ESG NEWS MONITORING, SOVEREIGN AND REGULATION

ESG Analysis Team

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The Monthly ESG Newsletter compiles the most significant ESG news from around the globe over the past month, covering issuers, sovereigns, and ESG regulations. We aim to keep you informed and engaged with the latest developments in the ESG landscape. If there are specific ESG topics you would like us to delve into further, please let us know.

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ESG NEWS MONITORING

Amazon (Retail – Consumer Discretionary | US) and others

UN report accuses Alphabet, Amazon, and others of supporting Israeli apartheid and settlements in the West Bank and war on Gaza

A **UN report** has **accused Alphabet**, **Amazon**, and **other** companies of **supporting Israeli settlements** in the **West Bank** and **Israel's war on Gaza**. The report has accused these companies of **benefiting** from the **structural conflict** in the **Palestinian territories**, being **financially linked** to **Israeli apartheid** and **militarization**, which constitutes **serious violations of international law**. The report has held **Lockheed Martin** and **Leonardo accountable** for **supplying Israel** with **weapons** that were **allegedly used** in **Gaza**, where genocide is taking place, with **Lockheed Martin confirming** that these **deals** are **conducted between** the **US** and **Israeli governments**. **Caterpillar** and **Hyundai Heavy Industries** have been **accused** of **providing Israel** with **heavy equipment** that **contributed** to the **destruction** of **Palestinian properties** and the **civilian sector**. Technology companies such as **Alphabet**, **Amazon**, **Microsoft**, and **IBM** have been **described** as **central** to the **Israeli surveillance system** that **supports attacks** on **civilians**. **Palantir Technologies** has been **mentioned** for **supplying** the **Israeli Army** with **artificial intelligence technologies**, although no further details are provided.

Source: BBC

ESG Reference: Xhois Hatibi

Boston Consulting Group (Professional Services | US)

BCG modelled plan to 'relocate' Palestinians from Gaza

The Boston Consulting Group (BCG) has been reportedly criticized for **creating** a **complex financial model** that was **used** to **test** a **scenario** where **significant swaths** of **Palestinians** would be **resettled away** from **Gaza**, a plan regarded as "**ethnic cleansing**". A **Financial Times** (FT) investigation reportedly revealed the **project**, which was part of an **exercise** to **re-imagine postwar Gaza requested** by **Israeli backers** of the **Gaza Humanitarian Foundation** (GHF), which **BCG helped establish**. The UN has painted the **GHF** as an alleged "**fig leaf**" for **Israel's war goals**, while **humanitarian groups** have **refused** to **collaborate** with the **organization**. While the plan purportedly involved **voluntary relocation**, the project faced **backlash** within **BCG** due to the **potential reputational damage** from being associated with the **planned displacement** of **Palestinians**. One scenario derived from **BCG's model** allegedly **involved more than 500,000 Gazans being relocated**. Additionally, **BCG staff in Tel Aviv** were reportedly **mentioned** as **working over 70 hours per week in an internal "Red Zone Report"** claiming junior employee overwork by firm partners.

Source: Financial Times

ESG Reference: Xhois Hatibi

Meta Platforms (Interactive Media & Services | US)

Zuckerberg to square off at $8 billion trial over alleged privacy violations

Mark Zuckerberg is set to **testify** in an **$8 billion trial** where **Meta shareholders accuse him** and **other former** and **current executives** of **running Facebook** as an **illegal enterprise** that **mishandled user data.** The lawsuit stems from the **2018 Cambridge Analytica scandal**, in which data from millions of Facebook users was improperly accessed by the political consulting firm that **supported Donald Trump's 2016 campaign**. Shareholders claim the executives **violated** a **2012 agreement** with the U**.S. Federal Trade Commission** (FTC) to **protect user privacy** and are seeking **reimbursement** for the **billions Meta paid in fines**, including a **record $5 billion FTC penalty in 2019**.

