

ESG NEWS BULLETIN

November, 2025

Generali Asset Management's ESG team presents their exclusive monthly sector analysis, which includes a detailed overview of ESG risks and opportunities alongside the sector's macro trends, plus a summary of the most significant industry news worldwide of the month.

INDUSTRIAL SECTOR – ESG RISKS & OPPORTUNITIES

- The industrial sector spans Transportation (T), Capital Goods (CG), and Aerospace & Defense (A&D), with high Environmental and Social risk exposure and moderate Governance risk. Decarbonization remains a structural challenge especially for aviation and maritime transportation, due to technology and regulatory gaps. Capital Goods plays a pivotal role in enabling emissions reduction across carbon-intensive industries. Performance lags, driven by PFAS-related health risks, labor management issues, conflict mineral sourcing, and reputational exposure in A&D linked to alleged complicity in war crimes. Nevertheless, ESG norms in defense are evolving, with historical exclusions softening as European policymakers expand defense financing, reframing national security and resilience as sustainability components. Governance risks stem from anticompetitive practices and corruption, amplified by large-scale, cross-border projects.
- Despite these risks, the sector offers strong upside in sustainable technologies, including SAF, hydrogen, ammonia, methanol, and in enabling economy-wide decarbonization. Transportation decarbonization requires significant capital de-ployment into costly, underdeveloped technologies.

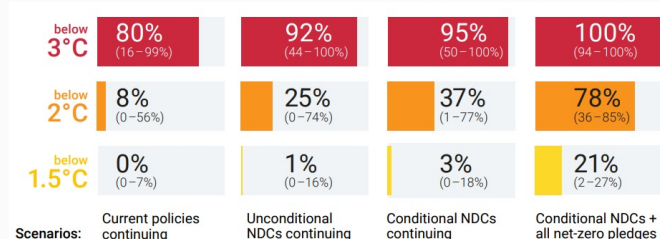
INDUSTRIAL SECTOR – MACRO TRENDS

- Europe: Regulatory momentum has slowed amid competitiveness concerns. Key frameworks, such as PFAS restrictions, ReFuelEU (SAF), Green Deal Industrial Plan (RED II, CRMA), remain but face delays. CBAM continues to pressure high-emission imports (steel, cement), reinforcing supply-chain decarbonization. EU Defense Industrial Strategy supports A&D investment. CSRD and CSDDD mandate ESG disclosure and due diligence, though enforcement is delayed. Incentives for green hydrogen and CCUS persist, but funding clarity is limited.
- United States: Increasing fragmentation. The proposed OBBB bill threatens early sunsets for IRA tax credits (45Y, 48E), introduces restrictive construction windows, and cuts DOE programs—potentially reducing clean energy investment by up to \$1T by 2035. Senate amendments aim to soften impacts via phased reductions through 2026. Section 899 “revenue tax” could deter cross-border capital flows, raising financing costs for ESG-aligned projects, though passage remains un-certain.

CHART OF THE MONTH



Likelihood of limiting warming below a specific temperature limit (%) over the twenty-first century



Source: UNEP Emissions Gap Report 2025

COP30 marked a pivotal moment in the Paris Agreement cycle: 2025 is the year when countries update their Nationally Determined Contributions (NDCs), setting new targets that extend from 2030 to 2035. These updates represent marginal progress but are still insufficient to align with the Paris 1.5°C goal. No major economies announced radically stronger targets at COP30 itself, and some large emitters (e.g. India and Saudi Arabia) had not submitted updated 2035 targets by the conference. A few leaders like the EU maintained relatively ambitious mid-term goals, but overall, the “emissions gap” to 1.5°C remains significant. If all new pledges are implemented, they would limit projected warming to about 2.3–2.5°C by 2100, an improvement from roughly 2.6–2.8°C under previous pledges. The world remains far off track: the UN estimates current NDCs result in only a ~12% cut in GHG emissions by 2035 versus 2019 levels, whereas a 60% reduction by 2035 would be needed for a 1.5°C pathway. While most countries did increase their commitments slightly, current policies still fall short of the Paris climate goals, implying potential increases in future policy stringency if the world is to bridge this gap.

