



1 August 2023

Climate and the Financial Sector

This weekly newsletter highlights climate-related regulatory, litigation and enforcement developments relevant to the financial sector.

General

31 July 2023 [EU]: **The Commission adopts the first set of European Sustainability Reporting Standards (ESRS)**

The Commission has adopted the final Delegated Regulation supplementing the European Accounting Directive (as amended by the CSRD) with regard to the ESRS. The Commission was required to adopt the first set of ESRS specifying the information that companies are required to report under the CSRD. This first delegated act sets out cross-cutting standards and standards for the disclosure of environmental, social and governance information. The final ESRS to be used for their sustainability reporting are set out in Annexes I and II of the Delegated Regulation. The Commission has also published an FAQ on the new Delegated Regulation. The Delegated Regulation and the ESRS will apply as from 1 January 2024. [[link](#)] – [[link](#)]

25 July 2023 [UK]: **UK Government publishes its Greenhouse Gas Emissions Trading Scheme Order**

The greenhouse gas Emissions Trading Scheme (ETS) amends the UK ETS and makes various operational changes, including changes to reporting. The UK ETS requires operators of installations in a number of energy-intensive sectors, such as

manufacturing facilities, power plants and aviation, to surrender CO2 emission allowances equal to the total CO2 emissions from the installations in a given year. The amended UK ETS will come into force on 1 January 2024. [[link](#)]

26 July 2023 [UK]: The Financial Reporting Council publishes a report on its findings on climate-related financial disclosures

The Financial Reporting Council (FRC) publishes a thematic review of its findings on climate-related financial disclosures in the 2022 annual reports of twenty companies operating, mainly, in the banking and asset management sectors. The report highlights an increase in the quality of reporting and the transparency of the companies' disclosures. However, the report also identifies areas for improvement, such as transparency on internal carbon pricing and alignment between climate metrics, targets and the risks and opportunities to which they relate. The FRC also highlights the inappropriate use of boilerplate language on climate risks. [[link](#)]

24 July 2023 [UK]: High Court dismisses ClientEarth claim against Shell board of directors

The English High Court has refused ClientEarth permission to proceed with its claim against Shell's directors for alleged breaches of their duties in relation to Shell's climate change strategy. The claim followed a ruling by the District Court of the Hague ordering Shell to reduce its worldwide CO2 emissions. This new ruling consolidates the previous ruling of 12 May 2023. ClientEarth announced its intention to appeal the dismissal. [[link](#)] - [[link](#) - [See also the Cleary Gottlieb alert memo on this ruling](#)]

27 July 2023 [Global]: ISSB launches a consultation on digital ESG reporting rules

The International Sustainability Standards Board (ISSB) is launching a consultation on disclosure requirements for digital reporting of sustainability-related financial information. The IFRS Sustainability Disclosure Taxonomy will enable the digital tagging of information required by the IFRS Standards. The disclosure proposal reflects the disclosure requirements of the first two standards issued by the ISSB, namely IFRS S1 and IFRS S2. Feedback is expected no later than 26 September 2023, with the goal of publishing the final digital taxonomy in early 2024. [[link](#)]



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