

Corporate Climate Transition Plans: Mapping the Fluctuating Legal Landscape

TIM BLEEKER, EBBA HOOFT TOOMEY & TINEKE LAMBOOY: THE AUTHORS CONTRIBUTED EQUALLY TO THE PREPARATION AND WRITING OF THIS EDITORIAL ARTICLE AND TO THE ORGANIZATION AND EDITING OF ALL PAPERS INCLUDED IN THIS SPECIAL ISSUE. DR TIM BLEEKER IS ASSOCIATE PROFESSOR AT THE VRIJE UNIVERSITEIT, AMSTERDAM, THE NETHERLANDS; EBBA HOOFT TOOMEY IS AN INDEPENDENT RESEARCHER, OFTEN INVOLVED IN RESEARCH PROJECTS IN COLLABORATION WITH NYENRODE BUSINESS UNIVERSITY, BREUKELEN, THE NETHERLANDS; AND PROF. TINEKE LAMBOOY IS FULL PROFESSOR CORPORATE LAW AT NYENRODE BUSINESS UNIVERSITY, BREUKELEN, THE NETHERLANDS, RESEARCH FELLOW AT UTRECHT UNIVERSITY, UTRECHT, THE NETHERLANDS, AND ADJUNCT PROFESSOR AT UNIVERSITAS AIRLANGGA IN SURABAYA, INDONESIA.*

This editorial introduces the European Company Law special issue on Corporate Climate Transition Plans (CCTPs), a fast-evolving legal instrument for aligning corporate conduct with climate objectives. As climate-related regulation moves from voluntary disclosure to enforceable obligations, the European Union has placed transition planning at the core of corporate sustainability law. Key legal developments, including the Corporate Sustainability Due Diligence Directive (CSDDD), the Corporate Sustainability Reporting Directive (CSRD), and the EU Deforestation Regulation (EUDR), require companies to develop credible, science-based plans to reduce greenhouse gas (GHG) emissions and adapt their business models accordingly. Amid these regulatory shifts and the legal uncertainty introduced by the Omnibus reform, this editorial outlines the legal landscape, identifies emerging compliance challenges, and highlights the interplay between EU law, soft law instruments, and climate litigation. It also previews six contributions to the special issue, covering a range of topics from banking regulation and fiduciary duties to litigation and biodiversity. Together, these papers provide legal scholars, practitioners, and policy makers with a multidimensional understanding of climate transition planning as a tool for steering corporate transformation in the face of planetary crisis. The editorial concludes with a call to action: robust transition planning is not only a legal obligation, but a strategic and ethical imperative.

1. INTRODUCTION

The transition to a carbon-neutral economy is only achievable if companies align their strategies and operations with climate objectives. This alignment may require fundamental strategic shifts, operational changes, and significant financial investments; all of which demand careful planning and sustained commitment. This is where corporate climate transition plans ('CCTPs' or 'Plans') come in.

Climate transition planning refers to the process by which companies develop structured, time-bound strategies to decarbonize their business activities. These strategies typically include emission reduction targets, implementing actions, investment roadmaps, risk assessments, and governance structures. Depending on the sector and activities, the plan may also include targets and actions for forest restoration to increase natural absorption capacity, participation in tree planting activities (emission compensation measures). Transition planning is rapidly becoming a core expectation under

EU law, reflecting the broader societal shift toward embedding climate considerations into corporate decision-making and legal compliance frameworks.

The legal contours of this development are still actively evolving and rapidly shifting. While regulatory instruments such as the EU Corporate Sustainability Due Diligence Directive (CSDDD),¹ the Corporate Sustainability Reporting Directive (CSRD),² and sector-specific rules such as the EU Deforestation Regulation (EUDR)³ increasingly demand credible CCTPs, significant uncertainties remain. What makes a Plan 'credible' and 'effective'? How can the Plans address and safeguard other Planetary Boundaries that influence climate change and are impacted by climate change?⁴ How are targets assessed for alignment of a Plan with the Paris Agreement? And how can Plans be enforced or challenged through legal avenues?

To explore these and related questions, we – the editors of this special issue and authors of this introductory article – organized a

* Emails: t.r.bleeker@vu.nl, ebbatoomey@gmail.com and t.lambooy@nyenrode.nl.

