GENERALI ASSET MANAGEMENT

# ESG NEWS MONITORING, SOVEREIGN AND REGULATION

ESG Analysis Team

August 2025

*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.*

## ESG News Monitoring

- **Mitsubishi Corp (Trading Companies & Distributors | JP)**
  Mitsubishi withdraws from three Japanese offshore wind power projects

- **Norges Bank Investment Management (Government Wealth Fund | NO)**
  World's largest sovereign wealth fund exits Caterpillar and five banks on Israel concerns

- **Orsted A/S (Utilities | DK)**
  Trump administration halts Orsted's Rhode Island wind project, shares sink 17%

- **BP (Integrated Oil & Gas | UK)**
  JERA and bp launch offshore wind joint venture JERA Nex bp

- **Danske Bank (Banks | DK)**
  Denmark's largest bank maintains climate commitment and divests from over 1700 fossil fuel companies

- **BHP (Metals and Mining - Non-Precious Metals | AU)**
  BHP and Vale offer $1.4 billion to settle lawsuit over the alleged impacts of its 2015 Mariana dam collapse in Brazil

- **UBS (Investment Banking & Brokerage | CH) and others**
  UBS joins exodus from climate banking alliance

## Sovereign

- **EU**
  1. Petrol, diesel phase-out now unfeasible, carmakers claim
  2. Commission approves €11 billion French State aid scheme to support offshore wind energy

- **US**
  1. US to retaliate against IMO members that back net zero emissions plan
  2. US Energy Department plans to invest nearly $1bn to enhance the production and supply of critical minerals
  3. EPA cancels $7 billion Biden-era grant program to boost solar energy

- **Italy**
  Italy approves nearly $700 million in new subsidies for EVs

- **China**
  China's carbon market to introduce absolute emissions caps from 2027

- **Germany**
  1. German cabinet approves bill to accelerate carbon storage infrastructure
  2. Germany moves to fast-track geothermal energy projects

## Regulation

- **Chinese Green Finance Taxonomy**
  China releases a new green finance taxonomy

- **UN Global Plastic Treaty**
  No end in sight to plastic pollution crisis as treaty negotiations in Geneva fail

# ESG NEWS MONITORING

## 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

## Norges Bank Investment Management (Government Wealth Fund | NO)

***World's largest sovereign wealth fund exits Caterpillar and five banks on Israel concerns***

Norway's sovereign wealth fund, managed by Norges Bank Investment Management (NBIM), has **divested** from **U.S.** machinery giant **Caterpillar** and **five Israeli banks** due to **concerns** over their **involvement** in **human rights violations** linked to the **conflict** in the **West Bank**. The fund, valued at around **$2 trillion**, cited an "**unacceptable risk**" that these companies contribute to **serious violations in war** and **conflict zones.** Caterpillar's bulldozers were reportedly used by Israeli authorities in the **unlawful destruction of Palestinian property**, while the **banks** provided **financial services** for **construction** in **Israeli settlements** deemed **illegal under international law**.

This move follows mounting **political** and **public pressure in Norway**, especially ahead of upcoming elections, and reflects **NBIM's ethical guidelines**. The fund had a **$2.4 billion stake in Caterpillar** and held investments in **First International Bank of Israel**, **FIBI Holdings**, **Bank Leumi**, **Mizrahi Tefahot Bank**, and **Bank Hapoalim**. NBIM also announced plans to **sell all holdings in Israeli companies outside its equity benchmark index** and to **terminate contracts** with **Israeli asset managers**.

**Source:** Reuters

**ESG Reference:** Andres Gallego Reyes

## Orsted A/S (Utilities | DK)

***Trump administration halts Orsted's Rhode Island wind project, shares sink 17%***

The Trump administration has ordered a **halt** to **construction** on **Ørsted's Revolution Wind project**, a **nearly completed offshore wind farm** off the coast of Rhode Island. The Bureau of Ocean Energy Management (BOEM) issued the stop-work order citing **national security concerns** and **potential interference with other uses of U.S. territorial waters**. The project, which is **80% complete** with **45** of its **65 turbines installed**, was expected to begin **delivering power** to Rhode Island and Connecticut in **2026**, supplying electricity to around **350,000 homes**.

