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

Apple (Technology Hardware, Storage & Peripherals | US) and other

Apple and Meta attack "unfair" €700m EU fines

The **European Union** has ordered **Apple** and **Meta** to pay a combined **€700m** in the first fines issued under legislation aimed at curbing the power of **big tech**. **Apple** received a **€500m** fine over its **App Store**, while **Meta** was fined **€200m** for user consent issues related to **data collection**. **Commissioner Henna Virkkunen** emphasized the duty to protect the rights of citizens and innovative businesses in **Europe**.

Both tech firms reacted angrily, with **Meta** accusing the **EU** of attempting to handicap successful **American businesses** and **Apple** claiming it was being unfairly targeted. The fines, though lower than some past EU penalties, come amid heightened economic tensions with **America**. The **US** has imposed a **10% tariff** on **EU** imports, with **President Donald Trump** accusing the **EU** of taking advantage of **America**. **EU spokesperson Arianna Podesta** insisted the fines are about enforcement, not trade negotiations. The **European Commission** began investigations last year under the **Digital Markets Act (DMA)**. The case against **Apple** involved its **App Store** and the requirement to offer alternative app marketplaces. **Meta**'s fine was due to its "consent or pay" model for data collection, which the Commission found did not allow users to freely consent. Both companies have 60 days to comply or face further fines. **Apple** criticized the decisions as harmful to user privacy and security, while **Meta** argued the ruling imposes a multi-billion-dollar tariff on them. The fines, though small relative to the companies' revenues, are significant in the current global economic context.

Source: BBC

ESG Reference: Xhois Hatibi/ Gian Marco Marchetti

ExxonMobil (Integrated Oil & Gas | US)

Exxon poised to overtake Shell and BP on low carbon spending

ExxonMobil, which once criticized European rivals' **clean energy investments** as a "beauty contest," is now set to surpass **Shell** and **BP** in **low carbon spending**. **Exxon** plans to invest **$30bn** in **low emissions opportunities** by **2030**, a significant increase from its **$3bn** plan in **2021**. This investment focuses on technologies like **carbon capture**, **biofuels**, **hydrogen**, and **lithium extraction**, rather than building a large **renewable energy** business.

European rivals **Shell**, **BP**, and **Equinor** have reduced their **low carbon spending** to focus on more profitable **fossil fuel production**. **BP** cut its annual guidance to **$1.75bn**, **Shell** to **$3.5bn**, and **Equinor** to **$2.3bn**. **TotalEnergies** remains a leader with **$5bn** annual spending guidance in **2025**.

ExxonMobil's strategy is gaining momentum, focusing on technologies where it has a competitive advantage. However, its success depends on **US government subsidies** and **customer demand**. **Exxon** plans to spend 65% of its **low carbon investment** on reducing emissions for its customers. **Chevron** plans to trim its budget by **$500mn** to **$1.5bn**.

Despite increased spending, **Exxon** faces criticism for not addressing **scope 3 emissions** from customers burning its oil and gas. Analysts note a significant shift in **Exxon's strategy** since **2020**, focusing on genuine business opportunities rather than environmental initiatives. **Shell** emphasized its historical investments in the **low carbon space**, while **Environmental Defense Fund** stated **Exxon**'s spending is still insufficient for major progress in **decarbonizing** economies.

Source: Financial Times

ESG Reference: Francesca Albino/ Gian Marco Marchetti

RWE (Utilities | DE)

RWE has stopped activities in United States

Germany's RWE, a top offshore wind developer, has **stopped work** on its **U.S. projects** due to recent moves by the **Trump administration**, its CEO Markus Krebber said. This is a significant setback for the **U.S. offshore wind market**, which was a key part of former President **Biden's energy policy** but is now opposed by **Trump**.

