

EU, Europe, Policy and Regulation, UK

January 26, 2024

In Brief: EU parliament votes to delay sector-specific ESRS; UN special rapporteur slams UK handling of climate protestors



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Members of the European parliament's committee on legal affairs have [voted](#) in favour of delaying by two years the development of sector-specific **European Sustainability Reporting Standards**. The adoption deadline is now June 2026. The committee also backed European Commission proposals to delay the adoption of the general sustainability reporting standards for non-EU companies until 2026. Law firm Frank Bold said that even with the delay, the parliament has "sent a strong signal" and called for the technical work for the development of sector-specific standards to be "prioritised and delivered as soon as possible, focusing on key sectors with high sustainability risks and impacts". Earlier in the week, business and finance leaders issued a [statement](#) of support for sector-specific targets. Meanwhile, Bruce Cartwright, chief executive at the Institute of Chartered Accountants of Scotland, said "greater clarity" is needed on which elements would be delayed for non-EU countries.

In December, France became the first country to incorporate the EU's **Corporate Sustainability Reporting Directive** into [national law](#). This week, Sophie Casenave, policy affairs manager at Strive by STX, the climate arm of the commodities trader STX Group, cast doubt on whether the country would follow through with the threats in its transposition of the law to send directors who fail to comply with the CSRD requirements to prison. "It was reported that corporate directors who simply fail to get their CSRD report audited by a certified entity might face up to €30,000 in penalties and two years in prison," said Casenave. "If a company provides the auditor with misleading information or refuses to provide requested data, the person responsible could face up to five years in prison and fines of €75,000." But she added: "I believe we can expect that fines will be the first deterrent before imprisonment, or it might be applied if a company repeatedly fails to comply."

Meanwhile, the **European Financial Reporting Advisory Group** has launched a [public consultation](#) on the exposure draft ESRS for listed small and medium-sized enterprises and the exposure draft for the voluntary reporting standard for non-listed SMEs. The consultation is open until May 21.

A draft impact assessment of the **EU's 2040 emissions reduction target** supports a net reduction of 90 per cent, shows a leaked paper seen by Sustainable Views. The European Commission's final proposal is expected to be published on February 6.

The Institutional Investors Group on Climate Change has released a [discussion paper](#) on **Scope 3 emissions** and their importance, challenges and implications for decarbonising portfolios.

The **strategic dialogue on the future of agriculture** in the EU, as announced by commission president Ursula von der Leyen in her 2023 State of the Union address, was [formally launched](#) on January 25. It is aimed at "bringing together a diverse group of actors from Europe's agri-food sector to find common solutions for the future of agriculture in Europe", said the EU executive. The dialogue is launching as farmers in France, Germany and Belgium lead protests, which are, at least in part, targeted against EU environmental legislation.

In the UK, the **offshore petroleum licensing bill** has [passed its second reading](#) in parliament much to the consternation of many, including the former Conservative MP Chris Skidmore, who resigned earlier this month over his party's fossil fuel policies. "As I stated in my resignation letter, the future will judge harshly any MP that votes for new additional fossil fuels," he commented on X this week. "Today's legislation makes no economic sense, will deliver no additional energy security, and breaks the UK's international commitments on climate action."

Meanwhile, **David Frost**, the Conservative peer who has previously claimed that rising temperatures could be good for the UK and is a trustee of the Global Warming Policy Foundation, a lobby group sceptical of man-made climate change, has been [appointed](#) to the UK House of Lords' select committee on environment and climate change.

The UK government has doubled down on nuclear power this week, making an [additional £1.3bn investment](#) in **Sizewell C**, the power station being developed by France's state-owned utility EDF. A final investment decision on the project is due later this year. Meanwhile, the Financial Times has reported that Hinkley Point [has been hit by yet more delays](#), and that costs may reach as much as £46bn.

The **International Energy Agency** has predicted that nuclear power globally will reach an [all-time high](#) in 2025.

Separately, the IEA published its ["Electricity 2024" report](#). It concluded that falling electricity consumption in advanced economies restrained growth in global power demand in 2023, but predicted a faster rise in global electricity demand over the next three years, growing by an average of 3.4 per cent annually through to 2026. Electricity consumption from data centres, artificial intelligence and the cryptocurrency sector could double by 2026, it added.

The UN's special rapporteur on environmental defenders, Michel Forst, has published a [statement](#) after his visit to the UK in January, in which he highlighted "increasingly severe crackdowns on environmental defenders in the UK, including in relation to the exercise of the right to **peaceful protest**". He said: "We are in the midst of a triple planetary crisis of climate change, biodiversity loss and pollution. Environmental defenders are acting for the benefit of us all. It is therefore imperative that we ensure that they are protected."

ClientEarth has published a [legal opinion](#) on the decision of the High Court of England and Wales to dismiss the organisation's action against **Shell's** board of directors.

In the ongoing debate around the conversion of the UK power station **Drax** to run on wood pellets rather than coal, the UK's National Audit Office has published a paper looking at the [government's support for biomass](#). The government is currently reviewing its biomass strategy. "We fully support that a review process should be carried out and look forward to playing our part and working with government in this," Drax said in a [statement](#).

A [report](#) from Rystad Energy has predicted that floating solar will play an important role in south-east Asia's transition to net zero. **Floating solar** will account for 10 per cent of the region's total solar capacity by 2030, it said.

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