The halt comes amid Ørsted's **broader financial struggles**, including a **planned $9.4 billion rights issue** to stabilize its **capital structure.** The company has faced **rising costs** due to **inflation** and **supply chain disruptions**, and the **stop-work order adds further uncertainty** to its U.S. offshore wind portfolio. Critics argue the move reflects a **broader political stance against renewable energy** under the Trump administration, which has introduced new layers of review and investigations into the national security implications of imported wind components. Industry groups warn that such actions could **undermine investor confidence in U.S. clean energy projects**.

**Source**: Reuters

**ESG Reference:** Lorenzo Angeletti

## BP (Integrated Oil & Gas | UK)

**JERA and bp launch offshore wind joint venture JERA Nex bp**

JERA and bp have officially launched **JERA Nex bp**, a **50:50 joint venture** focused on **offshore wind energy**. The new company starts with a robust portfolio that includes **1GW of installed capacity**, **a 7.5GW development pipeline**, and **4.5GW of secured leases**, totaling **13GW in net potential generating capacity**. JERA Nex bp will prioritize the **development** of **existing projects** while continuing to **operate assets in Europe and Asia**. It aims to optimize its portfolio based on **value** and **leverage external capital** and **competitive financing.** Led by CEO Nathalie Oosterlinck and headquartered in London, the venture combines **JERA's operational expertise** with **bp's offshore energy experience**. The partnership is seen as a strategic move to **accelerate global offshore wind development** and support the **transition** to a decarbonized energy future.

**Source**: bp

**ESG Reference:** Gian Marco Marchetti

### Danske Bank (Banks | DK)

**Denmark's largest bank maintains climate commitment and divests from over 1700 fossil fuel companies**

Danske Bank has completed a major shift in its investment strategy by **divesting** from **over 85% of the fossil fuel companies** previously included in its portfolios. This move **reduces** its **fossil fuel investment universe** from approximately **2,000 companies** in 2024 to just **around 270** in 2025. The decision stems from a **newly implemented methodology** that **prioritizes companies** with **credible low-carbon transition plans aligned with the Paris Agreement** and **broader climate goals**. The **bank's Net-Zero Pathway Framework**, based on the **Transition Pathway Initiative** (TPI), **evaluates fossil fuel** companies on two dimensions: **management quality**—how well they handle emissions and transition risks—and **carbon performance**—how their emissions targets align with global climate objectives. Companies **failing** to meet these standards were **excluded** from Danske Bank's investment universe. The bank also clarified that **some funds** remain **unaffected** by the new methodology to **accommodate diverse customer needs**, and that its approach will continue to evolve with societal and regulatory developments

**Source:** **Bloomberg**

**ESG Reference:** Andres Gallego Reyes

### BHP (Metals and Mining - Non-Precious Metals | AU) and other

**BHP and Vale offer $1.4 billion to settle lawsuit over the alleged impacts of its 2015 Mariana dam collapse in Brazil**

**BHP** and **Vale** have offered **USD 1.4 billion** to settle a **UK class action lawsuit** related to the **alleged impacts** of the **2015 Mariana dam**. The dam, containing **mining waste,** was reportedly **operated** by **Samarco**, a joint venture between the two companies. Reportedly, the incident **swamped** nearby **villages**, caused **19 fatalities**, and **contaminated hundreds** of kilometers of **waterways**, marking one of **Brazil's worst environmental disasters**. Reportedly, both companies have **settled with Brazilian authorities** in **2024**, bringing **total indemnity bill to USD 30 billion** over 20 years.