RWE holds three offshore wind leases in **U.S. waters** off **New York**, **Louisiana**, and **California**. The halt follows a similar move by **Norwegian Equinor**, which stopped its **Empire Wind I project** due to a stop-work order from **U.S. Interior Secretary Doug Burgum** over environmental concerns. **RWE's U.S. projects** include the **3-gigawatt Community Offshore Wind**, a joint venture with **Britain's National Grid**, expected to start generating electricity in the early 2030s. **New York state** relies on offshore wind for its **climate and clean energy goals**. **RWE** was the lone bidder in a **2023 auction** for offshore wind rights in the **Gulf of Mexico**, securing a lease for **$5.6 million**. The company also has a lease off **Northern California** for the **Canopy Offshore Wind** project, expected to be completed in about a decade. **RWE** has reduced its **U.S. offshore wind activities** to a minimum, with **Community Offshore Wind** having non-current assets valued at **1.31 billion euros**.

Source: Reuters

ESG Reference: Lorenzo Angeletti

BP (Integrated Oil & Gas | UK)

BP suffers biggest AGM protest vote in five years

A quarter of **BP investors** voted against the re-election of outgoing **chair Helge Lund**, marking the largest protest against a **FTSE 100 board head** in five years. Preliminary results from **BP's annual general meeting** showed 24.3% of **shareholders** opposed Lund, who plans to step down by 2026. **BP's CEO Murray Auchincloss** was re-elected with over 97% of the vote, and the company's **remuneration plan** was approved by 95.5% of shareholders. The symbolic vote against Lund reflected **shareholder frustration** with BP's performance, as its shares have fallen nearly 13% this year compared to a 5% drop for rival **Shell**. Leading shareholder **Legal and General** opposed Lund's re-election due to dissatisfaction with BP's shift back to **oil and gas** from **renewables**. This contrasts with other shareholders like **Elliott Investment Management**, which supports reduced spending on renewables. The revolt highlights the challenge BP faces in balancing **fossil fuels** and renewables amid global climate pressure. Investors questioned Lund's commitment to BP and its strategy. BP announced a "fundamental reset" in February to focus on oil and gas for better **cash flow** and **shareholder returns**. BP's senior independent director **Dame Amanda Blanc** assured that the search for Lund's successor is underway. Some institutional shareholders supported Auchincloss's re-election to avoid further instability at BP.
Source: **Financial Times**
ESG Reference: Francesca Albino/ Gian Marco Marchetti

Rio Tinto (Metals and Mining - Non-Precious Metals | GB)

Trump to approve land swap for Rio Tinto copper mine opposed by Native Americans
The **Trump administration** approved a **land swap** for **Rio Tinto** and **BHP** to build one of the world's largest **copper mines**, despite concerns from **Native Americans** about destroying a site of **religious value**. This move may escalate tensions between **Indigenous groups** and **Western governments** aiming to boost **critical minerals production**. The **U.S. Forest Service** will republish an **environmental report** needed for the **Resolution Copper project**. The mine, initially approved by **Obama** and later reversed by **Biden**, would supply over a quarter of U.S. copper needs. However, it would impact the **Oak Flat** site, sacred to the **San Carlos Apache**. **Apache Stronghold** asked the **U.S. Supreme Court** to block the land swap, citing **First Amendment** concerns. **Rio Tinto** and **BHP** have spent over $2 billion on the project. The **Resolution Copper mine** is seen as vital for **America's energy future**. The **Forest Service's** decision was supported by **Mila Besich**, mayor of **Superior, Arizona**. **Rio Tinto** plans to keep all copper produced within the U.S. if the mine is approved.
Source: **Reuters**
ESG Reference: Francesca Albino

Alphabet (Interactive Media & Services | US) and others

US judge rules that Google allegedly engaged in monopolistic behavior by unlawfully exploiting online marketing
A new class action complaint has been lodged against **Alphabet's Google** in the UK, seeking around **GBP 5 billion** in **damages** due to allegations that it **contracted phone producers to pre-install Chrome** and **Google Search on Android.** Google has also reportedly paid **Apple** to make it the **primary search engine on iPhones** to thwart competitors. In January 2025, the Competition and Markets Authority began a probe into **Google's search services' impact on the advertising sector**.
Source: **Google faces $6.6 billion lawsuit in Britain for alleged abuse of dominance in online search**
ESG Reference: Xhois Hatibi

Equinor (Integrated O&G | NO)

