



MONTHLY ESG NEWSLETTER

June 2025

**ARWIN &
PARTNERS**

Sustainability matters!

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ESG REGULATORY UPDATES | 1

MAY 2025



ECB Opinion on proposals for amendments to Corporate Sustainability Reporting and Due Diligence requirements

- The European Central Bank (ECB) supports the Commission's proposals to simplify and delay the application of the CSRD and CSDDD, while stressing the need to maintain harmonized, reliable and decision-useful sustainability information for investors, financial institutions and public authorities
- The ECB underscores the high-quality ESG data is critical for financial stability, banking supervision, monetary policy and for managing climate and transition risks
- The ECB recommends extending the scope of reporting obligations to include medium-sized and large companies, as well as all significant financial institutions. It also calls for retaining the option to adopt sector-specific standards and improving data assurance through robust audits and the issuance of timely, binding guidelines

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Eurosif on Omnibus: Inclusive ESG Reporting and Stronger EU Framework

- Eurosif proposes extending sustainability reporting obligations to companies with more than 250 employees, while preserving the principle of double materiality to ensure investors' access to relevant ESG data
- Recommends maintaining the requirement for companies to develop and implement climate transition plans and supports a risk-based due diligence approach aligned with international standards. At the regulatory level, Eurosif backs the introduction of a single EU-wide civil liability regime to ensure legal coherence
- Also calls for broadening the scope of the taxonomy to include simplified metrics for medium-sized companies and lowering the materiality threshold from 10% to 5% to enhance coverage of sustainability-relevant economic activities

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Commission amends State aid rules to provide public access to justice in environmental matters

- The European Commission has amended State aid rules to allow environmental NGOs to request a review of final State aid decisions that may breach EU environmental law. Eligible NGOs must meet criteria regarding independence, non-profit status, and environmental expertise
- These changes address findings by the Aarhus Convention Compliance Committee, which noted that the public previously lacked the ability to challenge State aid decisions potentially violating EU environmental law
- Review requests must be submitted within 8 weeks of the State aid decision's publication. The Commission will respond within 16 weeks (extendable to 22 weeks), and both requests and responses will be published online. The Commission's reply can be challenged before the Court of Justice of the EU

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ESG REGULATORY UPDATES | 2

MAY 2025



Technical Standards under the Regulation on Transparency and Integrity of ESG Rating Activities

- The new Regulation, published on 27 November 2024, aims to enhance the reliability, transparency, and quality of ESG ratings, supporting the EU's broader sustainable finance objectives
- ESMA is mandated to draft Regulatory Technical Standards (RTS) by 2 October 2025, covering key areas such as the authorisation of ESG rating providers, separation of activities, prevention of conflicts of interest, and disclosure obligations
- The RTS define requirements for applications, organisational safeguards, and transparency measures, while ensuring proportionality and simplified processes for smaller providers. These standards are expected to increase market confidence and promote greater consistency across ESG rating methodologies within the EU

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Carbon tax: European Parliament approves proposals to simplify European rules

- The European Parliament has approved technical amendments to the Carbon Border Adjustment Mechanism (CBAM), introducing a minimum threshold of 50 tonnes for the application of the tax. This change will exempt around 90% of importers—mainly small and medium-sized enterprises and private individuals—without undermining the environmental goals of the mechanism
- Despite these simplifications, the CBAM will continue to cover 99% of CO₂ emissions linked to imports of high-emission goods such as iron, steel, aluminium, cement, and fertilisers, thus preserving its core climate ambition
- Parliament is now ready to enter negotiations with the Council to finalise the legislation, with the aim of ensuring legal certainty, administrative clarity, and the effective implementation of the mechanism across the EU

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Release of the VSME Digital Template, XBRL Taxonomy & Converter

- On May 27, 2025, EFRAG published a digital package to support unlisted SMEs in ESG reporting, including an Excel template, XBRL taxonomy, and open-source converter
- The tools simplify reporting through automated features, consistency checks, and direct links to VSME guidelines, requiring no technical expertise
- This initiative helps SMEs meet rising ESG data demands from investors and financial institutions, while easing administrative burdens and improving access to sustainable finance. It fosters transparency and aligns SMEs with evolving EU sustainability expectations. The resources are freely available on EFRAG's website to encourage widespread adoption. A dedicated Q&A section and guidance materials also support users in navigating the new digital tools