**Source:** **Financial Times**

**ESG Reference:** Francesca Albino

### UBS (Investment Banking & Brokerage | CH) and others

**UBS joins exodus from climate banking alliance**

UBS has announced its **departure** from the **Net-Zero Banking Alliance** (NZBA), joining a growing list of major banks—including **Barclays**, **HSBC**, **JPMorgan, Citi, Morgan Stanley, Macquarie, and Bank of Montreal**—that have exited the group in recent months. The NZBA, formed in 2021, was designed to **help banks align with global climate goals** by setting **emissions reduction targets** and **funding environmentally friendly initiatives**. UBS stated that while the alliance had been **helpful** in **establishing initial frameworks** for climate-related target setting, the bank has since **developed** its **own internal capabilities** and **no longer sees the need to remain a member**. This decision comes amid **increasing political scrutiny**, particularly in the U.S., of **financial institutions** perceived as **supporting pro-climate policies.** The **NZBA** has recently **relaxed** some of its **membership requirements** to retain members, citing the **slow pace of change in the real economy** and the need to **appeal to emerging market lenders**. Despite these adjustments, the departure of high-profile members has raised concerns about the **alliance's future effectiveness**.

**Source:** **Reuters**

**ESG Reference:** Andres Gallego Reyes

## SOVEREIGN

### EU

**1. Petrol, diesel phase-out now unfeasible, carmakers claim**

European carmakers and suppliers, represented by ACEA and CLEPA, have warned that the **EU's strict emissions targets** for **2030** and **2035** are **no longer feasible** due to **shifting geopolitical** and **economic conditions**. In a joint letter to European Commission, they argued that the **current strategy relies too heavily on legal mandates** and **penalties**, without providing the necessary **infrastructure**, **incentives**, or **supply chain resilience** to **support** the **transition** to **zero-emission vehicles**.

The industry groups cited **high electricity costs, dependency on Asian battery suppliers**, and **new U.S. tariffs** as major **obstacles**. They called for a **broader**, **more flexible approach** that includes **plug-in hybrids**, **hydrogen vehicles**, **efficient internal combustion engines**, and **low-carbon fuels**. They also urged the EU to **expand demand-side incentives** such as tax breaks and subsidies, and to **simplify regulations** to support innovation and competitiveness.

The upcoming **Strategic Dialogue on 12 September** is being framed by the industry as a **critical opportunity** to recalibrate EU policy. Meanwhile, critics like Belgian MEP Sara Matthieu argue that **weakening environmental laws risks ceding** the **electric vehicle market** to **China** and **undermining climate goals**.

*Source*: **Euractiv**

**2. Commission approves €11 billion French State aid scheme to support offshore wind energy**
The European Commission has approved a **€11 billion French subsidy scheme** to support **offshore wind energy**, aligning with the **Clean Industrial Deal** and **EU climate goals for 2030**. The **20-year program** will fund the **construction** and **operation** of **three floating offshore wind farms**—one off Southern Brittany and two in the Mediterranean—each with a capacity of around **500 MW**. Aid will be awarded through **competitive bidding** and **structured** as a two-way contract for difference, ensuring financial stability for developers while protecting public funds. The scheme also includes measures to **diversify supply chains** and **reduce reliance on Chinese imports**. The Commission deemed the initiative necessary and proportionate to accelerate the transition to a net-zero economy.
*Source*: **European Commission**

## US

**1. US to retaliate against IMO members that back net zero emissions plan**
The United States has officially **rejected** the **International Maritime Organization's** (IMO) **Net-Zero Framework**, a global initiative aimed at reducing greenhouse gas emissions from the shipping sector. In a joint statement, senior Trump administration officials **criticized** the framework as a "**global carbon tax on Americans**" and warned of **potential retaliation against countries that support it**. The IMO's proposal, **backed by 63 member states** including China, Brazil, and EU nations, includes **new fuel standards** and a **global pricing mechanism for emissions**. These measures are designed to **help the shipping industry meet net-zero goals by 2050**. However, the U.S. argues that the **framework unfairly benefits** countries like **China** and **penalizes American shipping companies** by mandating **expensive fuels** and **excluding technologies** such as LNG and **biofuels**, where U.S. industry leads. The Trump administration's stance comes ahead of a **critical vote in October**, which will require a **two-thirds majority among IMO members** to **adopt** the **framework**.
*Source*: **Reuters**