US orders halt to construction of Equinor's New York offshore wind project
U.S. Interior Secretary Doug Burgum ordered a halt to construction of **Equinor's Empire Wind project** off the coast of **New York**, citing insufficient **environmental analysis** by the **Biden administration**. This decision is a major setback for **Equinor** and the **U.S. offshore wind industry**, which had strong support under Biden's plan to **decarbonize** the power grid. **Equinor** received the stop-work order from the **U.S. Bureau of Ocean Energy Management** and is seeking clarification. The decision follows a review of offshore wind permitting ordered by **President Donald Trump**. Trade groups expressed disappointment, emphasizing the need for streamlined permitting amid rising **energy demand** and **consumer prices**. The **Empire Wind project**, approved in November 2023, aims to power **700,000 homes** and has already seen a **$2 billion** investment. **New York Governor Kathy Hochul** vowed to fight the federal decision, highlighting the project's economic benefits. The halt comes as the Trump administration accelerates **environmental reviews** for other projects. **Equinor** is also a significant investor in **U.S. oil and gas production**.
Source: **Reuters**
ESG Reference: Francesca Albino/ Gian Marco Marchetti

Chevron (Integrated Oil & Gas | US)

Chevron to pay $740 million to repair Louisiana's coastal wetlands that had been reportedly damaged by Texaco
A US jury has ruled that **Texaco** had been impacting **Louisiana's coastal wetlands** for decades, and **Chevron**, as its parent company, should pay **USD 740 million** to repair the damages. The ruling stems from a **lawsuit** filed against **Chevron** by **Plaquemines Parish** in **2013**. The lawsuit alleges that since **Texaco** began operating in the **1940s**, the company violated a **state coastal management law** by failing to repair weakened wetlands cut through by the company's drilling

of **canals** and **wells**. The company also allegedly discarded **billions of gallons** of **industrial wastewater** into the marsh, leading to degradation of **soil** and **vegetation**. These activities allegedly made the land more vulnerable to **rising sea levels**, **flooding**, and **extreme weather events**. **Louisiana's coastal parishes** have already lost over **2,000 square miles** of land, and **oil and gas companies** allegedly accelerated that land loss. The damages will allegedly compensate for **land loss**, **contamination**, and **abandoned equipment**.
Source: **Chevron ordered to pay more than $740 million to restore Louisiana coast in landmark trial**
ESG Reference: Francesca Albino/ Gian Marco Marchetti

DWS (Asset Management & Custody Banks | DE)

Deutsche Bank-owned asset manager DWS fined $27 million for greenwashing
German prosecutors fined **DWS 25 million euros** for **greenwashing**, accusing the firm of making **misleading claims** about its **environmental** and **social investing credentials**. The investigation revealed that **DWS** misled investors about its **ESG practices** from **mid-2020 to January 2023**. This fine follows a **$25 million settlement** in the **U.S.** for similar charges. **DWS** acknowledged past **marketing exaggerations** and stated it has improved its **internal processes**. The firm's shares fell **2%** following the announcement. The investigation was sparked by **whistleblower Desiree Fixler**, leading to the resignation of **CEO Asoka Woehrmann**.
Source: **Reuters**
ESG Reference: Xhois Hatibi

UBS (Investment Banking & Brokerage | CH) and other

UBS ditches weapons exclusion from sustainable investment criteria
UBS Asset Management has removed some **exclusions** on investments in **conventional weapons manufacturers** from its **sustainability funds**, amid a broader trend among **European money managers** to reconsider their policies due to rising **geopolitical tensions**. However, exclusions still apply to **controversial weapons** like **cluster munitions** and **biological weapons**. **UBS** did not provide a reason for this policy change. This change aligns with similar moves by **Allianz Global Investors** and **Danske Bank**. **Allianz Global Investors** has updated its **defence-related criteria** to ease restrictions on **military equipment** and **services** and lift a ban on **nuclear weapons-related activities** under the **Non-Proliferation Treaty** for almost all **Article 8 funds**. **AGI** will continue to exclude **banned weapons**, **nuclear weapons** outside the **NPT**, and weapons involving **white phosphorus** and **depleted uranium**. **Defence stocks** have surged in value as **European countries** increase **military spending**.
Source: **Reuters**
ESG Reference: Xhois Hatibi

