

June 2025

Developments in ESG governance, disclosure, financial regulation and litigation

ESG Matters



In this June edition of ESG Matters, our Highlight discusses the meaning of the Clean Industrial Deal for the real estate sector. Our Spotlight section provides updates on recent developments in ESG governance, disclosure, financial regulation, and litigation.

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1 May in brief

Again, we have seen a month in which Omnibus and other developments on CSRD, CSDDD and Taxonomy dominated the news. You can read more in our **governance** and **disclosure** sections in ESG Matters below. The same goes for the various developments for **financial institutions**.

ESG litigation – the Peruvian matter

This month we also want to highlight ESG litigation, notably, the German appeal judgment in the case of Peruvian farmer Saúl Luciano Lliuya against RWE. Lliuya asserted that RWE's contribution to climate change will partly cause flood damage to his property, being situated near a glacial lake. He claimed that RWE must make a pro rata financial contribution to flood protection measures. The court dismissed the claim on factual grounds: it found the flood risk to Lliuya's property to be well below 1%, which does not meet the legal threshold for liability. However, the Court indicated that under German tort law, companies can in principle be held liable for the damages caused by their contribution to climate change. The large distance

between the company's power plants in Germany and the plaintiff's property in Peru does not preclude such liability.

Lliuya's appeal was rejected, and stakeholder groups stressed the high liability threshold set by the German court. At the same time, various NGOs view the judgment as a landmark decision confirming climate change liability. The judgment again underscores the complexity of ESG litigation outcomes. We will update you further on ESG litigation in our **litigation section**.

In the April edition of [ESG Matters](#), we discussed the Clean Industrial Deal at a general level. In this month's **Highlight** article, we focus on what the Clean Industrial Deal brings from a real estate perspective. Our real estate and ESG experts are available to discuss this topic with you.

2 Highlight: Clean Industrial for the Real Estate Sector

She promised, and she delivered. Faced with stagnant European growth and growing concern among economic players, the European Commission has adopted the **Clean Industrial Deal** to revive the European Union economy. Developed through extensive consultation with industry stakeholders, this comprehensive business plan aims to combine the decarbonisation objectives of the Green Deal with the revival of the European industrial competitiveness and sovereignty.

While the reduction in red tape and reporting obligations (CSRD and CSDDD) has received widespread media coverage, this roadmap goes much further. The Commission has announced the (re)construction of an ambitious, decarbonised and circular internal market, which it intends to shape using a range of available levers.

Opportunity for the real estate sector

The Clean Industrial Deal presents an opportunity for real estate stakeholders to benefit from the private and public investments that the EU intends to mobilise. To take advantage, real estate professionals must consider three key measures outlined in the EU's roadmap: InvestEU, public procurement rules, and the Circular Economy Act.

InvestEU

To stimulate private investments, the Clean Industrial Deal increases the risk-bearing capacity of the InvestEU fund. This fund offers financial guarantees by financial partners such as the European Investment Bank (EIB) and other financial institutions, in support of public or private investment projects. By bearing part of the risk, it enhances investor confidence and helps attract capital. Sustainable infrastructure and social investments are among its four eligible sectors. The fund has already supported projects in building or renovating hospitals, social housing, and university buildings. This presents a strong opportunity for securing funding.

Public procurement rules

On the public investment side, the Commission plans to revise public procurement regulations, which are the key to about 14% of the EU's GDP. The goal is to allow contracting authorities to include sustainability and resilience criteria in tenders. Anticipating these criteria can make economic players more competitive in future public procurement processes.

Circular Economy Act 2026

This is especially true as the Clean Industrial Deal confirms the Commission's intention to introduce a Circular Economy Act in 2026, aiming to develop an internal market for circular products. This legislation builds on the Circular Economy Action Plan, which identifies the construction and renovation sectors as highly polluting and in need of better regulation. As a result, these sectors are likely to be subject to future regulations, including strict requirements for circularity and recycling.