The **trial**, taking place in Delaware's Court of Chancery, will examine **how Facebook's leadership implemented** the **2012 agreement** and whether they **failed** in their **oversight duties**. Defendants include Zuckerberg, former COO Sheryl Sandberg, and board members such as Marc Andreessen, Peter Thiel, and Reed Hastings. **Meta itself is not a defendant**. The **plaintiffs**, including **individual investors** and **pension funds** like California's State Teachers' Retirement System, **face** the **challenge** of **proving** that the **board** utterly **failed** in its **duty of oversight**—a **claim rarely tested in court**. While the events in question are over a decade old, the **trial** comes **amid ongoing scrutiny of Meta's data practices**, especially in **relation to AI model training**. The company maintains it has **invested** heavily in **privacy protections** since 2019. The outcome of the trial could have **significant implications** for **corporate governance** and **accountability** in the **tech industry**.

Source: Reuters

ESG Reference: Gian Marco Marchetti

National Grid (Utilities | UK)

UK authority opens investigation into National Grid for alleged negligence over preventable technical fault that caused March 2025 North Hyde Substation fire

Ofgem is opening its investigation into **National Grid** for alleged **negligence** over a **preventable technical issue** that **caused** the **North Hyde Substation fire** in **March 2025.** The company reportedly was **aware** of the **issue** of the **bushing**, a component allowing current to pass through a transformer as early as 2018. Oil samples collected showed **elevated moisture levels** in the **bushing**, but the company allegedly **did not carry out adequate mitigating measures**. Moreover,

the incident led to **power outages to 67,000 homes** and the **nearby Heathrow Airport** that affected **over 300,000 passengers** and **disrupted 1,350 flights**.
Source: **The Guardian**
ESG Reference: Lorenzo Angeletti

Petrobras (Integrated Oil & Gas | BR)

Petrobras expected to increase oil output by 33% in 2030, amid criticism for undermining global climate efforts
Brazil's state-run oil company **Petrobras** is reportedly set to **raise oil output by 33 percent** by **2030**, reaching **1 billion barrels**, **one** of the **largest projected increases globally**. Global Witness has warned that the **resulting carbon emissions** could reportedly **linger** for **centuries** and **undermine global climate efforts**. Public data has also shown **combined oil and gas output rising from 2.7 million to 3.2 million barrels per day by 2029.** Brazil's **top-official** has **defended Brazil's oil expansion** as **compatible with net-zero goals**, despite reported **plans** to **become** the **world's fourth-largest producer** and **recent offshore auctions near the Amazon**. Corrêa do Lago emphasized that the **global agreement** at **COP28** to **transition away** from **fossil fuels** by **2050** allows **flexibility**, and that Brazil's approach to **net zero** includes **continued oil use for some years**. He argued that **using oil revenues** to **fund environmental protection**, such as preserving the Amazon, **distinguishes Brazil's strategy** from others. Brazil's state oil company, Petrobras, is projected to **increase oil production** by a third by **2030**, although it **expects** a **decline** after **2031**.
Source: **Financial Times**
ESG Reference: Gian Marco Marchetti

Standard Chartered (Banks | UK)

Standard Chartered Bank faces $2.7 billion lawsuit over alleged role in 1MDB fraud
Standard Chartered Bank has been **sued** in **Singapore** by **liquidators recovering funds stolen** from **Malaysia's 1MDB sovereign wealth fund**. The lawsuit alleges the **bank enabled fraudulent transfers** between 2009 and 2014, helping **conceal over USD 2.7 billion in stolen money**. The case is part of a **broader global probe** into the **1MDB scandal**, which has allegedly implicated the **former Malaysian Prime Minister** and others. In 2016, Singapore's Money Authority reportedly **penalized the bank's local unit** for **money laundering breaches**. Separately, the bank also faces a **USD 1.9 billion lawsuit** in London over **allegations** it **violated US sanctions** against **Iran** more **extensively** than previously admitted.
Source: **Reuters**
ESG Reference: Andres Gallego Reyes