SOVEREIGN

Spain

How did Spain's electricity grid collapse?
On Monday, Spain and Portugal experienced a **complete power outage**, the largest blackout in Europe in two decades. The failure has raised concerns about the **resilience of grid infrastructure** across Europe, especially as governments push for **renewable energy systems**. The cause is still under investigation, but initial reports suggest a sudden drop in **grid frequency** from 50 hertz to 49 hertz, leading to automatic shutdowns of power stations. The drop was possibly due to an **unexpected loss of generation** in southwest Spain, where many **solar plants** are located. Renewable energy sources, such as **solar and wind**, are more complex to manage due to their **weather-dependence** and lack of **inertia** compared to traditional power plants. At the time of the blackout, **solar power** accounted for more than 55% of Spain's electricity supply, contributing to grid instability. The incident has highlighted the need for **grid resilience** as countries increasingly rely on electricity for various needs, including **electric cars** and **data centers**. The **International Energy Agency** has warned of threats from **cyber attacks** and **climate change**. Efforts to improve grid stability include deploying **flywheels** and using **batteries** and **cables** for power import/export. The blackout may spur investment in **electricity transmission networks** and a focus on resilience. The European Commission plans to conduct an independent investigation into the cause of the blackout, with recommendations to be implemented by Brussels.
Source: **Financial Times**

China

1. China action on climate change will not slow despite global political changes
China's actions to address **climate change** will not slow down despite global political developments, **President Xi Jinping** said last week, according to the official **Xinhua news agency**. Xi made the remarks in a speech to a **video summit** initiated by the **United Nations** and **Brazil** to discuss **climate change** and the "**just energy transition**," Xinhua reported. Although some major countries are keen on **unilateralism** and **protectionism**, which have led to severe impacts on **international rules** and **international order**, history will always advance in twists and turns.

Xi did not directly mention the **United States**, which is locked in a **trade war** with **China** and has sought to accelerate **fossil fuel production** under **President Donald Trump**. **Brazil** will host the **COP30 climate change negotiations** this year and is hoping to persuade **China**, the world's biggest **energy consumer** and **greenhouse gas producer**, to make stronger pledges to cut its **emissions**. Countries were supposed to set new **2035 "nationally determined contributions" (NDCs)** by February this year, but only a small number have released their plans. **China** would announce its new goals before **climate talks** in **Belem** in **November**. The online meeting of heads of state is expected to address the **climate ambitions** of major economies, but **China** has repeatedly said its goals depend on its own requirements and capabilities.
Source: **Reuters**

2. China sets new clean electricity milestones during Q1 2025
China's **power system** achieved several new **clean energy generation records** in the first quarter of 2025, solidifying its position as the global leader in **clean electricity production**. Total clean electricity generation reached over **951 terawatt hours (TWh)**, the highest first-quarter total on record, up 19% from the same period in 2024. This growth significantly exceeded the pace in other major markets like **Europe** and the **United States**. Clean power's share of China's generation mix rose to a record **39%**, up from 34% last year.
Wind farms were the largest source of clean power, generating **307 TWh** and accounting for a record 13% share of total generation. **Solar farms** saw the largest output increase, expanding by 48% to **254 TWh**, with solar's share of total generation reaching a record 10%. New capacity allowed solar and wind to generate more electricity than hydro dams for the first time, with **hydro power** output up 7% to **226 TWh** and **nuclear output** up 13% to **117 TWh**.
Higher supplies of clean power enabled China's utilities to reduce output from **coal** and **natural gas** plants. Coal-fired power output declined by 4% to **1,421 TWh**, with coal's share of the generation mix falling to 58% from 63%. Gas-fired plant output also shrank by 4% to **67 TWh**, and total fossil fuel production dropped by 4% to **2,445 TWh**.
The 19% increase in clean power generation compares to a 6% expansion in the US and a 5% contraction in Europe. This follows China's 15% expansion in clean generation in 2024, more than double the growth in Europe and the US.
Source: **Reuters**