1 Directive (EU) 2024/1760 of the European Parliament and of the Council of 24 May 2024 on Corporate Sustainability Due Diligence [2024] OJ L, 2024/1760.

2 Directive 2013/34/EU of the European Parliament and of the Council of 26 Jun. 2013 on the annual financial statements (...) [2013] OJ L182/19, as amended by Directive (EU) 2022/2464.

3 Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on (...) products associated with deforestation and forest degradation [2023] OJ L150/206.

4 The Planetary Boundaries framework reveals that six out of the nine key biophysical systems have been impacted by human behaviour in such a way that 'a safe operating space for humanity' on planet Earth is no longer guaranteed. Stockholm Resilience Centre, Summary, *The Nine Planetary Boundaries* (Stockholm Resilience Centre), <https://www.stockholmresilience.org/research/planetary-boundaries.html> (accessed 5 Jun. 2025).

workshop on ‘Corporate Climate Transition Plans’ at the international annual *Ius Commune* Conference that took place in Utrecht, the Netherlands, in November 2024. The workshop brought together scholars and practitioners from various jurisdictions and legal subfields, including company law, financial regulation, environmental law, and litigation as well as economists. Researchers were selected through a competitive call for papers,⁵ and their work covered both public and private law perspectives, as well as interdisciplinary theoretical and empirical approaches. They presented varied perspectives on CCTP-related challenges, considering the views of authorities, financial regulators, companies, plaintiffs/NGOs, academia, and practitioners.

The six papers presented at the workshop have since been revised, updated, reviewed, and brought together in this special issue of *European Company Law*. Each contribution examines a distinct dimension of the transition planning challenge, ranging from the role of scenario analysis in banking regulation to the legal duties of corporate directors, the regulatory field regarding deforestation, and empirical evaluations of disclosure regimes to the enforcement through climate litigation of emission reduction targets by mainstream companies. Together, they offer the reader a well-rounded understanding of the legal, institutional, and scientific challenges involved in operationalizing meaningful corporate climate action.

As editors, we oversaw the development of the contributions through multiple rounds of review, including cross-peer reviews among the authors and additional feedback from the ECL editorial board. The result is a cohesive yet multifaceted set of perspectives on one of the most urgent and complex challenges facing corporate law today: how to design, implement, and enforce credible climate transition plans that move beyond pledges toward transformative action.

This editorial sets out a common framework for approaching the contributions in this special issue and provides a general introduction to its theme. We begin, in paragraph 2, by reflecting on the climate crisis and the role of companies in addressing it, to clarify the need for CCTPs. Paragraph 3 then outlines the evolving legal

landscape, with particular attention to the CSDDD, CSRD, EUDR and the broader developments related to the Omnibus-proposal⁶ for streamlining sustainability legislation. Building on this context, paragraph 4 offers an overview of the individual contributions to this issue. Finally, paragraph 5 presents some concluding reflections and general takeaways.

2. CLIMATE CHANGE AND THE ROLE OF COMPANIES

Human activities are exerting unsustainable pressure on the living environment, demanding urgent realignment to avoid further harm.⁷ For some time now, there has been robust scientific and normative consensus that global warming exceeding 1.5°C significantly increases the likelihood of abrupt and irreversible adverse impacts,⁸ including weather extremes, droughts, freshwater availability, ecosystem damage, sea ice loss, and the spread of vector-borne diseases such as malaria and dengue fever.⁹

Additionally, higher levels of warming may trigger self-amplifying feedback systems. For instance, warming between 1.5 and 2 degrees could lead to the irreversible loss of the Greenland ice sheet and instabilities in the Antarctic ice sheet. The exposed land would then absorb, rather than reflect, solar radiation, resulting in additional warming.¹⁰ Another example is that additional warming is expected to cause the drying of peatlands and irreversible permafrost degradation, leading to the release of potent greenhouse gases (GHGs) such as methane and nitrous oxide, which would then further accelerate the greenhouse effect.¹¹

The untenable human pressure on the living environment is also echoed in the Planetary Boundaries framework.¹² The Planetary Boundaries framework reveals that six out of the nine key biophysical systems have been impacted by human behaviour in such a way that ‘a safe operating space for humanity’ on planet Earth is no longer guaranteed.¹³ Based on scientific research, this framework indicates up to which level of adverse impact, each of the nine systems can possibly regenerate. Those

5 The call can be found here: *Ius Commune Research School, Call for Abstracts: Workshop on Corporate Climate Transition Plans* (2024), https://www.iuscommune.eu/html/announcements/2024/Call_for_abstracts_workshop_Corporate_Climate_Transition_Plans.pdf (accessed 4 Jun. 2025).