What it means for you

- With the Clean Industrial Deal, the Commission seems to be shifting from the stick to the carrot.
- Real estate players who want to benefit from the emerging market should start preparing projects and make investments in materials and processes defining their future competitive edge, based on a thorough understanding of the InvestEU framework.
- To benefit from the Clean Industrial Deal's public procurement benefits, parties should integrate decarbonisation and circularity into their strategic and structural decisions, in line with expected procurement criteria.

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Spotlight on ESG developments



Governance & transition



EC publishes assessment of the National Energy and Climate Plans

On 28 May, the EC published its [assessment](#) of the National Energy and Climate Plans (NECPs) of EU Member States. Assuming full implementation of existing and additional policies and measures, the EU will near its 55% emission reduction target for 2030 with a projected EU-wide emissions reduction of 54% by 2030, compared to 1990 levels. The share of renewable energy has reached 42.5%. The assessment also flags improvement points for NECPs. The [annex](#) breaks down individual Member States' GHG emissions data and their contributions to the EU targets.



Council and EP adopt positions on CBAM simplification proposal

On 27 May, the Council of the EU adopted its [position](#) on the European Commission (EC) proposal to simplify the EU Carbon Border Adjustment Mechanism (CBAM) under the Sustainability Omnibus. The proposal aims to reduce administrative burdens for SMEs and occasional importers. It proposes a *de minimis* mass threshold of 50 tonnes CO₂, exempting 90% of the current importers while maintaining coverage of 99% of emissions. The European Parliament adopted its [position](#) on 22 May. Interinstitutional negotiations can now begin to reach a final deal on the proposal.



Council adopts amendment of CO₂ standards for new passenger cars and vans

On 27 May, the Council adopted an [amendment](#) to the [Regulation on CO₂ standards for new passenger cars and vans](#). It provides car manufacturers with more flexibility to meet their mandatory CO₂ emissions targets for 2025 for new passenger cars and light commercial vehicles in the calendar years 2025 to 2027. The amendment will now be published in the Official Journal of the EU. After 20 days following publication, it will enter into force.



WMO publishes global climate update 2025-2029

On 26 May, the World Meteorological Organization (WMO) published the [Global Annual Decadal Climate Update](#). The report finds an 80% chance that at least one of the next five years will exceed 2024 as the warmest year on record. The chance that the average warming in 2025-2029 will be more than 1.5 °C is forecasted at 70%. The decade-long warming average will remain below 1.5 °C. Precipitations patterns are found to have major regional variations, and arctic warming is forecasted to continue to exceed the global average.

EC adopts decision on contribution of EU oil and gas producers to CO₂ storage solutions

On 21 and 22 May, the EC adopted a [Delegated Regulation](#) and a [decision](#) specifying the calculation methods, reporting requirements and individual contributions for EU oil and gas producers to CO₂ storage solutions under the [Net Zero Industry Act](#). 44 oil and gas companies are required to contribute to an annual CO₂ injection capacity of 50 million tonnes, using geological storage sites such as depleted gas fields and saline reservoirs. The Delegated Regulation is still subject to a two months' objection period by the EP and the Council.

Commission proposes Omnibus IV for SMEs and small mid-cap companies

On 21 May, the EC published [proposals](#) to reduce regulatory burdens for Small and Medium Enterprises (SMEs) and for small mid-cap companies (SMCs). SMCs are being proposed as a new concept under EU law, being non-SME companies that have fewer than 750 employees, and that have either a net annual turnover less than EUR 150 million or an annual balance sheet total less than EUR 129 million (see the EC [recommendation](#)). On ESG, Omnibus IV proposes to exempt SMEs and SMCs from the due diligence requirements of the [Batteries Regulation](#). It also proposes to [postpone](#) its due diligence requirements for companies that place batteries on the market or put them into service from 18 August 2025 to 18 August 2027. The publication of EC guidelines would be postponed from 18 February 2025 to 26 July 2026. Additionally, Omnibus IV also proposes to exempt SMEs and SMCs from most obligations under the Regulation on fluorinated greenhouse gases. Omnibus IV contains several other proposals to alleviate burdens for SMEs and SMCs.