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INSIGHTFUL ESG REASERCH

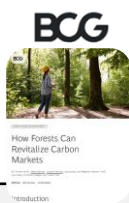
MAY 2025



Water Investment Rises in 2025

- 96% of global decision-makers plan to maintain or increase water sector investments in 2025, with growing focus on innovation, digitalization and climate resilience. Asia, the United States and Europe are the most dynamic regions
- Two-thirds favor minority private sector involvement in water management, rejecting both full privatization and fully public models. Mixed ownership and concession structures are the most preferred
- Water scarcity, technology costs, and regulatory uncertainty are the main challenges. However, the adoption of emerging technologies and the integration of water into ESG frameworks are seen as key drivers of transformation

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Forests Can Revitalize Carbon Markets

- Forests should be managed as regenerative assets that provide social and economic value. Strategic management can optimize CO₂ sequestration and deliver co-benefits such as biodiversity protection and community well-being
- Trust in voluntary carbon markets (VCMs) relies on transparency and credibility. It is essential to adopt rigorous methodologies—such as IC-VCM standards—to ensure measurable and additional emission reductions
- Forest projects like IFM and ARR can be combined with sustainable timber harvesting, increasing long-term economic value by up to 50% and making VCMs more stable and attractive to investors

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IOSCO Sustainable Bonds Report

- In 2024, the sustainable bond market exceeded USD 5.7 trillion. International Organization of Securities Commissions (IOSCO) conducted the study to help regulators understand these bonds' unique features, related risks, and regulatory approaches across countries
- Sustainable bonds are divided into two types: "use-of-proceeds" (for specific environmental or social projects) and "sustainability-linked" (tied to issuer's sustainability goals). The report highlights their features, various labels, risks like greenwashing, and the absence of global standardization
- IOSCO recommends clearer rules, consistent bond classification, better transparency, independent reviews, and education programs to strengthen the sustainable bond market

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Modelling transition risk-adjusted probability of default

- The study introduces a method to assess how climate transition risk affects short-term default probability by linking emissions data with financial performance
- The model simulates EU-ETS futures prices and extreme risk scenarios to assess the impact of emission-related costs on corporate balance sheets, providing a more accurate estimate of transition risk compared to NGFS methods
- The framework aligns transition risk with the one-year credit assessment horizon, allowing for timely updates, and also captures improvements for companies that implement emission reduction strategies

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Guidelines on ESG Funds' Names

- One year after the introduction of ESMA's ESG fund naming guidelines, the number of funds using ESG-related terms in their names dropped by just 8%. However, approximately 19% of funds underwent rebranding – often by removing or replacing terms like "ESG" and "sustainable" to meet the new criteria
- Interestingly, about 40% of the funds that removed ESG references continued to present themselves with an ethical positioning by adopting alternative wording
- The mandatory exclusions imposed by the regulation have had uneven effects on fund portfolios: some funds adjusted their holdings accordingly, while others made only branding changes. This raises concerns about greenwashing and highlights the need for investors to verify actual ESG alignment beyond the label

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INSIGHTFUL ESG NEWS

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la Repubblica

ESG: EU changes confuse firms, but value remains

The European Commission may ease CSRD requirements, excluding up to 80% of companies. Only firms with over 1,000 employees and €50M turnover would remain subject. Deadlines are expected to be postponed: two years for CSRD, one for CSDDD. Despite confusion, ESG reporting is increasingly seen as a strategic asset

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Reuters

Global Banks Prioritize Climate Risk

Global banking regulators, through the Basel Committee, have agreed to prioritize the management of financial risks from climate change, particularly those driven by extreme weather events. The Committee will develop a voluntary climate risk disclosure framework for national adoption. This marks a significant step toward aligning global financial oversight with climate objectives

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Reuters

World's first e-methanol plant launches

The world's first commercial-scale e-methanol plant has opened in Denmark. The €150 million facility, a joint venture between European Energy and Japan's Mitsui, will produce 42,000 tonnes per year of the low-emission fuel, made using renewable electricity and captured CO₂, to help decarbonize sectors like shipping and heavy industry

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ETicaNews

On the markets, the spring ESG revival

ESG investments are showing signs of resilience in spring 2025. Despite market volatility and political pushback, ESG strategies have defensive qualities and solid performance, outperforming major indices like the S&P 500 and MSCI World. Structural drivers such as decarbonisation and sustainability continue to attract investor interest, indicating a positive outlook for ESG investments

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FINANCIAL TIMES

Republican tax cut plan would gut US clean energy

U.S. Republicans are proposing legislation to eliminate subsidies for renewable energy and electric vehicles, aiming to fund Trump's proposed tax cuts and dismantle Biden's climate agenda. The bill seeks to gradually phase out tax credits from the Inflation Reduction Act and impose restrictions on foreign companies, particularly those backed by China