SOVEREIGN

EU

1. Climate risks: no longer the tragedy of the horizon
Climate-related risks are now **recognized** as an **immediate threat** to both **financial stability** and **economic growth**, but until recently there were **no systematic tools** to assess their **short-term effects**. The **NGFS**, a global network of central banks and supervisors, has **addressed** this **gap** by **developing innovative short-term scenarios** that allow **financial institutions** to **quantify** the **economic impacts** of **transition** and **physical climate risks by 2030**. These scenarios show that a **series of extreme climate events** could **reduce euro area GDP by up to 5%**—a shock comparable to the Global Financial Crisis. The analysis highlights that **droughts alone** already **cost Europe €9 billion annually**, and **water scarcity** is the **most significant nature-related threat** to euro area economic activity, putting up to **15% of gross output at risk.** The euro area's **dependence** on **critical minerals** for the **green transition** further **increases** its **vulnerability**. The NGFS scenarios, which focus on a **five-year horizon**, model how **natural hazards** and **climate policies** affect the **economy**, **inflation**, and **financial system reactions**. Results show that **severe weather events**, whether in Europe or abroad, can significantly **reduce euro area GDP** and **raise inflation**, especially if they **disrupt** the **supply** of **critical minerals**. Conversely, an **early**, **globally coordinated net-zero transition could slightly boost euro area GDP** and **employment**, with **limited inflationary effects**, thanks to **ambitious climate policies** like the European Green Deal. However, **delaying the transition** would lead to **output losses** and **higher inflation**.
Source: **ECB**

2. Defence in sustainability: EU Commission notice on Sustainable Finance Framework
The European Commission has issued a **Notice clarifying** how the **Sustainable Finance Framework applies to the Defence sector**, following the **Defence Omnibus Simplification** initiative aimed at **boosting defence investment** in Europe. The Notice addresses key regulations including **SFDR, EU Taxonomy, MiFID II, CSDDD, CSRD,** and **BMR**. It emphasizes that "**Controversial Weapons**" are **limited to anti-personnel mines, biological** and **chemical weapons**, and **cluster munitions—excluding nuclear weapons** from this category. The Commission encourages financial institutions **to assess defence investments individually** rather than **applying blanket exclusions**. Under **SFDR**, **defence** activities may **contribute** to **social sustainability goals**, particularly **peace and security** (aligned with UN SDG 16), if

they **meet governance standards** and **do not harm other sustainability objectives**. **Relevant PAI indicators** include **exposure to controversial weapons, violations of international principles**, and **lack of compliance mechanisms**. **Export control laws** and **participation** in the **UN Global Compact** can **support compliance**. For **EU Taxonomy**, **defence companies** may **align** with **criteria** through **investments** in **sustainable infrastructure** or **clean transport**. **MiFID II** does **not mandate exclusion of defence investments** based **solely on sector involvement**. Under **CSDDD**, **due diligence** is required for **operations** and **direct partners**, but **not for downstream military-related activities** with authorized exports. **CSRD** allows **withholding** of **sensitive information** and **excludes liability** for **misuse of products**. **BMR prohibits** certain **weapons** in line with **international conventions**. The **Commission** also **discourages revenue-based exclusions** and **urges national ESG labels** to adopt **a case-by-case approach** focused on **controversial weapons** only.
Source: **European Commission**

3. EU 2040 target to face opposition from far-right law-makers
The **European Parliament** failed to pass a **motion to fast-track the talks** on the **EU's new 2040 climate target**, thus undermining the efforts by **liberal**, **socialist** and **green lawmakers** to **limit** the **influence** of the **climate-skeptic far-right group Patriots** for Europe in the negotiations. The motion **failed** after the **centre-right European People's Party refused** to **support** the **left-leaning** and **centrist groups**. The failed motion came after the **Patriots for Europe outbid other political groups** to place their **chosen MEP** to **lead the new 2040 target talks**, in a shock move giving the group **unprecedented influence over climate legislation**. Patriots for Europe is the **third-biggest political group** in the **European Parliament**, and includes Marine Le Pen's National Rally, Viktor Orbán's Fidesz and Matteo Salvini's League alongside other far-right political parties. The group has resolutely **rejected EU policies** to **curb climate change** on **grounds** that far **too many constraints** are **already bearing** on **European industry**, **intensifying prospects for economic de-growth in the bloc**. They may try to **dilute** the **ambition** of the **2040 target**, **delaying** its **adoption** and putting at **risk** the **EU's ability to include** it in its **upcoming Nationally Determined Contribution** (NDC) ahead of COP30 in November
Source: **Bloomberg**

