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

Bayer (Pharmaceuticals | DE)

Bayer's Legal Shield: GOP Bill Sparks Backlash Over Glyphosate Liability

A controversial provision in a U.S. Republican-led spending bill has ignited backlash from the **Make America Healthy Again (MAHA)** movement, particularly among conservative mothers, for allegedly shielding pesticide giants like **Bayer** from billions in legal liabilities. The measure, reportedly pushed through after **intense industry lobbying**, would prevent U.S. states from mandating pesticide warning labels that differ from **EPA guidance**—despite the EPA not classifying **glyphosate**, Bayer's flagship pesticide, as a carcinogen, contrary to the **International Agency for Research on Cancer**, which labeled it a **probable carcinogen** in 2015. This legal shield could lead courts to dismiss cancer-related lawsuits tied to Bayer's **Roundup**, which has already faced **thousands of claims** from frequent users alleging serious health impacts. Bayer has allegedly spent **over $6.9 million in lobbying**, including efforts to influence labeling laws, and is accused—alongside Republican lawmakers—of **promoting misinformation** to protect its market position. The growing revolt, led by MAHA Moms, underscores a rare bipartisan challenge to **corporate immunity**, **chemical safety**, and the erosion of **state-level consumer protections**.

Source: The New York Times
ESG Reference: Xhois Hatibi

BNP Paribas (Banks | FR)

BNP Paribas drops pledge not to finance 'controversial weapons'

BNP Paribas has relaxed its long-standing policy against financing "controversial weapons", signaling a strategic shift to support Europe's growing defence industry amid heightened geopolitical tensions and rearmament efforts. The bank now distinguishes between weapons banned under international agreements and those that are not, replacing the term "controversial weapons" with "excluded weapons" in its updated defence and security policy.

This change is intended to broaden BNP Paribas's ability to lend to defence companies, particularly those operating within NATO countries and primarily in Europe. The move reflects a wider trend among European banks, which are increasingly positioning themselves to benefit from rising defence spending across the continent.

The policy update comes as defence manufacturers face pressure to ramp up production, with smaller suppliers in need of financing and larger firms stepping in to fill funding gaps. In June, the European Commission clarified that defence companies—excluding those producing banned weapons like landmines—can comply with EU ESG rules, addressing long-standing concerns that ESG frameworks were limiting access to capital.

BNP Paribas's previous policy, in place since 2010, defined controversial weapons as those causing indiscriminate harm, but the bank now argues that the term was too broad and could unintentionally include technologies like certain drones. The bank emphasized that its policies are regularly reviewed and that the update reflects its commitment to supporting defence financing in alignment with NATO priorities.

Source: Financial Times
ESG Reference: Andres Gallego Reyes

BPCE (Banks | FR)

Natixis Parent BPCE Launches Landmark European Defence Bond

BPCE, the parent company of **Natixis**, has issued Europe's first **defence bond**, raising €100 million to support companies involved in **cybersecurity**, **surveillance**, and broader **security** operations. This marks a notable shift in European finance, as institutions begin to engage with the defence sector in response to rising geopolitical tensions and strategic security needs.

The bond is seen as a test case for future defence-related financial instruments, potentially opening the door for broader investor participation. It also reflects a strategic reorientation for banks like BPCE, which have traditionally avoided defence financing due to **ESG concerns**, particularly around the **social** and **governance** dimensions of military-related investments.

Source: Reuters
ESG Reference: Andres Gallego Reyes

Chevron (Integrated Oil & Gas | US) and others

Scientists Link Major Carbon Emitters to Worsening Heat Waves

Amid intensifying political and legal backlash—especially in the U.S.—many companies are engaging in **ESG-linked** "greenhushing," downplaying their sustainability efforts to avoid scrutiny or litigation. This includes global carbon majors such as **ExxonMobil**, **Shell**, **Chevron**, and **BP**, which together with others like **Saudi Aramco**, **Gazprom**, and **Coal India** account for over **80% of global GHG emissions**, according to the Carbon Majors database. **ExxonMobil** notably pursued legal action to block shareholder climate proposals, while **Shell** continues to face litigation over its emissions targets. In contrast, **Amarenco** raised **€300 million** to expand regenerative energy projects, signaling a proactive ESG stance. Regulatory bodies like the **SEC** have imposed fines up to **$17.5 million** for misleading ESG claims, underscoring the financial risks of poor disclosure. Despite these pressures, investor demand and EU/UK regulations

continue to push for greater **ESG-linked** transparency, with Bloomberg enhancing its analytics tools to support compliance and risk management.
Source: **Bloomberg**
ESG Reference: Gian Marco Marchetti