US

1. NYC pension funds to drop asset managers without strong net zero action plans
New York City Comptroller Brad Lander announced increased demands on **asset managers** for the city's **pension system** to align investments with the city's **climate goals**. This includes submitting strong **net zero action plans** and setting expectations for **portfolio companies** to establish full value chain **net zero goals**. **Lander** stated that asset managers failing to meet these requirements will be replaced. The **pension funds**, representing over **$280 billion** in assets, include **NYCERS**, **TRS**, and **BERS**. The new expectations respond to the impact of the **Trump administration**'s rollback of climate progress. The recent pullbacks on climate commitments by asset managers like **BlackRock**. The standards follow the 2022 launch of a **Net Zero Implementation Plan** aiming for net zero emissions by 2040. Asset managers must engage portfolio companies to drive real economy **decarbonization**, incorporate **climate risks** in investment decisions, and implement a **stewardship strategy**.
Asset managers should ensure portfolio companies measure and report **Scopes 1, 2, and 3 emissions**, set clear net zero goals, align capital expenditures and lobbying with climate targets, and consider impacts on workers and communities. Managers failing to submit adequate plans will have their investment strategy put out to bid.
The **New York State Common Retirement Fund** (Fund) committed an **additional** approximately **$2.4 billion** to **three funds** as part of its **Sustainable Investments and Climate Solutions** (SICS) **Program**, State Comptroller Thomas P. DiNapoli, trustee of the Fund, announced. To date, the **Fund** has deployed over **$26.5 billion**, toward its **goal of $40 billion**, to specific investment opportunities in the **SICS Program**. The Fund has made **commitments** to the **SICS Program** across **asset classes** including **public equity, fixed income, private equity, credit, real assets** and **real estate**.
Source: **ESG Today**

2. Trump signs orders aimed at reviving a struggling coal industry
President Trump recently signed a series of **executive orders** aimed at **revitalizing the coal industry** in the United States. These orders are designed to **expand coal mining and burning**, with the hope of reviving an industry that has been in decline for years. One of the key directives is for federal agencies to **repeal regulations** that are seen as discriminatory against coal production. This includes **opening new federal lands** for coal mining and exploring the potential for coal-burning power plants to support new **A.I. data centers**. Trump also announced plans to **waive certain air-pollution restrictions** that were put in place by the Biden administration. These restrictions had threatened the viability of dozens of coal plants, and by waiving them, Trump hopes to keep these plants operational. Additionally, he directed the Energy Department to develop a process for using **emergency powers** to prevent unprofitable coal plants from shutting down, a move that could face significant legal challenges. Despite these efforts, the coal industry has been on a **steady decline**. Over the past two decades, utilities have increasingly turned to **cheaper and cleaner energy sources** like natural gas, wind, and solar power. This shift has been a major factor in the reduction of U.S. emissions since 2005. In 2011, coal accounted for nearly half of the nation's electricity generation, but by last year, that figure had dropped to just 15 percent. Many coal-burning units have already been closed, and more are scheduled for retirement. The aging infrastructure of

coal plants makes them expensive to operate, and the idea of building new plants seems unlikely. **Industry executives warn** that shutting down coal plants could lead to power outages and higher electricity bills. E**nvironmental groups argue** that keeping these aging plants online will worsen air pollution and increase energy costs.
Source: **The New York Times**