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FINANCIAL TIMES

California sues Trump over EV charging Funds

The executive order signed by Trump suspended over \$300 million in funding for California, harming jobs and technological innovation. The cuts targeted climate-related initiatives supported by the state. Governor Gavin Newsom and Attorney General Rob Bonta condemned the move as an attack on climate action and a gift to China

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ESG DIVE

Microsoft's Biochar Deal Breaks Record

Microsoft has signed a 10-year agreement with Bolivia-based Exomad Green to remove 1.24 million tonnes of carbon dioxide through biochar projects. The deal marks the largest carbon removal agreement to date using this technology, reinforcing the company's commitment to ambitious climate goals and innovative decarbonization solutions

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Italian industry embraces pragmatic sustainability

Italian industry is undergoing a sustainable transformation with an approach that balances environmental ambition, economic realism and technological innovation. Companies are developing strategies that respond to global climate challenges, ensuring industrial competitiveness. This marks a step towards alignment with international ESG standards and long-term value creation

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ESG & SUSTAINABILITY UPCOMING EVENTS

JUNE 2025



Hamburg Sustainability Conference: 2-3 June 2025

A high-lever summit uniting leaders from politics, business, and civil society to turn bold sustainability ambitions into measurable impact through dialogue and collaboration

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Hamburg



ECOSUMMIT Berlin: 3-4 June 2025

Celebrating its 15th anniversary, the event fosters collaboration to decarbonize the economy and accelerate sustainable technologies

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Berlin



3rd ESG & Sustainability Reporting Summit: 5-6 June 2025

The summit gathers ESG, governance and compliance experts to explore innovative solutions for effective ESG data measurement and reporting, aligned with regulatory requirements and stakeholder expectations

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Berlin



International Conference on Climate Change and Environmental Sustainability: 9-11 June 2025

An international forum uniting scientists, policymakers, industry leaders and sustainability experts to share insights, showcase innovations and share strategies to tackle climate change

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Amsterdam



ESG Fintech Summit: 11 June 2025

The event brings together a high-level audience of CSOs, CPOs, CFOs, and CEOs to accelerate sustainability efforts and support businesses in becoming more sustainable, faster

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London



Global Sustainable Development Congress: 16-19 June 2025

The event convenes leaders from academia, politics and business to advance partnership and implement tangible solutions in support of the UN Sustainable Development Goals

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Istanbul



Reset Connect London: 24-25 June 2025

The flagship event of London Climate Action Week, Reset Connect showcases innovation in clean energy, green finance and impact investing to accelerate net-zero strategies and drive sustainable growth

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London

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ESG CONFERENCES ORGANIZED BY INVESTMENT BANK AND BROKERS

ANNUAL LIST

Organiser	Event Name	Mode	Location	Date	Hyperlink (if any)
 responsible investor	Responsible Investor Europe 2025	In-person	London, UK	11-12 June 2025	Responsible Investor Europe
 ECONOMIST IMPACT	5th annual Sustainability Week US	In-person	New York, US	12 June 2025	Energy innovation and environmental stewardship
 EY Group THE ESG KNOWLEDGE COMPANY	ESG Business Conference	In-person	Milan, IT	18 June 2025	ESG Business Conference
 European Center of Sustainable Development	The 13th ICSD 2025	In-person	Rome, IT	10-11 September 2025	International Conference on Sustainable Development
 Sustainable Fitch A Fitch Solutions Company	Sustainable Debt Americas 2025	In-person	New York, US	18 September 2025	Environmental Finance's Sustainable Debt Americas 2025
 MORNINGSTAR	Sustainable Investing Summit 2025	In-person	Amsterdam, NED	18-19 September 2025	Sustainable Investing Summit 2025
 Kepler Cheuvreux	Energy Services & Transition Enablers Conference	In-person	London, UK	30 September-1 October 2025	Energy Services & Transition Enablers Conference
 Sustainable Fitch A Fitch Solutions Company	The Future of ESG Data EMEA	In-person	London, UK	13 October 2025	The Future of ESG Data EMEA
 Reuters Events	Sustainability Europe 2025	In-person	London, UK	21-22 October 2025	Sustainability Europe 2025
 Jefferies	Renewables & Clean Energy Conference US	In-person	New York, US	3-5 December 2025	Renewables & Clean Energy Conference US