6 European Commission, ‘Proposal for a Directive amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements’ COM(2025) 81 final (hereafter: ‘Commission proposal for Omnibus Directive’).

7 The elaboration of the climate crisis and planetary boundaries was based on Tineke Lambooy, *Sketching the Wider Context for Introducing the EU Corporate Sustainability Due Diligence Directive (CSDDD)* 30 *Ondernemingsrecht* (2023) and Tim Bleeker, *A Six-Question Guide to Climate Transition Plans*, in *The Cambridge Handbook of Law and Responsible Business: Legal Strategies for Sustainability in Global Value Chains* (Anne Lafarre et al. eds, Cambridge University Press, forthcoming 2025).

8 IPCC, 2023: Summary for Policymakers. In: *Climate Change 2023: Synthesis Report*. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee & J. Romero eds.], IPCC, Geneva, Switzerland, at 1–34, doi: 10.59327/IPCC/AR6-9789291691647.001 (hereafter: IPCC/AR6/SYR/SPM), para. B.2.

9 IPCC/AR6/SYR/SPM para. B.2.1-B.2.4 and figure SPM.3.

10 David I Armstrong McKay et al., *Exceeding 1.5°C Global Warming Could Trigger Multiple Climate Tipping Points*, 377 *Sci.* (2022), doi: 10.1126/science.abn7950 (accessed 5 Jun. 2025). See further: IPCC/AR6/SYR, paras B1.3, B.3.2.

11 Armstrong McKay et al., *supra* n. 10. Also: IPCC/AR6/SYR/SPM, paras A.2.3, B.7.1 en figure SPM.4.

12 Katherine Richardson et al., *Earth Beyond Six of Nine Planetary Boundaries*, 9(37) *Sci. Advances* (2023), doi: 10.1126/sciadv.adh2458 (accessed 5 Jun. 2025).

13 Stockholm Resilience Centre, Summary, *supra* n. 4.

critical levels are referred to as the Planetary Boundaries. According to the most recent update, six out of the nine Planetary Boundaries for a safe operating space for humanity are transgressed: climate change¹⁴; land conversion change¹⁵; biosphere integrity¹⁶; fresh water change¹⁷; novel entities¹⁸; and modification of biogeochemical flows.¹⁹ Crossing boundaries increases the risk of generating large-scale abrupt or irreversible environmental changes as these boundaries are interdependent and crossing one will affect others. The Planetary Boundaries mark a critical threshold for increasing risks to people and the ecosystems we are part of.²⁰

When it comes to combating global warming, there has been a persistent gap between climate pledges and climate actions. Despite international commitments to limit warming to 1.5°C, a recent stocktake indicates that the current implemented policies would only limit warming to approximately 3.2°C.²¹

However, the IPCC's most recent assessment report states that 'deep, rapid, and sustained reductions in greenhouse gas emissions would lead to a discernible slowdown in global warming', and that this would 'reduce projected losses and damages for humans and ecosystems'.²² Such near-term mitigative action would also 'deliver many co-benefits, especially for air quality and health'.²³

A sustainable economy within the planet's safe operating limits is only possible if companies align their activities accordingly. With the urgency at hand, immediate action is imperative. Corporate actions are major drivers of Planetary Boundaries transgressions; most notably climate change, where businesses account for the bulk of global GHG emissions, either directly or through their products and services.²⁴ Similarly, corporate conduct plays a significant role in other Planetary Boundaries, such as chemical and plastic pollution, land system change, biodiversity decline, fresh water cycle alteration and nutrients overload, as is the case with nitrogen. Hence, businesses may well be 'the missing link'²⁵ for closing the gap between climate ambitions and climate actions.²⁶

This brings us to the question of how a change in corporate conduct can be brought about. If one thing became clear over the past decades, it is that the necessary change did not come about

voluntarily. To accelerate corporate action with a level playing field, regulation needs to pave the way.