3. How Tariffs Could Upend the Transition to Cleaner Energy
Under the administration of President Trump, the renewable **energy sector** in the United States **encountered substantial challenges**. Initially, federal support for **numerous renewable energy projects was suspended**, accompanied by a pronounced **shift towards fossil fuel exploitation**. Subsequently, the imposition of **tariffs exacerbated** the **situation**, significantly **increasing** the **costs** associated with **clean energy production components**, including steel for wind turbines and batteries for electric vehicles. These tariffs, which targeted imports from the European Union, China, and Southeast Asia, introduced **complexities** into the **U.S. energy mix**. While the **rising costs** impacted **both renewable** and **fossil fuel industries**, the **renewable sector was particularly affected**. Vanessa Sciarra, Vice President of Trade and International Competitiveness for the American Clean Power Association highlighted the **disruptive nature** of these policies, which **threatened** the **affordability** and **reliability** of **energy** by **severing supply chains**.
On a **global scale,** the **transition** towards **renewable energy continued**, largely driven by **China's capacity to produce cost-effective**, **high-quality solar panels**, **wind turbines**, and **lithium-ion batteries**. The United States heavily relied on these imports, but the **tariffs** posed significant **challenges** to maintaining this **supply**. Concurrently, countries such as **India** began **enhancing** their **domestic clean energy manufacturing capabilities**, benefiting from comparatively **lower tariff rates.** Despite the incentives provided by the 2022 Inflation Reduction Act, which encouraged some domestic manufacturing, **uncertainty** regarding **future policies** led **companies to delay new investments**. The broad-based nature of the tariffs rendered the **relocation** of **renewable energy production to the U.S. unlikely** in the long term, as **manufacturers faced** the **formidable task of restructuring entire supply chains**.
In this intricate landscape, the **renewable energy industry** in the United States navigated a series of **obstacles**, **balancing policy shifts, global market dynamics**, and the ongoing **pursuit** of **sustainable energy solutions**.
Source: **The New York Times**

EU

1. Europe's centre-right calls for softening of 2035 green car target
The EU should scrap its total ban on selling new cars with **combustion engines** after 2035 to help preserve its **vehicle industry**, according to **Manfred Weber**, leader of the European People's Party. Weber suggests that people should be able to buy **petrol and diesel cars** if the carbon emitted is offset. He proposes options like **hybrids** and **range extenders**. The EU is debating the 2035 ban due to turmoil in the **automotive industry**, with major carmakers like **Volkswagen** and **Bosch** announcing job cuts. The **UK** has adjusted its electric vehicle targets, allowing hybrids until 2035. The **European car industry body Acea** estimates that €67bn worth of automotive exports will be impacted by **US tariffs**. Despite lobbying, the 2035 ban remains, though it will be reviewed in 2026. **Wopke Hoekstra**, the EU's EPP climate commissioner, supports the 2035 law but acknowledges pressure for exceptions. **Electric vehicle sales** in the EU have increased, with significant growth in **Germany**. Weber emphasizes technological neutrality and innovation to meet EU carbon reduction targets.
Source: **Financial Times**

2. ESMA – Fund names: ESG-related changes and their impact on investment flows
Fund names are **important signals of a fund's investment strategy and portfolio composition**. However, when not properly determined, **fund names can also mislead investors**. ESMA examines the **evolution** of the **use of ESG words** in fund names, using a unique quarterly dataset that tracks EU investment funds over time since 2009. Funds have **increasingly used ESG language in their names**, particularly words relating to the **environment**. ESMA statistically examine the **financial incentives**, in the form of **net fund flows**, that fund managers may have for **adding** or **removing ESG language** from their name. **Funds adding ESG -related terms to their name enjoy a cumulative increase in flows** over the first year of **8.9%, all else being equal**. The effects appear to be driven by **funds adding E terms** to their name, **rather than S/G or sustainability -related terms**. These findings demonstrate the strong financial incentives for fund managers to consider adding ESG terms to the names of funds. They highlight the **importance** of the **ESMA Guidelines to help protect investors** by ensuring that, when a fund name includes ESG language, its **portfolio investments are aligned with investors' ESG preferences**. Preserving investor trust in green investment products is key to ensure that the financial system continues to support the transition to a more sustainable economy. ESMA conducts risk analyses such as these with a view to ensuring its overall risk assessment framework and monitoring activities are up to date with developments in EU financial markets. In this respect, **ESMA expects to incorporate the indicators developed in the present analysis and continue to monitor fund market trends and the impact of the Guidelines on EU funds**.
Source: **ESMA**