Commission awards EUR 1 billion to renewable hydrogen projects

On May 20, the European Commission [awarded](#) EUR 992 million to 15 renewable hydrogen projects in the EEA. The projects cover sectors such as transport, chemicals, and ammonia and methanol production. Funded through the Innovation Fund, sourced from the EU Emissions Trading System (ETS), these projects will receive subsidies to help close the gap between production costs and market prices. They aim to produce 2.2 million tonnes of renewable hydrogen over ten years, avoiding 15 million tonnes of CO2 emissions. Grant agreements are expected to be signed by September or October 2025, with production of renewable hydrogen starting within five years. A third auction with a budget of EUR 1 billion is planned for the end of 2025.

EU and UK to link emission trading systems

On 19 May, the European Union and United Kingdom published a [common understanding](#), agreeing to work towards linking their respective Emissions Trading Systems (ETS) (see also a [Q&A](#)). The EU and UK recognise that a functioning carbon market link could support level playing field objectives and facilitate mutual exemptions under their respective Carbon Border Adjustment Mechanisms (CBAM). The agreement will include sectors such as electricity generation, industrial heat, industry, maritime transport, and aviation. It will be supported by a joint governance structure, dispute resolution mechanism, and provisions for financial contributions.

Council adopts first international convention on protection of the environment through criminal law

On 14 May, the European Council adopted [the Convention on the Protection of the Environment through Criminal Law](#) (referred to as the 'Ecocide Treaty'). It sets minimum EU standards for defining and prosecuting serious environmental crimes, including illegal pollution, destruction of ecosystems, and trafficking of hazardous waste. The treaty introduces stricter penalties for 'particularly serious offences', including fines, bans on business activity, and mandatory environmental restoration. Member States must still sign the treaty for it to become binding, but it marks a step toward stronger environmental accountability. The treaty broadly aligns with the revised Environmental Crime Directive, adopted on 11 April 2024, which already applies in the EU. In parallel, the Council also adopted a [long-term strategy](#) linking environmental protection with human rights, democratic governance, and the rule of law.



ECB publishes opinion on sustainability Omnibus

On 8 May, the European Central Bank (ECB) published an [opinion](#) on the sustainability Omnibus package. Regarding the proposed limitation of the CSRD scope, the ECB warns that the lack of sustainability-related data could obscure climate-related financial risks and may hinder the objectives of the EU sustainable finance framework. ESG risks are not necessarily proportionate to institutions' size. At least all significant institutions, regardless of their number of employees, should remain subject to sustainability reporting requirements. Certain reporting obligations for companies with more than 500 employees, and reporting obligations for all third-country companies, should be maintained. Concerning the CSDDD climate transition plan, the ECB recommends maintaining that such plans must be 'put into effect'. Climate transition plans are vital to address economic transition risks, to prudential supervision and to financial stability. The ECB suggests retaining the CSDDD's review clause for the financial sector, while extending the review timeline. The Annex of the opinion contains detailed proposals for the Omnibus legal texts.

Legal scholars publish opinion on Omnibus proposal regarding CSDDD climate plan

On 8 May, a group of legal scholars published a [letter](#) criticising the Omnibus proposal on the mandatory climate transition plan under the Corporate Sustainability Due Diligence Directive (CSDDD). The EC proposal would remove the obligation for companies to 'put into effect' the climate transition plan. According to the legal scholars, this amendment could create legal uncertainty, increase future costs for companies, and increase the risk of climate-related litigation. They call on the EP to carefully consider these risks in its decision-making.