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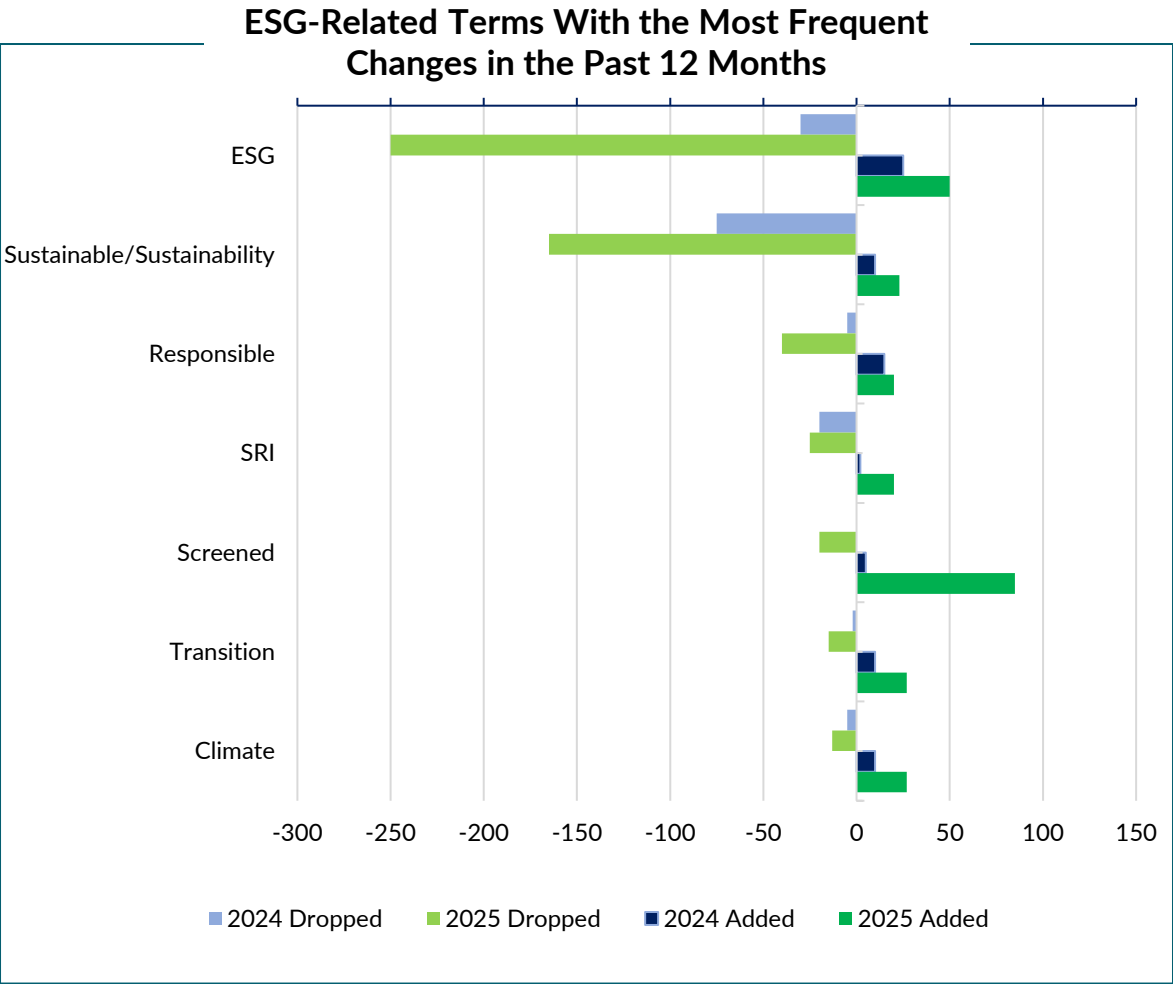
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GUIDELINES ON ESG FUNDS' NAMES

"ESG" AND "SUSTAINABLE" TOP THE MOST POPULAR KEY TERMS REMOVED




Rebranding of ESG Funds – Key Trends

➤ **"ESG" and "Sustainable" dropped:** these are the most removed terms in the past 12 months, often to comply with ESMA rules or reduce ESG emphasis without changing the strategy

➤ **Shift to vaguer terms:** many funds, especially passive, now use terms like "screened," "select," or "committed" to signal ESG intent while staying within regulatory boundaries


➤ **Notable examples:** JPMorgan and DWS funds removed ESG terms but still apply exclusions and promote environmental/social characteristics

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