3. EU cuts emissions in carbon-intensive sectors by 50% since 2005

The EU Emissions Trading System (ETS) continues to show strong results, with greenhouse gas emissions in covered sectors falling by 5% in 2024, according to a new report from the European Commission. **This marks a total decline of approximately 50% since the system's launch in 2005**, putting the EU firmly on track to hit its 2030 target of a 62% cut. **The electricity generation sector remains the largest contributor to EU decarbonization**. In 2024, emissions fell 12% year-over-year, due to a significant shift in the energy mix: **renewables rose by 8%, nuclear by 5%, and gas and coal fell by 8% and 15% respectively**. Notably, **solar power surged by 19%, while hydropower also grew.** Wind power held steady despite weather-related challenges, and overall electricity production remained flat compared to 2023. **Energy-intensive industries held relatively stable emissions in 2024**, though performance varied: **fertilizer sector emissions rose 7%, aligning with a 6% increase in production while cement sector emissions dropped 5% reflecting a 5% fall in output**. **Aviation emissions grew 15%, driven partly by expanded ETS coverage to include non-domestic flights to and from EU outermost regions**. The ETS, which covers sectors such as oil refineries, steel, chemicals, and commercial aviation, **is expected to generate €40 billion in revenues from 2020–2030**, while continuing to tighten its cap and expand its scope.
Source: **ESG News**

UK

UK softens EV mandate to shield auto industry from Trump tariffs

Britain is rolling **back parts of its Zero Emission Vehicle (ZEV) Mandate** in a bid to **protect** its auto industry from the fallout of **new 25% tariffs on car imports imposed by Trump**. U.S. tariffs have hit UK automakers hard, especially those selling **high-end models to the U.S.**—the **UK's second-largest export market** after the EU. **The UK confirmed**:

- Reduced fines for missing EV targets.
- Exemption for micro-volume manufacturers like Aston Martin, Bentley, and McLaren.
- Extension of hybrid sales to 2035 (e.g., Toyota Prius, Nissan e-Power).
- £2.3B support package for EV manufacturing and adoption.
- No change to the 2030 phase-out date for new petrol and diesel cars.
- Over £6B in private investment pledged for EV chargepoint infrastructure.

While the softened rules give manufacturers room to adapt, **long-term competitiveness will depend on deeper structural reforms**, **consumer incentives**, and **alignment with EU standards**. Executives across the industry remain clear-eyed on the stakes: **without stronger demand signals and supply chain resilience, EV adoption could stall just as global competition intensifies.**
Source: **ESG News**

France

French government releases its updated National Hydrogen Strategy

After significant delays, **France's** government finally released its updated **National Hydrogen Strategy** (SNH). As mentioned by the government, over **150 projects** have been supported since the strategy's launch in 2020, with the creation of 8,000 direct jobs expected by 2030 and the emergence of key industrial hubs. The updated strategy responds to international competition and technological shifts by **adjusting electrolyser capacity targets to 4.5GW by 2030 (vs 6.5GW previously) & 8.0GW by 2035 (vs 10GW previously)** and by reinforcing the **development** of a **fully integrated domestic hydrogen value chain**. It prioritises the deployment of **local transport** and **storage infrastructure** within **hydrogen hubs** and commits to **improve regulatory** & **operational conditions**, covering grid access, land availability, training and permitting timelines. Within its updated Hydrogen strategic plan, the government introduces a **EUR4bn mechanism to support low-carbon hydrogen competitiveness over 15 years**, reopens calls for **technology-specific projects** and launches new incentives for **hydrogen mobility and synthetic fuels.** The new roadmap has been **welcomed** by the **industry group France Hydrogène** for providing a **long-awaited clear direction**, despite reduced capacity targets. Finally, France's government outlined low-carbon hydrogen remains largely underpinned to **electricity cost**, highlighting key mechanisms in place to support **electrolyser operators**. Despite scaled-down capacity ambitions, this long-awaited updated plan reinforces **France's role as a key player in the European hydrogen ecosystem**.
Source: **Les Echos**

REGULATION

EU Deforestation Regulation

EU Deforestation Regulation simplification

The European Commission has introduced simplifications to the EU Deforestation Regulation (EUDR) that are estimated to lead to a 30% reduction in administrative costs and burdens for companies. The simplification measures are:

- **Large companies can reuse existing due diligence statements** when goods, previously on the EU market, are reimported. This means that less information needs to be submitted in the IT system;
- An authorised representative can submit a **due diligence statement on behalf of members of company groups**;