**2. US Energy Department plans to invest nearly $1bn to enhance the production and supply of critical minerals**
The U.S. Department of Energy has announced its intent to issue nearly **$1 billion** in **funding opportunities** to strengthen **domestic supply chains** for **critical minerals and materials**. These funding initiatives aim to **reduce reliance** on **foreign sources**, **enhance national security**, and **support industrial competitiveness** by advancing technologies in **mining, processing, and manufacturing**. **$500mn** will be allocated to **battery materials processing**, **manufacturing**, and **recycling**. Additional funding includes **$250mn** for **industrial facilities** to produce **mineral byproducts**, **$135mn** to **enhance rare earth element supply chains**, **$50mn for the Critical Minerals** and **Materials Accelerator program**, and **$40mn** for an ARPA-E program to develop technologies for **recovering critical minerals** from industrial wastewater
*Source*: **DOE**

**3. EPA cancels $7 billion Biden-era grant program to boost solar energy**
The Trump administration has officially terminated the **$7 billion Solar for All program**, a key initiative launched under the **Biden administration** to **expand solar energy access** for over **900,000 low-income households** across the U.S. The Solar for All program had awarded grants to **60 recipients**, including state agencies, tribal governments, and non-profits, to fund **rooftop solar installations** and **community solar projects**. These projects were expected to **reduce household electricity bills by up to 20%,** create **hundreds of thousands of jobs**, and **cut over 30 million metric tons** of **$CO_2$ emissions** over their lifetime. Only **$53 million of the $7 billion had been spent** when the program was halted. The move has sparked **widespread backlash**. Critics, including environmental groups, tribal leaders, and Democratic lawmakers, **argue the termination is illegal** and **politically motivated**. Legal challenges are already underway, with organizations like the Southern Environmental Law Center pledging to take the EPA to court.
*Source*: **Associated Press**

## Italy

**Italy approves nearly $700 million in new subsidies for EVs**
Italy has approved a **€600 million** subsidy program to **boost electric vehicle** (EV) **adoption**, targeting both **individuals** and **small businesses** in **urban areas** to combat pollution and improve air quality. **Funded** through the **European Union's post-COVID National Recovery and Resilience Plan** (PNRR), the initiative aims to **support** the **purchase** of **at least 39,000 zero-emission vehicles by June 2026**. The program is designed to address **Italy's lagging EV market**, where **battery electric vehicles accounted for only 6%** of **new car sales in June 2025**, compared to **over 15% across the EU**. This initiative not only supports cleaner mobility but also aims to **protect domestic auto industry jobs**, particularly at companies like Stellantis, and aligns with broader EU goals to phase out fossil fuel vehicles by 2035.
*Source*: **Reuters**

## China

**China's carbon market to introduce absolute emissions caps from 2027**

China has announced a major shift in its carbon trading strategy by introducing **absolute emissions caps** in **select industries starting in 2027,** marking a significant **tightening** of its **national carbon market.** This move will initially target sectors with **relatively stable emissions** and is part of a broader plan to fully establish a **nationwide emissions trading scheme** (ETS) by **2030**. Currently, **China's ETS operates** on **carbon intensity benchmarks**, which allow companies to emit a **certain amount of carbon per unit of output**. Under the new system, companies will face **fixed emissions limits**, making it **more stringent** and aligned with **global best practices**. The ETS will also feature a **mix of free** and **paid carbon emissions allowances** (CEAs), and companies **exceeding** their **quotas** will need to **purchase additional allowances**, while those **emitting less can sell their surplus**. The reform aims to **expand** the **ETS** to **cover major carbon-emitting industries,** with analysts expecting sectors like **chemicals**, **petrochemicals**, **papermaking**, and **domestic aviation** to be included. This builds on previous plans to **incorporate steel, cement**, and **aluminum**, which together account for about **60% of China's greenhouse gas emissions**. Importantly, the regulation will also **allow banks** and **financial institutions** to **participate** in the **carbon market**, potentially **increasing liquidity** and **market efficiency**.
*Source*: **Reuters**