4. ESMA guides issuers and fund managers on anti-greenwashing expectations
The **European Securities and Markets Authority** (ESMA) has released its **first thematic note** on **sustainability-related claims**, focusing on **ESG credentials** and aiming to **combat greenwashing** in **investor communications**. This guidance is directed at **market participants** such as issuers and fund managers, particularly in **retail-facing materials**, and outlines how to **ensure claims are not misleading**. The note emphasizes that **ESG-related claims**—such as references to labels, awards, ratings, or voluntary initiatives—can often be **overstated** or **vague**. To address this, ESMA **introduces four core principles** for **sustainability claims**: they must be **Accurate**, **Accessible**, **Substantiated**, and **Up to Date**. These principles are designed to ensure that **claims reflect the true sustainability profile of a product or entity**, are **easy** to **understand**, are **backed** by **credible evidence**, and are regularly **updated** to **reflect** any **material changes**. The note also includes **practical guidance**, including lists of "**Do's" and "Don'ts**" and examples of **good** and **poor practices**.
Source: **ESMA**

5. The EU's 90% emission cut target
The **European Commission** has published its **legislative proposal** for the **EU's 2040 emission target**. This will **amend** the **European Climate Law**, which sets the target of a **55% cut in GHG emissions** (from 1990 levels) **by 2030** on the way to **climate neutrality** (i.e. net zero) **by 2050**. The **overall 90% ambition** was set out and discussed by the Commission in February 2024, taking into account **scientific advice**. Following discussions with EU Member States, the new **European Parliament** and other stakeholders, the **Commission** has now **published** its **proposed legislation** to **implement the target**. Key elements of today's announcement are:

- **Confirmation of the legal target of a 90% cut by 2040**, but with **flexibilities** that are likely politically necessary but may prove controversial.
- Flexibilities in delivery, including the **potential use of international credits** (from 2036), **use of domestic permanent removals** in the **EU Emissions Trading System** and **greater sector flexibility**.
- Enabling actions to make the **target affordable** through the **EU Clean Industrial Deal**, including a new **specific proposal** to give **export rebates for industrial carbon costs**.

The next steps for the legislation are **discussions** in the **European Parliament** and **the European Council**, followed by a **trilogue** between these **two groups** and **the European Commission**. **Adoption** of the legislative target might **not be complete until 2027**.
Source**: European Commissions**

US

1. US investors back away from climate and social reforms

Support for **shareholder resolutions** urging **U.S. companies** to adopt **environmental** and **social reforms** has significantly **declined**, averaging just **16%** in the 12 months ending June 30—**half** the **support** seen **three years ago**, according to Morningstar data. This drop reflects **growing caution** among **large investors**, who fear **backlash** from **customers** or **political figures**. Leslie Samuelrich, president of the climate-focused asset manager Green Century, noted that her firm's resolutions on **greenhouse gas emissions** and **biodiversity averaged** only **13.6% support this year**, **down from 21%** in 2024. She attributed the decline to **investors' concerns** about **client retention** and **public scrutiny.**
Marc Lindsay of shareholder advisory firm Jasper Street suggested that **improved corporate reporting** on **emissions** and **diversity** has **reduced** the **perceived need** for **further reforms**. Donna Anderson, head of corporate governance at T. Rowe Price, confirmed a **decline** in **support** from her firm as well, stating that the **urgency** to **back** such **proposals** has **diminished**. **Proxy advisory** firms Institutional Shareholder Services (ISS) and Glass Lewis also **supported fewer environmental** and **social resolutions** this year, amid **political pressure** from **Republicans** and **business groups**. While ISS declined to comment, **Glass Lewis** explained that **many U.S. companies now meet baseline environmental standards**, reducing the need for shareholder intervention.
Meanwhile, "**anti-ESG**" **resolutions** aimed at **rolling back diversity** or **environmental** initiatives received **minimal support**—just **2.7% on average**. Tim Schwarzenberger of Inspire Investing blamed this on **lack** of **backing** from **proxy advisers**, though he noted that companies often **negotiate** to **withdraw** such **proposals** to **avoid negative publicity**. Analysts and investors agree that the **shift reflects both political hostility toward ESG issues** and the **progress companies have already made**. As most shareholder meetings for 2025 have concluded, the results indicate a **clear retreat** from **progressive corporate activism**, even as many **reforms remain in place**.
Source: **Reuters**