3. EU LEGAL FRAMEWORK FOR CCTP

The European Union is in the process of embedding CCTP as a core legal obligation for companies. This effort is part of a broader regulatory shift from voluntary disclosure towards enforceable, science-aligned action. This section discusses from a bird's eye view the current EU legal framework for CCTPs, focusing on the CSDDD's obligations, its interplay with the CSRD and the Deforestation regime, and relevant developments in the Omnibus process. It provides an overview of the legal requirements and components of CCTP.

Under Article 22 of the CSDDD, all in-scope companies are required to adopt and put into effect a CCTP for climate change mitigation. The obligation applies across the board to EU and non-EU companies falling within the scope of the directive as defined in Article 2(1) and 2(2). Article 22(1) states that the Plan must aim to ensure, through best efforts, that the company's business model and strategy are compatible with the transition to a sustainable economy, with the Paris Agreement's 1.5°C goal and with the EU climate neutrality targets.²⁷ It must also address, where relevant, the company's exposure to coal-, oil-, and gas-related activities.

Article 22(1)(a)–(d) details the required contents of the Plan. In a nutshell, it must include time-bound reduction targets for 2030 and in five-year increments up to 2050 based on conclusive scientific evidence. Where appropriate, these targets must include absolute emissions reduction targets for scope 1 (direct), scope 2 (indirect energy), and scope 3 (value chain-related) GHG emissions.

The Plan must also describe decarbonization levers and key actions to achieve those targets, including changes to the company's product or service portfolio or adoption of new technologies. Companies must quantify the investments and funding necessary for implementation and outline the governance structure for oversight, particularly the role of the administrative, management, and supervisory bodies. Article 22(3) clarifies that the CCTP must be

14 *Ibid.*; the change in the ratio of incoming and outgoing energy of the Earth, caused by increased greenhouse gasses and aerosols.

15 *Ibid.*; the transformation of natural landscapes, such as through deforestation and urbanization.

16 *Ibid.*; the decline in the diversity, extent, and health of living organisms and ecosystems.

17 *Ibid.*; the alteration of freshwater cycles, including rivers and soil moisture.

18 *Ibid.*; the introduction of synthetic chemicals and substances, such as microplastics, endocrine disruptors, organic pollutants, anthropogenically mobilized radioactive materials (e.g., nuclear waste, nuclear weapons) as well as genetically modified organisms (GMOs).

19 *Ibid.*; the disruption of the natural nutrient cycles of key elements like nitrogen, and phosphorus through the environment and organisms.

20 *Ibid.*

21 This is the projected warming based on implemented policies. See IPCC/AR6/SYR/SPM, figure SPM.5.

22 IPCC/AR6/SYR/SPM, paras B.3.1 and B.6.1.

23 IPCC/AR6/SYR/SPM, para. C.2.

24 See for instance Brenda Ekwurzel et al., *The Rise in Global Atmospheric CO₂, Surface Temperature, and Sea Level from Emissions Traced to Major Carbon Producers*, 144 *Climatic Change* 579 (2017), doi: 10.1007/s10584-017-1978-0 (accessed 5 Jun. 2025).

25 Alperen Afşin Gözlügöl & Wolf-Georg Ringe, *Private Companies: The Missing Link on the Path to Net Zero*, 22(2) *J. Corp. L. Stud.* 887 (2023), doi: 10.1080/14735970.2023.2191779 (accessed 5 Jun. 2025).

26 Jaap Spier, *Principles on Climate Obligations of Enterprises* 45 (Eleven International Publishing 2020); Lambooy, *supra* n. 7, at 212.

27 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 Jun. 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') [2021] OJ L243/1.

updated annually, including a progress report toward meeting its targets.

Importantly, Article 22 requires companies to both ‘adopt’ a CCTP and ‘put it into effect’. This dual obligation signals that transition planning is not merely a matter of reporting, but of substantive corporate conduct. The obligation is framed as a ‘best efforts’ duty, which – though not an obligation of result – nonetheless ranks high in the hierarchy of obligations. Business-as-usual is certainly not enough: meaningful and often transformative efforts are expected.