In the news this month



ESG NEWS MONITORING

- **Amazon** (Retail - Consumer Discretionary | US) - Italian authorities raid Amazon's facilities in Italy as part of investigation into alleged EUR 1.2 billion tax evasion case and smuggling of Chinese products. [Reuters](#)
- **Iberdrola** (Utilities | ES) - Iberdrola draws €8 billion order book for first EuGB-aligned hybrid green bond. [ESG Today](#)
- **Leonardo** (Aerospace & Defense | IT) - Leonardo faces lawsuit for allegedly violating Italian law after supplying arms to Israel Defense Forces amid violence linked to military operations and human rights abuses in Gaza, Palestine. [Reuters](#)
- **Nestlé** (Food Products | CH) - French court to decide on potential ban of Nestlé's Perrier mineral water following allegations of contamination and fraud. [Reuters](#)
- **Visa** (Diversified Financials | US) and other - Visa and Mastercard reach USD 38 billion settlement to resolve US anti-trust lawsuit following alleged excessive swipe fees. [Reuters](#)
- **Ørsted** (Utilities | DK) and other - Apollo buys 50% stake in UK offshore windfarm for \$6.5 billion, marking one of the largest renewable energy deals in Europe. [ESG Today](#)
- **PacifiCorp** (Utilities | US) - Berkshire Hathaway's PacifiCorp faces several lawsuits seeking a total of USD 55 billion for alleged negligence in 2020 US wildfire. [Reuters](#)
- **Toyota** (Automobiles | JP) - Toyota faces USD 5.7 billion class action lawsuit in the US for alleged decade-long fraud and safety issues with its Mirai hydrogen cars. [Autoblog](#)



SOVEREIGN

- **COP30** - COP30 ends without binding agreement to end deforestation, or any mention of fossil fuels. [ESG Today](#)
-  **EU:**
 - EU to begin negotiations with UK to link carbon markets. [ESG Today](#)
 - EU allocates over €600 million for 70 decarbonization projects in transport. [ESG News](#)
-  **UK** - UK releases sustainability reporting assurance standard. [ESG Today](#)
-  **US:**
 - SEC to allow companies to block shareholder proposals. [ESG Today](#)
 - Florida AG sues Glass Lewis and ISS over ESG-driven proxy voting practices. [ESG Today](#)



REGULATION

- **SFDR** - EU Commission proposes new sustainable, transition investment fund categories. [ESG Today](#)
- **EU Deforestation Regulation** - EU Parliament agrees to delay, review supply chain deforestation law. [ESG Today](#)
- **CSRD & CSDDD** - EU moves to scale back sustainability reporting and due diligence rules for large corporations. [ESG News](#)
- **EU Climate Law** - EU states reach compromise deal on 2040 climate target with bigger role for carbon credits. [ESG Today](#)
- **EU sectoral decarbonization pathways** – EU releases pathways to support the creation of credible transition plans, set emission reduction targets, and identify decarbonisation levers to achieve the targets. [European Commission](#)



EXTERNAL REPORTS

- **Sustainalytics** - Preliminary analysis of SFDR 2.0 estimates that Transition funds will remain a niche, sustainable funds may double in size but are expected to represent only up to 5% of EU AUM. [SFDR 2.0 in figures](#)
- **IEA** – The International Energy Agency (IEA) published its annual World Energy Outlook which identifies two critical areas, alongside concerns about energy security and critical mineral supply chains, where the world is falling short: universal en-ergy access and climate change. [IEA Energy Outlook 2025](#)
- **UNEP** - None of the 60 countries with updated climate pledges have set targets to reduce O&G production or phase out inefficient fossil fuel subsidies, despite COP28 agreement. The full implementation of current pledges would result in a rise of 2.3°C to 2.5°C. [Emissions Gap Report 2025](#)
- **Morningstar** - Global climate fund assets reached a record \$644bn in June 2025, driven mainly by active climate transition and green bond funds in Europe, with climate transition and green bond funds showing strong AUM growth despite overall fund outflows. [Investing in times of climate change](#)

THE ESG TEAM AT GENERALI ASSET MANAGEMENT

Our ESG team is comprised of 15 specialists who sit at the intersection of ESG analysis and research, and active engagement.

The team is structured around two key pillars – analytical coverage of ESG risks and opportunities from an investment point of view, and a tailor-made client service, designed to respond to investor needs and sustainability mandates.

This dual focus allows the team to integrate ESG factors at every stage of decision-making, translating thematic research, engagement inputs and quantitative filters into concrete investment actions.

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