Mitsubishi Corp (Trading Companies & Distribution | JP)

Mitsubishi withdraws from three Japanese offshore wind power projects
Mitsubishi Corporation has officially decided to **withdraw** from **three offshore wind farm projects** in **Japan**, which it had won in the country's first state-run wind auctions in 2021. These projects were expected to deliver a combined capacity of **1.76 gigawatts** and begin operations between **2028 and 2030**. The decision follows a significant **financial hit** earlier this year, including a **52.2 billion yen** ($354 million) **impairment** charge, and stems from a drastically changed business environment marked by **soaring construction costs, inflation, supply chain disruptions**, and **rising interest rates**. Mitsubishi's CEO Katsuya Nakanishi explained that despite efforts to restructure supply chains and reassess project costs, the **total expenditures**—including maintenance and operational costs—would **exceed expected revenue** from **electricity sales**, making the projects **financially unviable**. The move is seen as a **setback** to **Japan's renewable energy ambitions**, which aim for **10 GW of offshore wind capacity** by **2030** and **45 GW by 2040.** Despite this, Mitsubishi reaffirmed its **commitment** to **decarbonization** and **renewable energy**, though it remains **uncertain** whether it will re-enter the **domestic offshore wind market**.
Source: **Reuters**
ESG Reference: Lorenzo Angeletti

JPMorgan (Banks | US) and others

$9 Trillion into Trouble: Global Banks Face Scrutiny Over Deforestation Financing
A new **Forest 500 report** by Global Canopy reveals that **150 global financial institutions**, including **JPMorgan Chase**, **BlackRock**, and **Vanguard,** have collectively financed **$8.9 trillion** to companies linked to **deforestation risk**. Despite growing awareness of **nature-related risks**, 60% of these institutions lack any **deforestation policy**, and only a minority screen or monitor their portfolios for **compliance**. JPMorgan Chase alone provided over **$1.6 trillion** to forest-risk companies yet limits its **no-deforestation policy** to palm oil. The report warns that without stronger **stewardship**, **engagement**, and **transparency**, financial flows will continue to undermine global **climate** and **biodiversity goals**. With the upcoming **EU Deforestation Regulation**, the pressure is mounting for banks and investors to align with credible **ESG standards** and halt financing of the so-called **deforestation economy**.
Source: **ESG NEWS**
Group Restriction List status: Eligible
MSCI Industry-Adjusted Score: 5.9/10
ESG Reference: Andres Gallego Reyes

Meta (Interactive Media & Services | US)

Facebook's $725M Privacy Settlement Highlights ESG Failures in Data Governance and Accountability
Facebook is settling a major **class action lawsuit** for **$725 million**, following allegations that it allowed **third-party access to user data** without proper consent—most notably involving **Cambridge Analytica**. The settlement could result in payments to approximately **70 million Americans**, depending on eligibility and claim submissions. This case underscores serious **ESG concerns**, particularly around **data privacy**, **corporate accountability**, and **governance failures**. Despite Facebook's efforts to improve transparency and user control, critics argue that the company's past practices reflect systemic weaknesses in **ethical data stewardship** and **consumer protection**. The payout, while substantial, is seen by many as a **financial remedy** that does not fully address the long-term **trust deficit** created by the breach.
Source: **CNN**
ESG Reference: Gian Marco Marchetti

Starbucks (Consumer Services | US) and others

Cap the Outrageous CEO-to-Worker Pay Gap in the U.S.
A growing movement in the U.S. is urging lawmakers to **cap the CEO-to-worker pay gap**, spotlighting companies like **Starbucks**, where the CEO earns over **1,200 times** more than the median employee. This disparity has sparked criticism from ESG advocates who argue that such extreme compensation ratios undermine **social equity**, **employee morale**, and **corporate accountability**—key pillars of **ESG governance**. While Starbucks has made strides in sustainability, including appointing a new **Chief Sustainability Officer** to lead climate and human rights initiatives, critics say its **executive pay practices** contradict its stated values. For comparison, a **"reasonable" or standard CEO-to-median-worker pay ratio** in ESG-conscious firms typically ranges between **20:1 and 100:1**, depending on industry and company size. Excessive ratios like Starbucks' are increasingly viewed as **material social risks**, potentially affecting **brand reputation**, **investor confidence**, and **long-term stakeholder value**. The petition calls for greater **transparency**, **regulatory oversight**, and **fair compensation structures** to ensure that corporate leadership aligns with broader societal and ESG expectations.