These CSDDD requirements are closely interlinked with the CSRD. Articles 19a(2)(a)(iii) and 29a(2)(a)(iii) CSRD require companies to disclose their Plans, including how their business model aligns with the 1.5°C target. This overlaps with Article 22 CSDDD in terms of content, and Article 22(2) explicitly refers to the CSRD adoption obligation to anchor the disclosure component. However, there are important differences. The CSRD is primarily a disclosure regime and does not directly prescribe the ambition level of CCTPs, nor does it require companies to put those Plans into effect. By contrast, the CSDDD imposes a behavioural duty to aim for 1.5°C alignment through best efforts.

Another relevant regime for transition planning, also featured in this special issue, is the EUDR Adopted in 2023, the EUDR aims to ensure that specified commodities and goods placed on the EU market are deforestation-free and produced in accordance with local laws. Companies must implement due diligence systems that include traceability, risk assessment, and mitigation measures. While the EUDR primarily focuses on preventing deforestation, it also encourages forest restoration, for instance by requiring companies to address identified risks and by supporting reforestation efforts where appropriate.

The EU sustainability framework is currently under renegotiation. In February 2025, the European Commission proposed a sweeping simplification package, which includes an amendment to Article 22 CSDDD that would remove the requirement to ‘put into effect’ the CCTP. Under the new proposal, companies would merely

need to disclose what actions they have ‘planned and taken’, bringing the CSDDD into closer alignment with the CSRD’s disclosure-approach.²⁸ The Council of the European Union supports this amendment.²⁹

In addition, the Commission and Council propose to raise the thresholds for inclusion under the CSDDD and CSRD, limiting the CCTP obligation to companies with more than 1,000 employees and significant financial turnover.³⁰ Further, the European Sustainability Reporting Standards (ESRS)³¹ that supplements the CSRD with granular reporting standards are expected to undergo a major simplification, removing lower-value datapoints and prioritizing quantitative information over narrative text. This reform may affect the content and structure of transition plan disclosures.³² The EUDR is not part of the Omnibus reform. However, the Commission announced further simplification measures to the EUDR through guidance documents and delegated regulations.³³

Criticism of these deregulatory moves has been mounting. The European Parliament’s EMPL Committee warned in its draft opinion that removing the obligation to put CCTPs into effect would seriously weaken corporate accountability and frustrate the climate ambitions underlying the CSDDD.³⁴ Similar concerns were voiced by a broad coalition of legal scholars who warned that the proposed amendments risk turning CCTP into mere box-ticking exercises.³⁵ The ECB has expressed strong reservations about the scope reductions, warning that they could undermine the availability of essential sustainability data needed for effective monetary policy, banking supervision, and financial stability analysis.³⁶ Business feedback likewise appears more ambivalent than policymakers anticipated. According to a major post-Omnibus survey involving over 1,800 professionals, only 25% of respondents supported the Commission’s reform proposal as it stands, while 51% called for significant changes.³⁷

At the time of writing, the legislative process is still ongoing. The process has been criticized for being rushed and lacking transparency, which even prompted the European Ombudsman to launch an inquiry into whether the Commission violated EU principles of transparency and impact assessment in proposing the Omnibus reform.³⁸ Trilogue

28 Commission proposal for Omnibus Directive, *supra* n. 6, Art. 4(10).

29 As reflected in Council of the European Union, *Third Presidency Compromise Proposal on the Omnibus Directive*, Council Doc 9533/25 (20 May 2025) (hereafter: ‘Council compromise text’), Art. 4(10).

30 Commission proposal for Omnibus Directive, *supra* n. 6, Art. 3 and Council compromise text, Art. 3.

31 Commission Delegated Regulation (EU) 2023/2772 of 31 Jul. 2023 supplementing Directive 2013/34/EU as regards sustainability reporting standards [2023], *OJ L*, 2023/2772.

32 Commission proposal for Omnibus Directive, *supra* n. 6, at 3–5.

33 European Commission, *Regulation on Deforestation-free Products* (Environment Topic Page 9 Jun. 2023), https://environment.ec.europa.eu/topics/forests/deforestation/regulation-deforestation-free-products_en (accessed 17 Jun. 2025).

34 European Parliament, Committee on Employment and Social Affairs, *Draft Opinion on the Proposal for a Directive (...) on Corporate Sustainability Reporting and Due Diligence Requirements*, 2025/0045(COD) (14 May 2025), at 3.