- Companies will be allowed to **submit due diligence statements annually** instead of for every shipment or batch placed on the EU market;
- **Clarification of 'ascertaining' that due diligence has been carried out, so that large companies downstream benefit from simplified obligations.**

Both updated guidance and FAQ documents have also been shared. Going forward an Implementing Act from the Commission will finalise and adopt a country benchmarking risk system by no later than 30th June 2025.
Source: **European Commission**

EU Plastic Strategy

Commission welcomes provisional agreement to reduce microplastic pollution
The Commission welcomes the **provisional agreement** reached between the European Parliament and the Council on the **Commission's proposal to regulate and prevent microplastic pollution from plastic pellets**, across the value chain, including during transport, notably at sea. The new Regulation will **protect the environment** while ensuring that European industries can **continue to operate and expand sustainably**. To reduce administrative burden for **small companies**, the Commission successfully **advocated** to **limit** the **certification obligations** to companies **handling more than 1,500 tonnes of plastic pellets per year. Below this threshold, only a self-declaration will be required**. Economic operators and carriers will have to follow **best handling measures to prevent, contain and clean up losses.** These measures are based on industry best practices. For instance, they will have to ensure that the quality of the used packaging is good and stop using it if it is leaking or sifting. To contain spills, they will have to make use of catchment devices like spill trays, and when cleaning up is necessary, they will have to make use of vacuum cleaners with sufficient capacity. The **European Parliament** and the **Council** will now **formally** have to **adopt** the new **Regulation** before it can enter into force. It will then enter into **force 20 days after its publication** in the Official Journal of the EU.
Source: **European Commission**

UN International Maritime Organization (IMO)

UN IMO adopts global shipping fuel standard and carbon pricing rule by 2027
Global maritime shipping is poised for a **transformative shift** following a landmark agreement reached by the **UN International Maritime Organization** (IMO). The newly approved framework sets the sector on course for **net-zero emissions by 2050, with full implementation scheduled for 2027**.The regulations, which apply to **large ocean-going vessels over 5,000 gross tonnage**, cover approximately **85**% of the **sector's carbon emissions**. The deal amends MARPOL Annex VI, a global treaty addressing air pollution from ships, and **already binding on 97% of the world's merchant fleet by tonnage**. It introduces a two-pronged strategy:

- A **global fuel standard** that will incrementally lower the annual greenhouse gas intensity of marine fuels.
- A **carbon pricing system** requiring high-emitting vessels to purchase remedial units to offset emissions, while rewarding near-zero and zero-emission ships with financial incentives.

To ensure equitable implementation, the IMO will establish a **Net-Zero Fund** to **channel revenue from carbon pricing into research, innovation, and infrastructure in developing countries**. The fund will also mitigate economic disruptions for Small Island Developing States (SIDS) and Least Developed Countries (LDCs).
Formal adoption of the framework is expected in **October 2025**. If ratified, the rules will **come into force by 2027**.
Source: **ESG News**

"Stop-the-clock" Directive

MEPs agree to delay application of new rules
The European Parliament voted to postpone the application dates for new EU laws on due diligence and sustainability reporting requirements. **MEPs supported the Commission proposal with 531 votes for** and **69 against** as part of efforts to simplify and strengthen the EU's competitiveness. The new **due diligence rules** require companies to **mitigate** their **negative impact** on **people** and the **planet**. Member states will have an **extra year** – until 26 July 2027 – to **transpose** the rules into **national legislation**. The one-year extension applies to **EU companies** with **over 5,000 employees** and **net turnover higher than €1.5 billion**, and **non-EU companies** with a **turnover above** this **threshold** in the EU, with application starting in 2028. The same date applies to the **second wave of companies**: those in the EU with over 3,000 employees and net turnover higher than €900 million, and non-EU companies with turnover above that threshold in the EU. **Application** of the **sustainability reporting directive** will be **delayed** by **two years** for the second and third waves of companies. Large companies with more than 250 employees will report on their social and environmental measures for the first time in 2028, while listed small and medium-sized enterprises will provide it one year later.
Source: **European Parliament**

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