealing the decision to the Oklahoma Supreme Court.

- **Tennessee.** On April 22, 2024, the Governor of Tennessee signed into law HB 2100, which prohibits certain financial institutions and insurers from denying or canceling services to a person, or otherwise discriminating against a person, based upon certain factors. Such factors include: the person's political opinions, affiliations, and religious beliefs, any factor if it is not quantitative and risk-based, the use of an analysis that considers a "social credit score" based on factors including lawful ownership or engagement in the manufacture, distribution, sale, purchase or use of firearms or ammunition, engagement in the exploration, production, utilization, transportation, sale, or manufacture of fossil fuel-based energy, timber, mining, or agriculture, failure to meet or commit to meet environmental standards, social governance standards, corporate board or company employment composition standards, or policies or procedures requiring or encouraging employee participation in social justice programming, including DEI training.
- **West Virginia.** On April 8, 2024, the West Virginia Treasurer announced that four financial institutions would be added to the list of firms determined to be engaged in a "boycott of energy companies" as defined in West Virginia Code Section 12-1C-1(a)(2), bringing the list to nine firms. The Treasurer is authorized to disqualify such firms from bidding on certain projects, refuse to enter into banking contracts with such firms, and require such firms not to boycott energy companies for the duration of any banking contract.

UK / EU

- **Climate-Related Legislative Activities Previewed in King's Speech.** On July 17, 2024, the King's Speech to both Houses of Parliament noted the urgency of the global climate challenge, emphasizing the new Labour Government's commitment to energy transition and net zero policy. The Speech referred to specific legislative initiatives to help accelerate investment in renewable energy (such as offshore wind), unlock investment in planning and infrastructure projects and support sustainable aviation fuel production. The Government has also announced plans to undertake a rapid review of the UK's Environmental Improvement Plan by the end of 2024.
- **Developments in UK Sustainability Disclosure Requirements (Including Investment Labels and Fund Names).** On May 16, 2024, the UK Government published a Sustainability Disclosure Requirements: Implementation Update 2024 and Framework and Terms of Reference for the Development of UK Sustainability Reporting Standards. The economy-wide Sustainability Disclosure Requirements ("SDRs") provide a framework that will encompass the implementation of UK Sustainability Reporting Standards ("SRS") (implementing International Sustainability Standards Board ("ISSB") standards), transition plan disclosures, investment labels, the Financial Conduct Authority ("FCA") new Anti-Greenwashing Rule (see below), new fund naming and marketing rules, and the UK Green Taxonomy. The framework sets forth the government's anticipated process for assessment, endorsement, consultation and implementation, including the intention to endorse and, if so, publish the SRS by Q1 2025, though this timing may be impacted by the recent change in Government. More specifically, four voluntary investment labels became available for UK funds from July 31, 2024 (and are expected to be available for UK portfolio managers from December 2, 2024). The labels are (1) Sustainability Impact; (2) Sustainability Mixed Goals; (3) Sustainability Focus; and (4) Sustainability Improvers. The rules relating to the labels are contained in the ESG Sourcebook within the FCA Handbook but despite general market positivity about the labels' clarity and strategic focus as against EU equivalents under the Sustainable Finance Disclosure Regulation ("SFDR") regime, they are not expected to be heavily used in the initial period. New SDR driven UK fund naming and marketing rules (set out in FCA PS23/16) are also due to enter force in December 2024.
- **UK FCA Anti-Greenwashing Rule.** On May 31, 2024, the UK FCA Anti-Greenwashing Rule entered into force, applying to all communications by UK FCA-authorized firms, relating to their products and services, which refer

to environmental and/or social (sustainable) characteristics. The rule is set out in a new chapter of the ESG Sourcebook in the FCA Handbook and requires that references made to the sustainability characteristics of a product or service are consistent with the sustainability characteristics of the product or services; and clear, fair and not misleading. The rule does not apply to non-UK firms that are not authorized by the FCA, for example, an asset manager marketing a fund into the UK, and does not apply to communications made to clients outside the UK. The same time, the FCA has published finalized non-handbook guidance on the anti-greenwashing rule (FG24/3) to support industries in meeting the standard, including examples covering sectors and different types of firms.