## Germany

**1. German cabinet approves bill to accelerate carbon storage infrastructure**
Germany's federal cabinet has approved a reform to **accelerate carbon capture and storage** (CCS) and **carbon capture and utilization** (CCU) **technologies** as part of its plan to reach **carbon neutrality by 2045**. The updated law allows **offshore $CO_2$ storage** in the North Sea, while **onshore storage remains banned** unless individual states opt in. $CO_2$ pipelines are now considered in the **public interest**, **easing approval processes and allowing land expropriation** if needed. The reform **prioritizes CCS for industries** like **cement** and **waste incineration**, **excludes coal plants**, and aligns with EU climate goals to provide **legal clarity** and **attract investment**.
*Source*: **Reuters**

**2. Germany moves to fast-track geothermal energy projects**
Germany's federal cabinet has approved a draft law to **fast-track geothermal energy** development as part of its plan to **eliminate fossil fuel-based heating by 2045**. The legislation designates geothermal projects as being of "**overriding public interest**," granting them the **same legal priority as wind and solar energy**. It streamlines permitting processes by introducing **fixed deadlines, simplifying subsurface mapping**, and **aligning mining, water**, and **environmental laws** under a **unified framework**. The move responds to **rising energy costs** and **geopolitical instability** following Russia's invasion of Ukraine, which exposed vulnerabilities in Germany's heating infrastructure. A 2023 Fraunhofer Institute study found that **geothermal energy could meet up to 26% of Germany's annual heating demand**, but development has been hindered by regulatory delays and local opposition. The draft law also encourages **investment** in **thermal storage** and **hybrid heating networks**, and includes provisions to **relax restrictions on exploration**. It now heads to the Bundestag and Bundesrat for final approval, with implementation **expected in early 2026**.
*Source*: **Reuters**

# REGULATION

## Chinese Green Finance Taxonomy

**China releases a new green finance taxonomy**
China has introduced a **unified classification system for green finance** with the release of the **Green Finance Endorsed Project Catalogue**, set to take effect on **October 1, 2025**. Developed by the People's Bank of China, the National Financial Regulatory Administration, and the China Securities Regulatory Commission, the catalogue **consolidates standards** for **green bonds** and **loans**, though it **excludes equities**. It aims to improve **market liquidity**, **streamline asset management,** and **lower project identification costs**. The new system **expands eligible categories** to include **energy conservation, carbon reduction**, **environmental protection**, **resource recycling**, **green infrastructure**, and **services**. Notably, it **adds "green trade**" and "**green consumption**," and introduces a **secondary category** for **decarbonizing hard-to-abate industries**. While partially **aligned with international standards like ICMA's** Green Enabling Project Guideline, the catalogue includes **more flexible criteria** for **qualifying green activities**, reflecting China's broader approach to sustainable finance.
*Source:* **ESG Today**

## UN Global Plastic Treaty

**No end in sight to plastic pollution crisis as treaty negotiations in Geneva fail**
Negotiations to finalize a global treaty aimed at **curbing plastic pollution collapsed** in **Geneva**, leaving **no immediate path forward for collective international action**. After 11 days of talks among representatives from 184 countries, delegates **failed to agree on a draft treaty**, largely due to **deep divisions** over **whether to impose limits on plastic**

**production** and **regulate toxic chemical additives**. The deadlock was driven by opposition from **major oil-producing nations** like the United States, Saudi Arabia, and Kuwait, who **resisted binding caps on plastic output**. The breakdown is especially concerning given the scale of the crisis: **over 400 million tons of plastic are produced annually**, and that figure could **rise by 70% by 2040** without intervention. While many countries **advocated for strong measures** to reduce **production** and **address chemical toxicity**, others insisted on focusing **solely** on **recycling**, **waste management**, and **product design improvements**. For now, the treaty remains stalled, and the global fight against plastic pollution faces an uncertain future.
*Source:* **Associated Press**