35 Smith School of Enterprise and the Environment, *Legal Scholars Warn Against Watering Down Corporate Climate Transition Plans* (Oxford University 6 May 2025), <https://www.smithschool.ox.ac.uk/news/legal-scholars-warn-against-watering-down-corporate-climate-transition-plans> (accessed 4 Jun. 2025).

36 European Central Bank, *Opinion of the European Central Bank on a Proposal for a Directive on Corporate Sustainability Reporting and Due Diligence Requirements* CON/2025/10 (8 May 2025).

37 WeAreEurope and HEC Paris, *CSRD Business Survey 2025: Post-Omnibus Perspectives – Part I* (May 2025), <https://www.weareurope.group/2025-post-omnibus-csrd-business-survey> (accessed 4 Jun. 2025).

38 European Ombudsman, *The European Commission’s Failure to Comply With Its ‘Better Regulation Guidelines’ in Preparing a Legislative Proposal on Corporate Sustainability Reporting and Due Diligence* Case 983/2025/MAS (opened 21 May 2025), <https://www.ombudsman.europa.eu/en/opening-summary/en/205174> (accessed 4 Jun. 2025).

negotiations between Parliament, Council, and Commission are expected to continue into the second quarter of 2026, and the final shape of Article 22 CSDDD remains uncertain.

What should companies do in the meantime? Despite the regulatory flux, Article 22 CSDDD, as adopted in 2024, remains a valuable reference point for inhouse lawyers, consultants, financiers, directors, supervisory bodies and other (external) stakeholders as it defines the components of a credible CCTP. Moreover, the obligation to adopt a CCTP does not exist in isolation. Sector-specific regimes, such as the latest iteration of the Capital Requirements Directive (CRD VI)³⁹ for banks and the EU Emissions Trading System (ETS) for carbon-intensive industries, already require elements of transition planning. National laws on mandatory human rights and environmental due diligence (mHREDD),⁴⁰ tort-based climate litigation,⁴¹ and international soft law instruments like the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights may also impose de facto or de jure transition obligations.

In this evolving context, the contributions in this special issue aim to provide guidance on how companies, regulators, and legal scholars can navigate the complex and volatile landscape of CCTP.

4. CTP CONTRIBUTIONS IN THIS SPECIAL ISSUE

The issue opens with two contributions focused on the financial sector, where climate transition planning intersects with both prudential regulation and corporate sustainability duties. Federica Agostini and Nicolò Galasso explore the evolving legal role of climate scenario analysis in EU banking regulation. In 'Climate Scenarios as Transition Planning Tools for EU Banks', they highlight its growing use as a tool for risk management, strategy, and disclosure. While scenario analysis is increasingly mandated, the authors note persistent legal and practical uncertainties. Particularly, they stress that there is a lack of clarity around scenario purpose and audience, scenario selection, supervisory scrutiny, and liability risks. They caution that unclear regulatory guidance, young methodologies, and data shortages risk undermining the effectiveness of transition planning. The authors identify the forthcoming European Banking Authority (EBA) Guidelines as an opportunity to ensure clarity and coherence. For corporate and financial lawyers, the paper offers a detailed analysis of an emerging transition planning tool whose legal contours remain contested. For policy-makers, the paper provides an interesting critical analysis of the climate scenario approach in the regulation.

This paper is followed by the paper 'Bank Climate Transition Plans: Universal Owners and EU Requirements' by Jasper Blom, Jonas Hulzens, and Nicky van Dijk. The authors analyse how EU

banks are subject to climate obligations under both the prudential framework and the CSDDD. Drawing on the systemic role of large banks as 'universal owners' and the (ongoing) ING Group climate litigation (*Milieudefensie v. ING Bank*, which started on 28 March 2025 before the Amsterdam District Court in the Netherlands), the authors argue that banks must adopt absolute emission reduction targets aligned with the global average trajectory for 1.5°C. The article offers a normative roadmap for assessing whether banks' transition plans satisfy legal and ethical expectations and it contributes to the broader discussion on aligning financial institutions with the EU's climate goals.