2. Trump's tax bill vs. the climate
President Donald Trump has secured a **major shift** in **U.S. domestic policy** with the **House passing a $3.4 trillion fiscal package** that **cuts taxes**, **reduces spending on social programs**, and **rolls back much of former President Joe Biden's clean energy agenda**. The bill passed narrowly, **218-214**, after intense lobbying and political pressure from Trump, who used his influence within the Republican Party to overcome internal resistance. The legislation significantly **impacts climate policy**. While it **weakens support for renewable energy**, it **avoids the most severe proposed cuts**. **Solar developers**, for example, will still **be able to access production tax credits** if they begin cons**truction by mid-2026**. However, the bill **eliminates** the $**7,500 consumer tax credit for electric vehicles**, which is expected to **slow EV adoption in the U.S.** and push the country **out of the top three global EV markets.** Despite this, some analysts still predict that **over a third of new cars sold in 2030 will be electric**, thanks to **improvements in EV technology and affordability.** The bill also **ends tax credits** for **home energy efficiency upgrades** and **clean energy installations**, such as **rooftop solar** and **heat pumps**, after December 31. This is expected to **cause** a **rush in installations this year**, followed by a **sharp decline in 2026**. While the clean energy sector **avoided the worst-case scenario**, the **overall direction of the bill marks a significant retreat from federal support for climate initiatives**.
Source: **Bloomberg**

3. How much will the US tax bill hurt clean energy?
The **Senate version** of former President Donald Trump's **tax-and-spending bill** has introduced **significant changes** that **impact the U.S. renewable energy sector**. While the bill **softens** some of the **harsher provisions** initially proposed—such as **removing** an **excise tax** on **wind** and **solar projects** using **Chinese components** and **extending eligibility for tax credits**—it still poses **substantial challenges for clean energy development**.
The Senate bill allows **solar developers** to **begin construction** through **mid-2026** and **still qualify for full production tax credits**, which is seen as a **win** for the industry. However, the House version of the bill, passed earlier, includes a **more aggressive phase-out** of **key wind** and **solar tax incentives**. This has created **tension** between the **two chambers**, with House conservatives like Rep. Chip Roy calling the Senate's softened provisions a "**deal killer.**"
Critics argue that even the **revised Senate bill** could **slow clean energy growth**, **raise electricity prices**, and **weaken U.S. manufacturing**. Some **solar manufacturers**, who had invested in domestic production based on incentives in the Inflation Reduction Act (IRA), **feel betrayed** by the removal of the excise tax, which they saw as a **protection** against **cheaper Chinese imports**.
Source: **Bloomberg**

UK

1. UK drops plans for Sustainable Finance Taxonomy
The **UK government** has decided **not to proceed** with its **proposed UK Green Taxonomy**, a classification system intended to **define environmentally sustainable economic activities**. This decision follows a **public consultation** in which **less than half of respondents supported the taxonomy**, with many suggesting that **other areas of the sustainable finance framework**—such as **transition plans, reporting standards**, and **sector roadmaps**—should take **priority**. Originally **launched in 2020,** the taxonomy was meant to help **guide investment** and **combat greenwashing**. However, **concerns** were **raised** about its **practical application**, the **resources required** to **maintain** it, and its **effectiveness** compared to **alternative policy tools**. The **UK Treasury** concluded that the **taxonomy** would **not be the most**

effective way to support the **green transition**. While sustainable investment groups expressed disappointment, they welcomed the **government's continued focus** on **other key areas of sustainable finance**. The decision comes as **other jurisdictions**—including the EU, Australia, and Canada—continue to **develop** or **revise** their **own taxonomies**, with the EU recently initiating a **major simplification of its framework**.
Source: **ESG Today**

