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Climate and the Financial Sector

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

General

6 February 2024 [EU] – Commission Adopts Communications on 2040 Emission Reduction Targets and Carbon Management

The EU Commission has adopted two communications: one on the recommendation to reduce net greenhouse gas (GHG) emissions and the other on industrial carbon management. First, on GHG emissions reduction, the Commission recommends a 90% reduction by 2040 compared to 1990 levels. The communication also sets out a number of enabling policy conditions necessary to achieve the 90% target, namely full implementation of the agreed 2030 framework (which aims to reduce GHG emissions by 55% by 2030) and improving discussions beyond 2030, including with industry and the agricultural sector. Second, the Commission issued a recommendation explaining how carbon capture, utilization and storage of CO₂ could contribute to achieving the EU's climate change objectives. The Commission announced that it will start the work on the necessary regulatory framework for CO₂ transport and storage. [\[link\]](#) – [\[link\]](#)

7 February 2024 [EU] – EU Council and Parliament Agree on a Two-Year Delay of the CSRD's Sector-Specific Sustainability Reporting Standards

The EU Council and the Parliament have announced a provisional agreement for a delay of the deadline for the adoption of sector-specific European Sustainability Reporting Standards (ESRS) for certain sectors and for certain third-country companies amending the Corporate Sustainability Reporting Directive (CSRD). The EU Accounting Directive 2013/34/EU, as amended by the CSRD, requires all large companies and listed SMEs to report information on a wide range of sustainability issues considered relevant to their business using the ESRS.

This agreement gives companies more time to prepare for the sectoral ESRS and specific standards for large non-EU companies, which are now expected to be adopted in June 2026. The interim agreement needs to be formally adopted by both institutions. [\[link\]](#)

5 February 2024 [EU] – EU Lawmakers Reach Agreement on ESG Rating Activities

The EU Council and Parliament have announced a provisional agreement on ESG rating activities. The key elements of this provisional agreement are:

- ESG rating providers will be able to provide separate E, S and G ratings, and if a single rating is provided, the weighting of the factors should be explicit.
- Non-EU ESG rating providers wishing to operate in the EU will need to have their ratings validated by an EU ESG rating provider.
- ESG rating providers would be subject to conflict of interest rules that would prevent ESG rating providers from engaging in advisory, audit or credit rating activities.

The provisional agreement is subject to formal approval by the EU Council and the Parliament. The regulation will apply 18 months after its entry into force. [\[link\]](#)

9 February 2024 [France] – AMF Guide on Climate Transition Planning

Ahead of the first publication of a climate transition plan under the Corporate Sustainability Reporting Directive (CSRD), the AMF has published a guide to help companies prepare for a key element of the CSRD strategy and reporting exercise: the ESRS E1-1 Climate Change Transition Plan. The AMF analyzes investors' expectations, companies' practices and difficulties, the possibilities offered by existing methodologies, and provides elements for improving the quality and relevance of sustainability reports. [\[link\]](#)

Asset Management

5 February 2024 [EU] – Call for Coordinated Approach on Sustainable Finance Disclosure

Asset managers' representatives, including the European Banking Federation (EBF), the EFAMA, the Insurance Europe, the European Savings and Retail Banking Group (ESBG), the Alternative Investment Management Association (AIMA), the Association

for Financial Markets in Europe (AFME), and the European Association of Cooperative Banks, have issued a joint letter calling on the EU Commission to better coordinate the publication of new rules under the Sustainable Finance Disclosure Regulation (SFDR). The asset managers' representatives point out that the European Supervisory Authorities have published the Regulatory Technical Standards (RTS) to be adopted under the SFDR, while at the same time the EU Commission is undertaking a broader review of the SFDR. The asset managers' representatives therefore call for a delay in the adoption of the RTS, for appropriate grandfathering provisions, and for at least one year for implementation once the changes to SFDR are published. [[link](#)]



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