TNFD publishes questions for board members on nature-related risks

On 6 May, the Taskforce on Nature-related Financial Disclosures (TNFD) published twelve [questions](#) that board members can ask in their company to better understand the nature-related dependencies, impacts, risks and opportunities relevant for their company. The questions address (i) an overview of the relevance of nature for the business; (ii) integrating nature into decision-making; (iii) understanding the external context (market, standards, regulations, investor expectations); (iv) internal competence on nature-related issues; and (v) board reflection. TNFD will release guides for other audiences over the next year.



OHCHR publishes opinion on sustainability Omnibus

On 3 May, the Office of the United Nations High Commissioner for Human Rights (OHCHR) published an [opinion](#) on the sustainability Omnibus package. The OHCHR raises concerns over proposed changes to the CSDDD, highlighting that the proposals are not aligned with existing ESG due diligence frameworks and could weaken corporate accountability. It criticises proposals to narrow corporate due diligence obligations and scale back the civil liability regime as this could damage global efforts to establish robust, mandatory human rights and environmental due diligence standards.

ESMA consults on draft RTS under ESG Rating Regulation

On 2 May 2025, ESMA published a [consultation paper](#) on draft Regulatory Technical Standards (RTS) under the upcoming [ESG Rating Regulation](#). The proposals focus on three key areas: (1) the information ESG rating providers must submit when applying for authorisation, (2) measures to prevent conflicts of interest where providers also engage in other activities, and (3) transparency obligations towards the public, rated entities, and users of ESG ratings. The consultation is open until 20 June 2025. A final report is expected in October, after which the draft RTS will be submitted to the European Commission.

VCMI issues Code of Practice for Scope 3 emissions offsetting

On 30 April, the Voluntary Carbon Markets Integrity Initiative (VCMI) released its long-awaited “[Scope 3 Action Code of Practice](#)” to guide companies in responsibly offsetting their Scope 3 emissions. The Code provides a structured framework to help firms identify their Scope 3 emissions gap and outlines how to report challenges and progress. The Code requires companies to treat carbon credits as a temporary supplement (not as a substitute) for actual decarbonisation, and only to use high-quality credits meeting VCMI criteria. The Code sets 2040 as the target year to close the Scope 3 gap in line with net-zero goals and imposes disclosure obligations to ensure transparency. In a time of market uncertainty, the Code represents a key step toward restoring credibility and consistency in corporate climate action.



Disclosure



EFRAG publishes digital template for VSME disclosures

On 27 May, the European Financial Reporting Advisory Group (EFRAG) published a [VSME Digital Template](#) and [VSME XBRL Taxonomy](#), including [other resources](#), to support companies with fewer than 250 employees in applying the VSME reporting standard. They were developed in response to feedback from preparers and users during the public consultation on the VSME Exposure Draft, which took place from 22 January to 21 May 2024. The VSME Digital Template (Excel) aims to enable user-friendly data entry, including interactive checkboxes and validations to determine which disclosures are required, auto-calculation of totals, validations and consistency checks, and drop-down menus and checkboxes for semi-narrative disclosures. The VSME XBRL Taxonomy enables the digitalisation of VSME disclosures by providing an independent data model of VSME disclosures, allowing reporting in various technical formats, facilitating data exchange and database imports using a structured, license-free, and open format.



EC to propose relief from ESRS phase-in requirements for wave 1 companies

On 13 May, EC representative Tom Dodd [announced](#) in a JURI public hearing that the EC will propose a delegated act to relieve companies currently reporting under CSRD (so-called wave 1 companies) from the phase-in requirements under the ESRS, such as E1-9 ('Anticipated financial effects from material physical and transition risks and potential climate-related opportunities'). The other CSRD and ESRS reporting requirements would remain applicable to these companies, pending the substantive Omnibus proposal.



