

July 2025

ICJ Establishes Binding Legal Obligations for States on Climate Protection in Historic Unanimous Ruling

The International Court of Justice [delivered](#) its Advisory Opinion on July 23, 2025, establishing legal obligations for states to protect the climate system from greenhouse gas emissions. The Court unanimously ruled that states have binding obligations under international law to ensure climate protection for present and future generations, including specific duties under climate treaties like the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels. The proceedings marked the highest level of participation in the history of the ICJ and its predecessor court, with 96 states and 11 international organizations presenting statements during its December 2024 hearings.

The Court's Opinion addressed two key questions posed by the UN General Assembly regarding state obligations and legal consequences for climate harm. The Court found that under customary international law states have a duty to prevent significant environmental harm through due diligence and must cooperate in good faith to protect the climate system. The Court established that violations of these duties by states constitute internationally wrongful acts requiring cessation of harmful actions, guarantees of non-repetition and full reparation to injured states, including compensation when a direct causal link can be established.

The Court emphasized that climate obligations constitute "erga omnes" duties owed to the international community as a whole, meaning all states have legal standing to hold others accountable for climate failures. The ruling clarifies that while greenhouse gas emissions themselves are not wrongful acts, **states can be held responsible for failing to exercise regulatory due diligence over private actors or for actions like fossil fuel subsidies that breach climate protection obligations.** The Opinion is expected to significantly impact financial institutions and companies by strengthening the legal basis for climate-related litigation and potentially increasing regulatory pressure on high-emission industries and their financiers.

ASEAN Advances Regional Corporate Governance and Sustainability Reporting Standards

The Business Advisory Council of the Association of Southeast Asian Nations (ASEAN-BAC) Malaysia and the Association of Chartered Certified Accountants (ACCA) and their partners launched the ASEAN Sustainability Reporting Advocacy Collaborative (ASRAC) [statement](#) on July 3, calling for unified sustainability reporting standards across Southeast Asia based on International Sustainability Standards Board (known as IFRS S1) guidelines while allowing local adaptations. Meanwhile, Malaysia's Securities Commission announced it may [introduce](#) mandatory corporate governance practices in the 2026 revision of its corporate governance code, shifting from the traditional voluntary "apply or explain" approach to mandatory rules in selected areas. Singapore and other ASEAN regulators are similarly reviewing their governance codes.

UK Government Launches Sustainability Assurance Consultation

The UK government [published](#) consultations on June 25, 2025, to establish a comprehensive sustainability reporting and assurance framework, introducing a new category of "sustainability assurance provider" qualified to provide third-party assurance over sustainability disclosures. The proposals include a voluntary registration regime administered by the proposed Audit, Reporting and Governance Authority, applying a profession-agnostic approach that encompasses both audit and non-audit professionals who meet established criteria.

Currently, the UK has an unregulated market for voluntary sustainability assurance, unlike the regime for statutory auditors who face regulatory oversight. The proposed framework would require providers to follow UK equivalent standards to international sustainability assurance requirements and recognize multiple reporting standards including the European Sustainability Reporting Standards. The consultation process closes September 17, 2025 and will inform whether the voluntary registration scheme should become mandatory over time.