Source: **One green planet**
ESG Reference: Xhois Hatibi

Snam (Utilities | IT)

Snam's Sustainable Finance Push Gains Momentum Despite OGE Deal Delay

Italian energy infrastructure leader **Snam** is advancing its pan-European growth and ESG strategy despite delays in its planned acquisition of a stake in **Open Grid Europe (OGE)**, Germany's largest gas transmission operator, due to regulatory and valuation hurdles. Central to Snam's sustainability ambitions is its landmark issuance of a **$2 billion Sustainability-Linked Bond (SLB),** the first of its kind tied to **net zero targets across Scopes 1, 2, and 3 emissions**, structured in three tranches and **5x oversubscribed**, with an order book reaching **$10 billion.** The SLB links debt costs to aggressive decarbonization goals, including a **90% reduction in Scope 1 & 2 emissions by 2050** and **Scope 3 cuts of 35% by 2032**, reinforcing Snam's commitment to **climate-aligned infrastructure investment**. The OGE deal, though delayed, remains strategic for expanding Snam's footprint in the EU gas network and supporting the bloc's **energy transition**, while the company's **86% sustainable finance share** signals strong investor confidence in its **ESG governance, financial transparency**, and **long-term resilience**.
Source: **Reuters**
ESG Reference: Lorenzo Angeletti

SOVEREIGN

Brazil

Brazil makes formal request to become IEA Member country

On September 2, 2025, Brazil's Ambassador Sarquis J.B. Sarquis delivered an official letter from the Ministers of Foreign Affairs and of Mines and Energy to IEA Executive Director Fatih Birol, expressing the country's desire to initiate the **accession process**. The letter emphasized Brazil's longstanding cooperation with the IEA, its role as a **net oil exporter**, and its leadership in **clean and renewable energy**, positioning Brazil as a strategic contributor to global **energy security**, **sustainability**, and **international cooperation**. Brazil has been an **Association country** since 2017 and now seeks full membership to deepen its engagement with the IEA's mission and governance.
Source: **IEA**

China

China sets first absolute emissions cut target for 2035, falling short of Paris path

China has pledged for the first time to cut its greenhouse gas emissions in absolute terms, committing to a 7–10% reduction from peak levels by 2035, with President Xi Jinping stating the country will "strive to do better." This marks a major shift from previous intensity-based targets and comes ahead of COP30 in Brazil, where nations are updating their climate plans. **The new target covers all greenhouse gases across the entire economy**, though the baseline peak level remains unspecified. Xi also announced a series of supporting measures, including expanding wind and solar capacity to around 3,600 GW, raising the non-fossil share of energy consumption above 30%, increasing forest stock volume, mainstreaming electric vehicles, and broadening emissions trading coverage.
China's renewable energy buildout is accelerating, having already surpassed its 2030 wind and solar targets in 2024. Early 2025 data show rising solar output and declining coal use, hinting at a possible emissions plateau. However, coal's continued role in the power sector remains a key obstacle to sustained decarbonization.
The pledge was made on a global stage amid mixed signals from other major economies, with the EU preparing new plans and the U.S. under Donald Trump rolling back climate commitments. UN Secretary-General António Guterres urged countries to submit plans fully aligned with the 1.5°C pathway.
For executives and investors, the key takeaway is that China's political target may be conservative, but its real-economy transition is gaining speed. The evolution of sectoral policies, emissions trading, and coal phase-out in the upcoming Five-Year Plan will determine the credibility of China's 2060 carbon neutrality goal and its impact on global markets.
Source: **ESG News**

EU

1. 85% of Europeans say tackling climate change should be a priority, Eurobarometer survey finds