TNFD launches global survey on nature-related reporting practices

On 7 May, the Taskforce on Nature-related Financial Disclosures (TNFD) launched a [survey](#) for corporates, financial institutions, and market service providers. The aim is to better understand how organisations are currently assessing and reporting nature-related risks and dependencies. Insights will help shape future guidance and support effective implementation of the TNFD framework. The survey also seeks to identify key challenges and emerging best practices in biodiversity and ecosystem-related disclosures. The survey is open until 1 August 2025.



ESMA publishes guidelines on supervision of CSRD reporting by listed companies

On 29 April, the ESMA published final [Guidelines on Enforcement of Sustainability Information \(GLES\)](#). The Guidelines must be applied by national supervisory authorities in their supervision of sustainability reporting under CSRD by listed companies. It provides 22 principles-based guidelines. National authorities must apply the Guidelines to sustainability information published by listed companies from 1 January 2025. By 29 June 2025, authorities must notify ESMA whether they comply with the Guidelines.

B Corp updates certification standards

On 28 April, B Lab published [revised standards](#) for the voluntary B Corp certification framework (see also the [summary](#)). The revised standards are more ambitious than the current standards and require phased improvement to maintain B Corp certification. The number of impact areas will be expanded from five to seven. Companies generating more than 1% revenue from certain sectors, including gambling, tobacco, fossil fuel production, or weapons, will not be eligible for B Corp certification. Companies selling or supplying products in the EU that carry the B Corp label must recertify before 27 September 2026, as the current B Corp regime does not comply with new EU anti-greenwashing rules that will apply as of that date. For new B Corp certifications, the revised standards will apply from 2026. For recertifying companies, phase-in provisions apply.



Financial institutions & regulation



EBA launches consultation on bank's Pillar 3 disclosures on ESG

On 22 May, the European Banking Authority (EBA) launched a [public consultation](#) on proposed amendments to banks' Pillar 3 ESG disclosure requirements under the Capital Requirements Regulation (CRR3) as specified in [Implementing Regulation \(EU\) 2024/3172](#). In line with Omnibus, EBA proposes a proportionate approach with simplified requirements for smaller and non-listed banks, and no new obligations for large listed banks. It also clarifies existing reporting requirements. The proposed changes include the extension of ESG risk-related disclosures to all institutions and the disclosure of information on shadow banking and equity exposures. Transitional measures and supervisory flexibility aim to reduce compliance burdens. A [public hearing](#) on the consultation will take place via conference call on 26 June 2025. The consultation runs until 22 August 2025.



ECB's Frank Elderson speech on nature and economy

On 22 May, ECB board member Frank Elderson held a speech called '[Nature's bell tolls for thee, economy!](#)' at an annual biodiversity dinner in Leiden. He noted that while economies are heavily reliant on ecosystem services, the economic value of nature services such as pollinators, mangroves and water supplies is not sufficiently considered. ECB is taking steps to account for nature-related risks, such as considering the potential effects of nature degradation on banks' balance sheets. On Omnibus, Elderson states that excluding too many firms from the CSDDD may reduce the availability of vital data needed to assess climate and nature related financial risks. He also referred to [preliminary findings](#) published on 23 May of a study on nature risks for the EU's economic output.

EIOPA publishes study on consumer-friendly information regarding natural catastrophe coverage of home insurance policies

On 19 May, EIOPA published a [study](#) calling for more transparent and consumer-friendly disclosures in home insurance policies, especially regarding natural catastrophe (NatCat) coverage. The review of Insurance Product Information Documents (IPIDs) across eight European countries found good practices but also widespread use of vague, inconsistent language and unclear exclusions. As a result, consumers may mistakenly believe they are covered for risks like floods or fires when they are not, contributing to what EIOPA calls the "insurance illusion." With climate-related disasters on the rise and only a quarter of NatCat losses insured in recent decades, closing this protection gap is increasingly urgent. EIOPA recommends clearer definitions, consistent terminology, and better presentation of optional add-ons to help consumers make informed decisions.