- **UK Digital Markets, Competition and Consumers Act 2024 Enacted.** On May 24, 2024, the Digital Markets, Competition and Consumers Act 2024 ("DMCC Act") became law in the UK after receiving Royal Assent. It significantly bolsters the UK competition and consumer regime by granting new protections to consumers and conferring greater competition powers on the UK Competition & Markets Authority ("CMA"). With respect to ESG matters, the CMA's strategic priorities include broadening its green claims work by opening further investigations into greenwashing in the fast fashion and fast moving consumer goods industries, and bolstering competition in green innovation markets. The DMCC also codifies the CMA's anti-greenwashing commitment, by giving it the power to bring enforcement action (including fines up to the higher of 10% of global turnover or £300,000) against companies infringing related UK consumer protection rules without recourse to the courts. The DMCC Act is expected to enter force in Q4 this year. For more information, see our prior alert, Ready Set Go for the UK's New Digital, Competition and Consumer Regime: Key Compliance Milestones and Opportunities for Regulatory Engagement.
- **UK Supreme Court Decision Requiring Oil and Gas Project to Calculate Scope 3 Emissions.** On June 20, 2024, the UK Supreme Court found that Surrey Council's decision to grant planning permission for the development of Horse Hill Well Site was unlawful because the environmental impact assessment for the project did not consider the impact of Scope 3 / downstream GHG emissions resulting from the end use of the extracted oil (*Finch v Surrey County Council* [2024] UKSC 20). The case has potentially significant implications for development of new fossil fuel projects in the UK. The action was supported by Friends of the Earth.
- **UK Court of Appeal Reinforces Importance of Supply Chain Diligence.** On June 27, 2024, the UK Court of Appeal found that the National Crime Agency's ("NCA") decision to not investigate whether cotton imports from China were the product of forced labor / other human rights abuses was unlawful (*R (on the application of World Uyghur Congress) v National Crime Agency* [2024] EWCA Civ 715). The court held that if a company has goods in its supply chain that are the product of criminality the company itself could be liable for money laundering offences if it handles them. The judgment clarified that UK authorities, including the NCA, do not need to know definitively that criminal property exists before they launch an investigation into possible criminality.
- **CSRD Developments Including Final Implementation Guidance.** Recently issued guidance should assist companies working on compliance with the Corporate Sustainability Reporting Directive ("CSRD"), which applies to the first in-scope companies in 2025 (reporting 2024 data). See also our compilation document that sets forth four consolidated EU statutes amended by the CSRD and subsequent related directives, including in redline format the statutory provisions as amended, with color-coding to identify the origin of each amendment.
  - On August 7, 2024, the European Commission published FAQs on the implementation of the EU corporate sustainability reporting rules, including the CSRD. The deadline for Member States to transpose the CSRD into national law was July 6, 2024, but many Member States have not complied with this deadline.
  - On July 25, 2024, EFRAG released an updated Q&A Platform Compilation of Explanations that includes responses to technical questions on the ESRS. EFRAG also continues to add to its log of questions posted to its ESRS Q&A platform that is accessible on its website (and opens as a ShareFile). Also on July 25, 2024, EFRAG released a State of Play as of Q2 2024 report on initial practices related to implementing ESRS, based on interviews and surveys at 28 large EU-headquartered companies.

- On July 5, 2024, the European Securities and Markets Authority ("ESMA") published its Final Report on Guidelines on Enforcement of Sustainability Information ("GLESI") and a Public Statement on ESRS. The GLESI apply to the supervision of the first ESRS sustainability statements published in 2025 (covering financial year 2024). The Public Statement on ESRS targets large listed issuers and makes recommendations relating to governance arrangements, internal controls and the double materiality assessment required under the CSRD.
- On June 20, 2024, EFRAG and the Taskforce on Nature-related Financial Disclosures ("TNFD") jointly published a Correspondence Mapping the aims to help companies understand consistencies between the ESRS and the TNFD's recommended disclosures and metrics. On May 2, 2024, EFRAG and the International Financial Reporting Standards ("IFRS") Foundation published Interoperability Guidance on the ESRS and ISSB standards currently comprised of IFRS S1 (general requirements for disclosures of sustainability-related financial information) and IFRS S2 (specific requirements in relation to climate-related disclosures). The high-level guidance describes the alignment of general requirements and aims to reduce fragmentation and duplication of reporting obligations.
- On May 31, 2024, EFRAG published final versions of its non-binding Implementation Guidance ("IG") documents to assist in-scope companies implement and comply with their new obligations under the CSRD: IG 1 Materiality Assessment, IG 2 Value Chain and IG 3 Detailed ESRS Datapoints (which opens as a ShareFile) and accompanying Explanatory Note. On May 8, 2024, the European Commission published Directive (EU) 2024/1306 amending the CSRD as regards the time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings. Those standards had previously been required to be adopted by delegated acts by June 30, 2024, but the deadline has been changed to June 30, 2026.