The focus then shifts to the role of company law and governance, beginning with Irem Akin's contribution, 'Directors' Dilemma in the Climate Challenge: To Transition or Not to Transition'. Akin explores the position of company directors under the EU CSDDD, particularly in light of Article 22s requirement for corporate transition plans. Her study highlights the legal ambiguity that arises from the intersection of EU-level sustainability legislation, national corporate law frameworks (with an emphasis on Dutch law), and entrenched shareholder primacy doctrines. It articulates the dilemmas directors face when balancing fiduciary duties, shareholder expectations, and climate obligations, and considers legal and institutional interventions to support more ambitious climate governance. This paper makes a key contribution to the growing literature on directors' duties in the context of climate governance and highlights the need for clearer legislative guidance. By characterizing directors' obligations as a 'love triangle' of competing interests, i.e., shareholders, corporate purpose, and climate, the paper opens a necessary debate on how climate ambition can be reconciled with legal risk.

Turning to the judicial enforcement of climate obligations, Brice Laniyan's paper, 'The Challenges of Engaging with Climate Science in Corporate Target-Setting Cases', examines how courts and claimants interpret and apply mitigation pathways in litigation against carbon-intensive companies. Drawing on recent landmark cases, such as *Milieudefensie v. Shell* and *Notre Affaire à Tous v. TotalEnergies*, the article explores how legal arguments are constructed around scientific scenarios, and how courts engage in 'normative filtering' to determine which climate pathways can be used to justify legal obligations. The paper also reflects on judicial reluctance to impose quantified targets based on specific scenarios, highlighting that the success of corporate target-setting cases hinges on the judiciary's ability to use mitigation scenarios as normative tools. This contribution is especially valuable for understanding the interface between legal reasoning, corporate accountability, and climate science.

39 Articles 76(2) and 87a CRD6, with further elaboration in the EBA guidelines.

40 See e.g., *Loi n° 2017-399 du 27 mars 2017 relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre* (France); and *Lieferkettensorgfaltspflichtengesetz* (LkSG), BGBl I 2021, 2959 (Germany).

41 Notably *Gerechtshof Den Haag, Milieudefensie et al. v. Royal Dutch Shell plc* (12 Nov. 2024) ECLI:NL:GHDHA:2024:2099, *MenR* 2025/12 with annotation of T.R. Bleeker.

Next, Johan Vanderlugt, Tineke Lambooy, and Diane Zandee look at transition planning with a sectoral focus in ‘The Impact of Evolving EU Regulation on Forest-Based Business Models’. Applying institutional theory and Lessig’s model of regulation, the authors assess the ability of various EU legal instruments, including the EU Taxonomy Regulation, the CSRD and the ESRS, the CSDDD, the European Omnibus package, the EUDR, and the EU Nature Restoration Law, to reshape the business models of forest-dependent companies. They argue that while the EU regulatory framework shows growing potential to influence market practices, it falls short of explicitly mandating corporate biodiversity transition plans and restoration efforts regarding damaged forest areas. In connection therewith, primary forests are not sufficiently protected. The article highlights the central role of forests in preserving the biosphere, feeding the global and local water cycles, and in climate mitigation. This contribution is a compelling call for more integrated climate-biodiversity legal and corporate strategies aimed at designing transition plans in which ecological sustainability is integrated alongside carbon accounting.

Finally, the tension between disclosure-based regulation and actual environmental impact is critically assessed in Eve Ernst’s paper, ‘From Mandatory CSR Reporting to Environmental Impact: Assessing the Effectiveness of the EU NFRD in Reducing Corporate GHG Emissions’. Through an empirical analysis of emissions data, Ernst evaluates whether the EU Non-Financial Reporting Directive (NFRD) has led to measurable reductions in corporate GHG emissions. While the NFRD is associated with modest reductions overall, these are primarily concentrated in low-emission sectors. Apparently, high-emission sectors, such as Energy, Materials, and Utilities, show no statistically significant reduction. The findings suggest that horizontal disclosure regimes may be insufficient to drive substantive climate action, underscoring the need for sector-specific legal obligations and more robust transition plan requirements. For company law scholars, this contribution offers a rare empirical foundation for evaluating the regulatory effectiveness of EU sustainability reporting.