2. Solar roadmap: United Kingdom powered by solar
The **UK Solar Roadmap** issued by the UK Government and produced through collaboration with industry presents a **comprehensive strategy** and **clear plan** of **action** to achieve the **significant increase** in **solar deployment** needed to support the **delivery** of **clean power by 2030**, as set out in the government's Clean Power Action Plan. The **Clean Power Action Plan** calls for the **rapid acceleration** of **solar deployment**, from over **18GW** at present to **45-47GW by 2030** with scope to **exceed the 47GW upper limit**, subject to system need, noting the potential of **additional rooftop solar** to further **boost deployment**. The roadmap outlines **practical actions** for **industry** and **government** to **overcome the challenges** to delivering this ambition within the next 5 years and **boost the UK's energy security**. The Roadmap also sets the **stage** for **longer-term growth beyond 2030**, and **commits** to **actions** to **support new, good quality jobs**, through the **ramp up of solar deployment**.
Source: **UK.Gov**

India

India hits 50% non-fossil power milestone ahead of 2030 clean energy target
India has announced that it has **reached 50%** of its **installed electricity capacity** from **non-fossil fuel sources**, achieving this **milestone five years ahead of its 2030 target** under the Paris Agreement. This marks a significant **acceleration** in the **country's clean energy transition**. In the **first half of 2025**, **renewable power output grew** at its **fastest rate** since 2022, while **coal-fired generation declined by nearly 3%**. However, **fossil fuels** still **contributed** to **more than two-thirds of the increase** in **overall power generation** last year.
Despite missing its 2022 renewable energy target of 175 GW, India has significantly **ramped up solar** and **wind installations**. The country added nearly **28 GW** of **solar** and **wind capacity in 2024** and has **already added 16.3 GW** in the first five months of 2025. As of the end of June, **renewable energy capacity**—excluding large hydro—stood at approximately **184.6 GW**.
India's broader goal is to **reach 500 GW** of **non-fossil capacity by 2030,** which includes **hydro** and **nuclear energy**. The government is also promoting **battery storage**, **circularity** in **solar** and **wind components**, and **green hydrogen technologies** to further **support decarbonization efforts**. At the same time, India plans to **expand coal-fired capacity** by **80 GW by 2032** to **meet growing electricity demand**.
Source: **Reuters**

REGULATION

EU ESRS

The European Commission advanced its "Omnibus" review, simplifying the European Sustainability Reporting Standards (ESRS)
The **European Commission** has introduced a set of "**quick fix" amendments** to the **European Sustainability Reporting Standards (ESRS)**, offering significant **relief** to companies already reporting under the **Corporate Sustainability Reporting Directive (CSRD)**. These changes allow large "**Wave One" companies**—those already reporting for fiscal year 2024—to **delay new sustainability disclosures**, such as those related to **biodiversity** and **Scope 3 emissions**, until **fiscal year 2027**. Companies with fewer than **750 employees** can **omit several ESG disclosures**, including **Scope 3 emissions** and **workforce-related data**, through **fiscal year 2026**. **Larger firms** will also benefit from **most of these phase-in measures**, though they must **still report Scope 3 emissions**.
These amendments are part of the broader **Omnibus I package**, a regulatory reform initiative aimed at reducing the complexity and scope of CSRD. The EU plans to cut the number of required reporting datapoints by **two-thirds** and may raise the reporting threshold to companies with over **1,000 employees**, potentially excluding many smaller firms from the directive. The Commission emphasized that this reset is intended to **reduce the short-term burden** on **businesses** while **maintaining long-term climate** and **social goals**. The full review of the ESRS is expected to conclude by **FY 2027**, meaning some of the originally planned disclosures may never be required.
Source: **European Commission**