- **EU Sustainable Finance Framework.** On July 24, 2024, the ESMA published an Opinion on the Functioning of the Sustainable Finance Regulatory Framework, which broadly considers the EU ESG / sustainable finance regulatory landscape and makes a series of recommendations for the European Commission's consideration. The recommendations target a more consistent framework, including that the EU Taxonomy should become the sole, common reference point for the assessment of sustainability, the introduction of a distinct classification system for "transition investments" and products, and developing minimum sustainability disclosures for all financial products consisting of a small number of simple sustainability key performance indicators.
- **European Supervisory Authority Joint Opinion on SFDR and Wider SFDR Consultation.** On June 18, 2024, the European Supervisory Authorities ("ESAs") published a Joint Opinion to the European Commission on the assessment of the EU SFDR, and proposed changes including new "Sustainable" and "Transition" categories for financial products. It was produced at the ESA's own initiative, but against the backdrop of a more comprehensive review of the current SFDR framework by the European Commission (see Summary Report on the SFDR (published May 2024)), it suggests that many market participants support setting uniform disclosure requirements for all financial products offered in the EU, as well as additional disclosures for products making sustainability claims. For more information, see our prior alert, Overview of ESA's Opinion on SFDR.
- **ESMA Reports on ESG Fund Names and Greenwashing.** On May 14, 2024, following consultation, the ESMA published its Final Report on funds' names using ESG or sustainability-related terms. Broadly, sponsors with funds that include one or more specified words in their name will have to ensure that their portfolios align with a new quantitative threshold, and must exclude certain types of investment from their portfolio. Specified words include, for example, "sustainability," "green," "climate," "environmental," "impact" and "transition" or words with similar meanings. The most stringent requirements apply to fund names with any term derived from the word "sustainable" – they are required to have at least 80% of their portfolio in investments that match the sustainability characteristics promoted by the fund, to exclude certain investments and to "invest meaningfully" in "sustainable investments" as defined by the SFDR. The Guidelines will start to apply from November 21, 2024 but are not mandatory and national authorities need to decide if and how to implement them. Similar UK rules

are due to enter force in December 2024 pursuant to the UK SDRs (discussed above), but with a 70% threshold and requiring products using sustainability-related terms to produce the same disclosures as those using an investment label. On June 4, 2024, the ESMA also published its Final Report on Greenwashing, which is focused on the role of supervisors in mitigating greenwashing risks relating to sustainable finance policies. Also on June 4, 2024, the European Insurance and Occupational Pensions Authority published its Final Report – Advice to the European Commission on Greenwashing Risks and the Supervision of Sustainable Finance Policies, while the European Banking Authority published Greenwashing Monitoring and Supervision.

- **EU Regulation on ESG Ratings.** On April 24, 2024, the European Parliament approved a regulation on the transparency and integrity of ESG rating activities. The regulation would require ESG rating providers to be authorized by the ESMA, adopt compliant methodology principles and governance measures, and provide disclosure about methodologies used. The trigger for falling within scope of the regulation is the provision of an ESG rating by an ESG rating provider operating in the EU (regardless of whether such provider is established inside or outside the EU). The broad definition of "ESG ratings" could include any sort of ESG scoring system, such that a fund or asset manager that uses a proprietary methodology to generate ESG scores could fall within the definition of an "ESG rating provider." To become law, the regulation must also be approved by the Council and published in the Official Journal of the European Union. For more information, see our prior alert, The EU ESG Ratings Regulation – Ten Questions.
- **EU Nature Restoration Law.** On August 18, 2024, the EU Regulation on Nature Restoration (Nature Restoration Law) ("NRL") came into effect and is directly applicable in all Member States. The NRL aims to protect and restore natural ecosystems, habitats and species across the EU's land and seas, and is a key component of the EU Biodiversity Strategy for 2030 and the European Green Deal. It sets legally binding targets at the EU level to restore at least 20% of the EU's land and sea areas by 2030, among others. Member States are required to submit to the European Commission by September 1, 2026 a draft national restoration plan that includes detailed nature restoration information covering the period up to 2050. Member States must also monitor and report on their progress, based on EU-wide biodiversity indicators.
- **EU Energy Performance of Buildings Directive.** On May 28, 2024, the EU directive on the energy performance of buildings came into effect. The directive contributes to the objective of reducing GHG emissions by at least 60% in the building sector by 2030 compared to 2015, and achieving a decarbonized, zero-emission building stock by 2050, including by introducing minimum energy performance standards for residential and non-residential buildings, and phasing out fossil fuel-powered boilers.
- **EU Hydrogen and Gas Decarbonization Package**. On August 2, 2024, the "H2 Regulation" on the internal markets for renewable gas, natural gas end hydrogen and the "H2 Directive" on common rules for the internal markets for renewable gas, natural gas and hydrogen entered force. The H2 Regulation will apply from February 5, 2025 while Member States have until August 5, 2026 to transpose the rules of the H2 Directive into national law. Together the measures update the rules on the EU natural gas market set out previous regulation and introduce a new regulatory framework for dedicated hydrogen infrastructure.
- **EU Revised Environmental Crime Directive.** On May 20, 2024, the EU's new environmental crime directive came into force and Member States have until May 21, 2026, to transpose it into their national laws. The directive covers environmental offences including illegal deforestation or forest degradation, illegal collection, transport and treatment of waste, pollution caused by ships, the use of mercury and fluorinated GHGs, the import of invasive species, the illegal depletion of water resources, as well as serious breaches of legislation on chemicals. It also introduced a so-called "qualified offence" which is comparable to "ecocide" (unlawful acts committed with knowledge of a substantial likelihood of causing severe and widespread or long-term damage to the environment) and introduces more stringent penalties for natural and legal persons.