A **strong majority** of **Europeans** believe **climate change** is a **critical issue r**equiring **urgent action**, according to the latest **Eurobarometer survey**. **85% of citizens** say tackling **climate change should be a priority** to **improve health** and **quality of life**, and **81% support the EU's climate neutrality target for 2050**. Climate change is not a distant threat—**38% of Europeans feel personally exposed** to **environmental** and **climate-related risks.** Those in **Southern Europe**, as well as **Poland** and **Hungary**, report the **highest vulnerability**. **88% of Europeans want** the **EU** to **increase**

renewable energy and **improve energy efficiency.** The same number back home improvements like insulation, solar panels, and electric vehicles. **84**% believe **European clean tech companies** deserve more **support** to **compete globally,** signaling widespread **backing** for the **EU's Clean Industrial Deal.** Additionally, **77% say climate action will foster innovation.**
Source: **ESG Today**

2. EU rules for measuring environmental impact of clothes
The **European Commission** has **welcomed the new Product Environmental Footprint Category Rules** (PEFCR) for **apparel** and **footwear** (press release). These rules were developed **over 5 years with input** from **various stakeholders** in the sector and claim to offer a **science-based method** to **evaluate** the **environmental impact** of **clothing** and **shoes** throughout **their lifecycle**. This includes **raw material extraction**, **manufacturing**, **distribution**, **repairability**, **end of life** and **recycling**. It evaluates products along **16 environmental indicators**, including **climate change, land use**, **water use**, and **resource use.** The methodology treats **all materials equally** and will be continually **refined** to **include considerations** like **microplastics shedding** and **impact** on **biodiversity**. The aim is to provide a **method** for **companies** to **measure** the **environmental impact of apparel, encourage sustainable production**, and **support the EU's transition to a circular economy.**
Source: **European Commission**

3. Top EU court rules nuclear and gas "green" label under the EU Taxonomy
Austria lost its battle to **stop nuclear power and fossil gas from being branded "green" in Europe**. The EU's top court ruled that **nuclear power and fossil gas activities** can remain **classified as sustainable investments under the EU taxonomy** regulation, rejecting Austria's 2022 legal challenge. According to Politico, the General Court noted in its judgment that **nuclear energy produces near-zero GHG emissions** with no technologically and economically feasible low-carbon alternatives at a sufficient scale, and that both energy sources can **contribute substantially to climate change mitigation under specific conditions.** This landmark decision could **end the deadlock on EU funding** for **conventional nuclear reactors**, benefiting France and aligning with recent **Franco-German agreements** on incorporating nuclear power in low-carbon energy policy. At the sovereign level, **France** has already positioned itself for this shift, having **updated its Green OAT Framework** in May to **incorporate EU Taxonomy-compliant nuclear expenditures**.
Source: **Reuters**

4. EU to Provide €17.5 Billion Financing for Energy Efficiency, Decarbonization Projects for SMEs
On **September 11, 2025**, the **European Investment Bank (EIB)**, backed by the **European Commission**, announced a **€17.5 billion funding initiative** over three years to support **energy efficiency** and **decarbonization** projects for **SMEs** across Europe. Targeting over **350,000 businesses**, the program will deploy a mix of **debt and equity instruments**, mobilizing up to **€65 billion in total investments by 2027**. The initiative includes a new **"one-stop-shop" platform** to streamline SME access to financing and is part of a broader push to close the **energy efficiency investment gap**, as SMEs currently invest at **half the rate of larger firms**. EU Commissioner **Dan Jørgensen** and EIB President **Nadia Calviño** emphasized the program's role in boosting **economic competitiveness**, reducing **energy costs**, and accelerating the **green transition** for Europe's business backbone.
Source: **ESG Today**

5. EU moves to suspend trade deal with Israel over Gaza genocide
On **September 17, 2025**, the **European Commission** proposed suspending parts of its **EU-Israel trade agreement** and imposing **targeted sanctions** on senior Israeli officials in response to the worsening **humanitarian crisis in Gaza**, which the EU described as approaching **genocidal conditions**. The measures include imposing tariffs on approximately **€5.8 billion** worth of Israeli imports, suspending **€20 million** in EU support for Israeli projects, and sanctioning **National Security Minister Itamar Ben Gvir** and **Finance Minister Bezalel Smotrich**, both linked to strength policies in the occupied Palestinian territories. The proposal, presented by **EU High Representative Kaja Kallas** and **Commissioner Maroš Šefčovič**, invokes **Article 2** of the EU-Israel Association Agreement, which requires respect for **human rights and democratic principles**. While the EU is Israel's largest trading partner, accounting for **32% of Israel's trade in goods** in 2024, the move marks a significant shift in EU-Israel relations and must be approved by a **qualified majority** of member states to take effect.
Source: **Helsinki Times**