US Clean Air Act

President Trump granted two years of regulatory relief for coal, iron ore, and chemical industries to bypass Clean Air Act restrictions
On July 17, 2025, President Donald J. Trump signed **four proclamations** granting **two years of regulatory relief** from stringent **Biden-era EPA regulations** affecting key sectors tied to national security. The exemptions apply to **coal**

plants, **taconite iron ore processors**, and **chemical manufacturers** involved in semiconductors, medical sterilization, and defense systems. These facilities are now temporarily allowed to comply with **pre-2021 EPA standards**, avoiding what the administration described as **unattainable compliance requirements** under current rules. The fact sheet argues that the Biden-era emissions standards threaten energy reliability, economic stability, and national defense by imposing costly mandates that rely on **non-commercially viable technologies**. The relief is framed as a measure to prevent grid instability, supply chain disruptions, and reduced access to sterile medical equipment and critical infrastructure materials. President Trump emphasized a **pragmatic environmental approach**, balancing clean air and water goals with industrial competitiveness. The move continues his administration's broader **energy dominance strategy**, which includes repealing the Obama-era Clean Power Plan and pausing wind energy expansion due to its environmental impact on wildlife
Source: **The White House**

EU CSRD

EU postpones key sustainability reporting requirements for large companies until 2027
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Source: **European Commission**

EU Taxonomy Regulation

EC adopts (first) set of measures to simplify the EU Taxonomy
Last Friday, the **European Commission** adopted **key changes** in the form of a **Delegated Act amending** the **Taxonomy Disclosures**, **Climate and Environmental Delegated Acts**. This followed the proposals made as part of the **Omnibus simplification package** last February and the consultation period in March. The set of **measures** to **simplify** the **application** of the EU Taxonomy consists of:

1. The **introduction** of **materiality thresholds**: for **non-financial entities**, activities considered **non-material** if they **account cumulatively** for **less than 10%** of a company's **total revenue**, **capex** or **opex**. In that case, a **company can choose** to **assess** whether those activities are **eligible** under or **aligned** with the **Taxonomy** criteria. Meanwhile, **non-financial entities** have the **option** not **to assess Taxonomy eligibility** and **alignment** for their **total opex** if it **not deemed material for their specific business** model. When it comes to **financial companies**, the **10% materiality threshold applies to loans** and **investments** financing specific economic activities whose **use of proceeds is known**.
2. **Simplification of the green asset ratio for financial institutions** (eg, exclusion from the denominator of the KPI undertakings not subject to mandatory reporting under CSRD), **optional two-year non-reporting period** of detailed Taxonomy KPIs and a **two-year postponement** until 1 January 2028 of the trading book KPI, fees and commission KPI.
3. **Taxonomy reporting templates streamlined**: **cut** in the **number of data points by 64%** for **non-financials** and by **89% for financials**.
4. **Simplification of the Do No Significant Harm criteria for pollution prevention and control** (related to the use and presence of chemicals). These changes will apply after the four-month scrutiny period (additional two-month option) at the European Parliament and Council level: they will apply as of 1 January 2026 and will cover the 2025 financial year.

Changes will apply after the four-month scrutiny period (additional two-month option) at the European Parliament and Council level
Source: **European Commission**

EU Carbon Border Adjustment Mechanism (CBAM)

Commission announces plan to mitigate carbon leakage risk for exporters
The **European Commission** has announced **plans** to **introduce** a **new measure** to **address** the **risk** of **carbon leakage** for **EU-produced goods produced** in **CBAM sectors**. The proposal, which is expected to be made by the **end of 2025**,

aims to **support producers** of **goods** at **risk** of **such carbon leakage** and **ensure equal treatment for all goods**, whether **produced** and **sold** in the **EU**, **imported** into the **EU** or **exported**. This scheme would be in place for an initially **defined period** and then will be **reviewed** after **the new 2026 ETS reform is approved**. The measure is part of the Commission's efforts to **prevent carbon-intensive production** from being **shifted** to **countries** with **less stringent climate policies**. This move is a crucial step in **promoting a sustainable and low-carbon economy**.
Source: **European Commission**