- **EU Critical Raw Materials Act.** On May 23, 2024, the EU's Critical Raw Materials Act ("CRMA") entered force, aiming to ensure the EU can rely on sustainable value chains for 34 critical raw materials. It is intended to strengthen all stages of the European critical raw materials value chain, mitigate the risk of disruption to the supply of critical raw materials and improve circularity and sustainability. Twelve months after its entry into force, Member States must identify large manufacturing companies using strategic raw materials. The CRMA is part of the broader EU Green Deal Industrial Plan and is aligned with the Net-Zero Industry Act that creates a regulatory framework developed to protect clean energy technology and resources.
- **EU Regulation to Ban Sale of Products Manufactured Using Forced or Child Labor.** On April 23, 2024, the European Parliament approved a regulation prohibiting products made using forced labor, including products made in the EU for domestic consumption and export, and imported products made available in the EU market. To become law, the regulation must also be approved by the Council and published in the Official Journal of the European Union. The regulation will be enforceable in a uniform way across the EU Member States. It is intended to come into effect three years after the legislation is adopted – i.e., in 2027. The EU Commission will also establish a Forced Labour Single Portal to help enforce the new rules.
- **EU Proposed Regulation on Packaging and Packaging Waste.** On April 24, 2024, the European Parliament adopted a legislative resolution on the proposal for a regulation on packaging and packaging waste, to reduce, reuse and recycle packaging, increase safety and boost the circular economy. The new measures would require all packaging to be recyclable, ban the use in food contact packaging of so called "forever chemicals" (per- and polyfluorinated alkyl substances or PFASs) in a concentration of or above certain limit values, set packaging reduction targets (5% by 2030, 10% by 2035 and 15% by 2040) and regulate certain single use packaging formats. To become law, the regulation must be approved by the Council and published in the Official Journal of the European Union.
- **EU Proposed Carbon Removal Certification Framework.** On April 10, 2024, the European Parliament approved the Carbon Removal Certification Framework, which set up a new voluntary certification framework for carbon removal activities. To become law, the provisional agreement must be approved by the Council and published in the Official Journal of the European Union.

International

- **ISSB Developments including Transition Plans and Harmonization / Interoperability.**
  - On June 24, 2024, the IFRS published a press release and Feedback Statement regarding further steps to support global harmonization of the sustainability reporting landscape and ISSB's work plan for 2024-2026, including that the ISSB is assuming responsibility for the disclosure-specific materials developed by the UK Transition Plan Taskforce to help streamline global transition planning. IFRS Foundation has also entered into a Memorandum of Understanding with the GHG Protocol to ensure ongoing compatibility between their work and ensure that the ISSB is actively engaged in updates and decisions made in relation to the GHG Protocol standards and guidance (see press release here). The ISSB's IFRS S2 requires GHG emissions to be measured in accordance with the GHG Protocol Corporate Standard (2004).
  - On May 24, 2024, the IFRS Foundation and the Global Reporting Initiative ("GRI") issued a press release discussing how the two organizations will work together to deliver "full interoperability that enables seamless sustainability reporting." See also above discussion regarding Interoperability Guidance published on May 2, 2024 by the IFRS Foundation and EFRAG on the IFRS S1 and IFRS S2 and ESRS.