Revised Benchmark Regulation published in EU official journal

On 19 May, the revision of the [Benchmark Regulation](#) was published in the Official Journal of the EU. In short, the revision limits the regulation's requirements for financial benchmarks, but not for *inter alia* EU climate transition benchmark and EU Paris-aligned benchmarks. The revision applies from 1 January 2026.



TNFD publishes short-term climate risk scenarios

On 7 May, the Network for Greening the Financial System (NGFS) published [short-term climate scenarios](#) (including [main takeaways](#)) for central banks and supervisors. This is the first dedicated framework for analysing the potential near-term impacts of climate policies and climate change on financial stability and economic resilience, which can be used for climate stress-testing exercises. It discusses four non mutually exclusive scenarios: (i) disasters and policy stagnation; (ii) highway to Paris; (iii) sudden wake-up call; and (iv) diverging realities. The main takeaways of the short-term scenarios are that (i) regional extreme weather events generate temporary but material GDP losses, with effect on the global economy, and could increase the cost of the transition; (ii) delaying transition efforts increase the economic costs of transitioning and could cause additional financial stress.

EC launches call for evidence on SFDR revision

From 2 May to 30 May, the European Commission held a [call for evidence](#) on the review of the Sustainable Finance Disclosure Regulation (SFDR). The review will address concerns that the SFDR classification system is viewed by the market as a labelling system rather than a transparency system. The review will aim to increase legal clarity and ensure coherence within the sustainable finance framework, including the current goal to reduce reporting obligations for companies. Published responses can be found [here](#). The EC expects to publish the revised SFDR by Q4 2025.

AFM published first ESG update

On 1 May 2025, the AFM published its first [ESG update](#), setting out its expectations for sustainable financial services in 2025 and 2026. While the AFM notes progress across the sector, it emphasises the need for continued efforts in four key areas: sustainability claims, the SFDR, product governance, and suitability assessments. The AFM expects sustainability claims to be accurate and not misleading, SFDR disclosures to be clear and reliable, sustainability requirements to be embedded in product governance policies, and a proper alignment between clients' sustainability preferences and the products offered. The AFM's 'Agenda 2025' outlines the supervisory studies planned for this year. As part of its ongoing focus on sustainable finance, the AFM expects to publish a new ESG update in autumn 2025.



ISSB proposes targeted IFRS S2 amendments for financial institutions

On 28 April, the International Sustainability Standards Board (ISSB) published an [exposure draft](#) proposing amendments to IFRS S2 on climate-related disclosures. The aim is to simplify application for certain entities – particularly financial institutions – without compromising the relevance of the information for investors. Key proposals include allowing the exclusion of certain financed Scope 3 emissions (e.g. from derivatives or insurance), permitting alternative GHG measurement methods where required by local regulations, and introducing more flexibility in using industry codes (GICS) for disaggregating financed emissions. The consultation is open until 27 June 2025, with final amendments expected by year-end.

ECB publishes Q&A on ESG Pillar 3 reporting

On 11 April, the European Central Bank (ECB) published a single Q&A (No. [2024 7225](#)) on a GHG reporting requirement for banks as part of their Pillar 3 reporting requirements under the Capital Requirements Regulation (CRR). It clarifies how the denominator should be calculated in Template 1, column k and i, of Commission Implementing Regulation (EU) 2021/637 which mandates GHG reporting of the gross carrying amount of exposures.