Several key themes recur across these contributions. First, there is a clear movement toward the legal institutionalization of climate transition planning for companies. The EU’s legislative instruments are increasingly mandating not only disclosure, but also the formulation of forward-looking transition strategies tied to substantive climate targets. Second, this special issue reveals the persistence of uncertainty and normative complexity, particularly with regard to the role of climate scenarios, the methodologies for target setting and scenario modelling, and the enforceability of science-based targets. Third, the limitations of horizontal, sector-neutral

approaches are consistently identified; several authors call for sector-specific obligations to ensure effectiveness and legal clarity. Ultimately, the articles demonstrate that regulatory regimes are beginning to impose meaningful limitations on behaviour even though best practices and normative frameworks are still solidifying.

For legal academics, policymakers and practitioners working in European company law, this special issue offers timely insights into the challenges of aligning corporate behaviour with the EU’s climate goals. As transition planning becomes an increasingly central element of EU sustainability law, the legal profession will play a critical role in shaping its meaning, scope, and impact. The authors of this special issue identify important bottlenecks for the creation of corporate transition planning guidelines and regulation, offering a roadmap for accelerating the development of clear-cut norms.

5. FINAL WORDS ON THE OMNIBUS DEVELOPMENTS

Amid today’s rapidly shifting legal landscape, a final reflection is in order before turning to the individual contributions. The Omnibus reform introduces a high degree of legal uncertainty. For many companies, it is unclear whether and when they will fall within the scope of the CSRD and CSDDD, and what the CCTP requirements will ultimately entail. This is regrettable: legal clarity and stability are essential at this critical stage in the transition to a net-zero economy. Corporate boards are caught between a rock and a hard place⁴² and may feel tempted to postpone or scale back their climate ambitions.

Our message is this: do not approach CCTP with a narrow compliance mindset. Instead, seize the opportunity to meaningfully align your company’s business model and strategy with climate objectives.⁴³ There are compelling legal, strategic, and ethical reasons for this approach.

First, the legal argument. Even with the CSDDD in flux, the obligation to address and mitigate climate impacts is embedded across a mosaic of legal regimes. Tort law, the indirect horizontal effect of human rights, national mHREDD laws, anti-greenwashing provisions, public procurement standards, and sector-specific regulations all contribute to a growing body of norms. Article 22 of the CSDDD is just one piece of this broader sustainability framework; Courts have repeatedly ruled that companies cannot hide behind political inaction and may be held responsible for doing their fair share in reducing emissions.

Second, the strategic argument. While human laws may shift, the laws of nature are unforgiving. Delayed action tends to rebound: as climate change and ecological degradation worsen, the pressure for far-reaching regulatory and market responses will only intensify.

Legal, financial, and reputational risks will mount. Conversely,

42 Beate Sjäffell, *Between a Rock and a Hard Place: Corporate Boards under the Omnibus Proposal* (Blogging for Sustainability, University of Oslo Faculty of Law 22 May 2025), <https://www.jus.uio.no/english/research/areas/sustainabilitylaw/blog/2025/between-a-rock-and-a-hard-place.html> (accessed 5 Jun. 2025).

43 Further insights and best practices: Andreas Rasche, *Bringing Sustainability into the Boardroom – Structure, Mindset, Competencies*, in *Lærebog i Bestyrelsesledelse* 281–300 (Steen Thomsen ed., DJØF 2024), and Bleeker, *supra* n. 7, para. VIII.

companies that continue to invest in credible sustainability efforts today will be better positioned – legally and competitively – for the inevitable transformation of our economy.

Finally, the ethical argument. If there is one thing to take away from this editorial, let it be the substance of section 2. Climate change already inflicts damage on people and ecosystems around the world. On the current trajectory of over 3°C warming, the consequences for the Earth system’s stability and resilience will be severe. Those who are least responsible – often the most vulnerable – will suffer the greatest harms. But the science is also clear: deep,

rapid, and sustained emissions reductions are still possible. These would not only avert catastrophic warming, but deliver significant co-benefits for public health, food security, and ecological integrity. Climate change is a collective challenge that can only be mitigated if companies, too, act now in an effective way. We – as legal professionals, business leaders, policymakers, and other stakeholders – have both the power and the responsibility to drive meaningful change. That change begins with the design and implementation of Paris-proof and actionable climate transition plans.