- On May 28, 2024, the IFRS Foundation published an Inaugural Jurisdictional Guide for the Adoption or Other Use of ISSB Standards. The Guide aims to provide promote global consistency and comparable sustainability-related information for capital markets. The press release launching the Guide says that more than 20 jurisdictions (accounting for nearly 55% of global GDP, more than 40% of global market capitalization and more than half of global GHG emissions) have already decided to use or are taking steps to introduce ISSB Standards in their legal or regulatory frameworks, including the UK, Canada, Brazil, Japan, Singapore, Hong Kong, China and Australia. For a full list of jurisdictions in open or closed consultation, see the ISSB tracker.
- On April 30, 2024 the ISSB published the IFRS Sustainability Disclosure Taxonomy ("ISSB Taxonomy"), which companies may use to enable investors to search, extract and compare sustainability-related disclosures. The ISSB Taxonomy reflects IFRS S1, IFRS S2 and their accompanying guidance. As explained in the accompanying press release, the ISSB has taken steps to facilitate interoperability of the ISSB Taxonomy with the taxonomy being developed by EFRAG (discussed above). On August 1, 2024, the IFRS Foundation published Using the IFRS Digital Taxonomies – A Guide for Regulators Implementing the IFRS Digital Taxonomies in a Digital Filing System, to support regulatory implementation of the IFRS Accounting Taxonomy and ISSB Taxonomy in a manner that supports cross-border digital comparability and analysis of information prepared using IFRS standards.

ESG Developments On the Radar

Listed below are significant forthcoming ESG-related rulemaking and other developments that are expected in the near future. We have provided links to current materials to facilitate real-time tracking. Dates (where provided) reflect current guidance and are subject to change.

United States

- **SEC rulemaking:**
  - Final rules on enhanced disclosures by certain investment advisers and investment companies about ESG investment practices (October 2024)
  - Proposed rules on human capital management disclosure (October 2024)
  - Proposed rules on board diversity disclosure (April 2025)
  - Final amendments to PCAOB Auditing Standards related to a company's noncompliance with laws and regulations ("NOCLAR")
- **Other federal agency rulemaking:**
  - Final Federal Supplier Climate Risk and Resilience Rule
  - Revised FTC Guides for the Use of Environmental Marketing Claims ("Green Guides")
- U.S. Court of Appeals for the Eighth Circuit decision on challenge to SEC climate disclosure rules (*Iowa v. SEC*, Case No. 24-1522, 24-1623, 24-1624, 24-1626, 24-1627, 24-1628, 24-1631, 24-1633, 24-1634, 24-1685)
- U.S. Court of Appeals for the Fifth Circuit decision on challenge to Nasdaq board diversity rules (*Alliance for Fair Board Recruitment and the National Center for Public Policy Research v. SEC*, Case No. 21-60626)
- U.S. District Court for the Central District of California decision on challenge to California SB 253 and SB 261 (*Chamber of Commerce of the U.S v. California Air Resources Board*, Case No. 2:24-cv-00801)
- **State legislation:**
  - California AB 2331
  - California SB 219
  - Illinois HB 4268
  - New York SB 7704 / SB 5437 / AB 10503
  - New York SB 7705 / SB 897 / AB 4123
  - New York AB 4056 / SB 212
- U.S. corporate governance framework being developed by the Committee of Sponsoring Organizations of the Treadway Commission in collaboration with the National Association of Corporate Directors (Fall 2025)

UK/EU

- UK Sustainability Reporting Standards (based on ISSB / IFRS S1 and IFRS S2, UK-endorsed ISSB standards expected by Q1 2025, and decision on future requirements to be taken in Q2 2025)
- UK regulation on ESG ratings (expected 2025)
- EU Green Claims Directive (position adopted by Council, expected to be law in 2026)
- EU regulation on ESG ratings (adopted by the European Parliament, awaiting adoption by Council)
- EU regulation prohibiting products made using forced labor (adopted by the European Parliament, awaiting adoption by Council)
- EU regulation on packaging and packaging waste (adopted by the European Parliament, awaiting adoption by Council)
- Proposed revised SFDR
- Final ESRS XBRL taxonomy (2024)
- Draft EU sector-specific and third-country ESRS (final to be adopted by June 30, 2026)
- Draft EU implementation guidance on transition plans disclosed under ESRS

International

- Final UN Business and Human Rights Treaty
- Final UN Global Plastics Treaty (expected by end of 2024)
- Proposed UN Net Zero Recognition and Accountability Framework and Implementation Plan (recommendations submitted to UN Framework Convention on Climate Change in May 2024)
- Final International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements (2024)
- Final Basel Committee on Banking Supervision framework on Disclosure of Climate-Related Financial Risks
- Proposed recommendations of Taskforce on Inequality and Social-related Financial Disclosures

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