Litigation



German Court delivers judgment in Lliuya climate damages case

On 28 May, the higher regional court of Hamm [ruled](#) on the climate case brought by Peruvian farmer Lliuya against RWE, initiated in 2015. The farmer claimed that the energy company must make a pro rata contribution to flood protection measures for his property due to climate-induced glacier flooding risks. The court ruled that, under German tort law, companies can in principle be held legally liable for the damages caused by their contribution to climate change. Those responsible for CO₂ emissions may be obliged to take measures to prevent a threat of damages resulting from these emissions, or pay for these costs in proportion to their share of emissions, even before actual damage occurs. The large distance between the company's power plants in Germany and the plaintiff's residence in Peru do not preclude such a claim. The defendant could also not invoke its public service obligation to justify interference with the property of the Peruvian plaintiff. Not all citizens will be liable for their emissions towards each other, as a single person's emissions are too insignificant to incur liability. The court dismissed the farmer's claim based on the facts of the case, ruling that the risk of floodwater damage is well below 1% and therefore does not meet the legal threshold.



EU Ombudsman opens inquiry over Omnibus

On 21 May, the Ombudsman opened an [inquiry](#) into a [complaint](#) by NGOs relating to the decision-making process of the Omnibus sustainability proposals. The complaint argues that the EC did not comply with the better regulation guidelines and did not carry out a climate consistency assessment, as required under the EU Climate Law. The Ombudsman will now inspect relevant documents and meet with Commission staff. While the Ombudsman cannot reverse decisions by EU institutions, it may issue recommendations up to a special report to the European Parliament, which must then take appropriate action. If the Commission accepts the Ombudsman recommendations, this may delay the Omnibus package by several months. points of attention with recommendations for improvement.



EFTA issues advisory opinion on assessment of oil projects' scope 3 emissions

On 21 May, the European Free Trade Association (EFTA) Court issued an [advisory opinion](#) requested by a Norwegian court of appeal on the assessment of scope 3 greenhouse gas emissions arising from new oil field projects. The EFTA Court has jurisdiction over Iceland, Liechtenstein and Norway that largely corresponds to the EU Court of Justice over EU Member States. The original case was brought by NGOs against the Norwegian State in relation to its approvals of three petroleum and natural gas extraction projects in the North Sea. The Court found that the Environmental Impact Assessment (EIA) Directive requires states to consider the effects of an oil project's scope 3 GHG emissions before approving it. The consideration must involve public participation. National courts must eliminate the unlawful consequences if a state does not carry out a full EIA. The opinion follows an temporary [order](#) to halt the development of the three oil and gas fields by the Norwegian Supreme Court. The Norwegian court of appeal must now decide the case based on the Court's interpretation of the EIA Directive.

Australian energy company rectifies carbon offset claims

On 19 May, Australian energy company EnergyAustralia published a [statement](#) to settle a greenwashing case initiated by an NGO in relation to a carbon offset product offered to customers. The company acknowledges that carbon offsets do not prevent or undo the harms caused by burning fossil fuels for a customer's energy use. Even with carbon offsetting, the emissions released from burning fossil fuels for a customer's energy use still contribute to climate change. While high quality carbon offsets may play a role for hard to abate residual emissions, organisations should provide clearly and transparently inform consumers on where and how offsets have been used and what those offsets can achieve. The company had already withdrawn its disputed carbon offset product called 'go neutral' in 2024.



US beverage company agrees to revise green statements

On 6 May, the EC [announced](#) that US beverage company Coca-Cola Company will voluntarily revise its green statements on its packaging. The announcement follows an alert by the European Consumer Organisation BEUC in November 2023 against certain environmental claims on plastic bottles. The company commits to:

- replace claims on bottle labels such as 'I am a bottle made from 100% recycled plastic' (with separate disclaimer: 'bottle, not label and cap') with more clear statements such as: 'This bottle, excluding label and cap, is made from 100% recycled plastic'.
- replace claims on bottle labels such as 'Recycle me again' with 'Recycle me', as the recycling process is not a closed loop.
- ensure that the overall impression of the label and the marketing is not misleading, for instance by revising other green claims or symbols.
- reflect these changes in digital marketing campaigns on the company's websites and social media.

Questions?

If you have any questions or comments on a specific ESG topic, please contact our [Sustainable Business & Climate Change team](#). To receive ESG Matters, please [sign up](#).

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