US

1. Texas Launches Investigation into Glass Lewis, ISS for Supporting ESG, DEI
On **September 16, 2025**, **Texas Attorney General Ken Paxton** launched an investigation into proxy advisory firms **Glass Lewis** and **Institutional Shareholder Services (ISS)**, alleging they may have **misled investors** by recommending votes in favor of companies implementing **ESG** and **DEI** policies. Paxton claims these recommendations could violate fiduciary duties by prioritizing **social and environmental goals** over **financial returns**, echoing earlier concerns raised by a coalition of **21 Republican Attorneys General**. The investigation follows broader political pressure on proxy

firms and asset managers, with ISS recently announcing it would **remove DEI factors**, such as gender and racial diversity, from its U.S. board voting recommendations due to increasing scrutiny.
Source: **ESG Today**

REGULATION

EU Taxonomy

European Court Rules Nuclear, Fossil Gas Can be Included in EU Taxonomy
On **September 12, 2025**, the **EU General Court** upheld the European Commission's decision to include **nuclear energy** and **fossil gas** in the **EU Taxonomy for Sustainable Activities**, rejecting Austria's legal challenge launched in **October 2022**. The court ruled that these sectors can, under specific conditions, contribute to **climate change mitigation** and **climate change adaptation**, aligning with the taxonomy's six environmental objectives. It emphasized nuclear's **near-zero greenhouse gas emissions** and the lack of **feasible low-carbon alternatives**, while fossil gas was accepted under a **gradual emissions reduction** framework that ensures **energy security**. The taxonomy, effective since **2022**, aims to guide **sustainable finance** by classifying activities that substantially contribute to environmental goals without causing significant harm. Austria's former Climate Minister, **Leonore Gewessler**, criticized the ruling, warning that it undermines the credibility of **green investment labels** and **ESG standards**.
Source: **ESG Today**

EU Deforestation Regulation (EU DR)

EU to delay implementation of EU DR again
The European Commission is proposing a further one-year delay to the implementation of the EU Deforestation Regulation (EUDR) due to concerns that the current IT systems are not robust enough to handle the volume of data the regulation will generate. This follows a previous one-year postponement agreed upon by EU lawmakers, which had already pushed the start date for large companies to the end of 2025 and for smaller enterprises to mid-2026.
The EUDR, introduced in 2021, is designed to prevent deforestation-linked products from entering or exiting the EU market, requiring companies to trace commodities like palm oil, beef, soy, cocoa, and timber back to the land where they were produced, and prove they were not sourced from deforested areas after 2020. Compliance also includes adherence to local laws in the country of origin.
The latest delay proposal was outlined in a letter from EU Commissioner Jessika Roswall, who warned that the IT infrastructure needed to support the regulation is not yet capable of managing the expected transaction load. She cautioned that proceeding with the current systems could lead to severe slowdowns or disruptions, potentially affecting trade and undermining the regulation's goals.
Source: **ESG Today**

EU Digital Omnibus

Commission collects feedback to simplify rules on data, cybersecurity and AI
The European Commission has launched a call for evidence to gather research and best practices aimed at simplifying legislation in its upcoming Digital Omnibus, with a particular focus on data, cybersecurity, and artificial intelligence (AI). This initiative is part of the Commission's broader simplification agenda to reduce administrative burdens and costs for businesses.
It supports the Competitiveness Compass goal to cut administrative burden by at least 25% for all companies and 35% for SMEs, making the EU a more attractive environment for innovation and entrepreneurship. Executive Vice-President Henna Virkkunen emphasized the need for an innovation-friendly rulebook that maintains high standards of fairness and safety online while reducing paperwork, overlaps, and complexity.
The call for evidence builds on previous stakeholder consultations related to the Data Union Strategy, the Cybersecurity Act revision, and the Apply AI Strategy. It marks the first step toward streamlining the EU's digital regulations and will remain open until **14 October 2025**.
Source: **European Commission**