



MONTHLY ESG NEWSLETTER

October 2025

**ARWIN &
PARTNERS**

Sustainability matters!

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ESG REGULATORY UPDATES

October 2025

Eurosif

eba European Banking Authority

News European Parliament

ESMA European Securities and Markets Authority

Investor and business joint statement on Omnibus initiative

- The article highlights the need of protecting core EU sustainability rules. 475 organizations urge EU leaders to safeguard CSRD, ESRS and CSDDD as vital tools for competitiveness, clean investment, and harmonized capital markets
- The signatories advocate sensible streamlining that lowers the burden of implementation without weakening the existing rules' ambitions or benefits. Any reform should preserve the fundamental principles of the existing rules
- Five non-negotiable areas to safeguard: double materiality, meaningful company scope (500+ employees), flexible value chain reporting, credible climate plans, and risk-based due diligence under the CSDDD

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The ESAs note increased disclosure of adverse impacts by financial market participants

- PAI disclosure is clearer and more structured. Quality and coverage are improving, but gaps remain, but critical environmental and social indicators (e.g. hazardous waste, gender pay gap and non-renewable energy) are still not well covered
- Differences between Articles 8 and 9: a sharp increase in the number of funds that consider PAI indicators (almost 90% under Article 8 and over 97% under Article 9), but the quality and level of detail varies greatly between large groups and smaller operators
- Recommendations to strengthen ESG disclosure include more standardization, separating actual vs. estimated data, making mandatory criteria more closely linked to the materiality of impacts and greater supervision by authorities

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MEPs approve cohesion funding reform to deal with new challenges

- New objectives have been added to EU cohesion funding, including support for defense industry, military mobility, water resilience, sustainable and affordable housing, decarbonization, strategic technologies, and energy infrastructure
- To ensure swift implementation, cohesion funds will benefit from higher pre-financing (a one-off 20% top-up) and increased co-financing rates (up to 10 percentage points more) for resources reallocated in 2026
- The measures also target the EU's eastern borders: regions neighboring Russia, Belarus, and Ukraine can access extra support if they redirect at least 10% of their programs to these new priorities, with an adjusted 9.5% threshold for certain areas to reflect specific geographic and security challenges

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Risks And Vulnerabilities in the EU Financial System

- Global trade tensions and security developments have led to sudden structural changes and a deteriorating economic outlook. Growth forecasts for both the EU and US have been revised downward, with increased divergence in monetary policy between the regions
- Banks remain well-capitalized and profitable, but cracks arise: rising non-performing loans, higher funding costs, and sectoral exposures to vulnerable industries. Reliance on non-EU infrastructures, especially U.S. systems, poses operational and liquidity risks
- Cyber threats are intensifying in scale and sophistication, targeting financial institutions and third-party providers. At the same time, growing interconnections between crypto markets and traditional finance raise the risk of spillovers if volatility spikes

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INSIGHTFUL ESG REASERCH

October 2025



The Return and Risk Characteristics of Controversy-Driven Exclusions

- The study compares targeted exclusions (removing companies with the most severe ESG controversies) vs broad exclusions, evaluating the impact on returns, tracking error, and risk-adjusted performance
- Targeted exclusions produced low tracking error and, in most cases, neutral to slightly positive performance impacts, while broad exclusions led to higher tracking error, weaker risk-adjusted returns, and unintended tilts toward small-cap stocks that negatively affected performance
- A targeted exclusion approach can align responsible investing goals with financial outcomes, whereas broad exclusions may introduce hidden costs, higher benchmark deviations, and performance drag

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Stakeholder input invited on the SBTi's Power Sector Net-Zero Standard

- The new standard is intended to replace SBTi's Quick Start Guide for Electric Utilities (2020), and to apply broadly across the power sector, aligning it with SBTi's updated Corporate Net-Zero Standard
- The power sector, responsible for about 40% of global energy emissions, must decarbonize rapidly as it faces mounting physical and transition risks, while rising electrification in transport, heating, and industry makes credible clean power targets crucial for both mitigation and enabling wider economy-wide decarbonization
- The standard updates and replaces the "Quick Start Guide for Electric Utilities" and is aligned with the Corporate Net-Zero Standard V2, ensuring consistency across SBTi standards

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European banks face vulnerability to ecosystem degradation and climate change

- Around three-quarters of euro area bank lending is to companies highly dependent on ecosystem services such as water supply, soil protection, flood regulation, and climate regulation, making the financial system structurally vulnerable to ecosystem decline
- Strong biodiversity footprint: a small group of banks (around 100) drives nearly 90% of the eurozone's financed biodiversity loss, linked mainly to agriculture, manufacturing, and energy
- Climate change and nature loss reinforce each other, amplifying risks for firms and banks. Regulators and financial institutions should adopt integrated "climate-nature" strategies, embedding ecosystem protection into risk assessments and investment decisions

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Banks Are Shifting from Assessing Climate Risks to Helping Clients Address Them

- The paper argues that banks must shift from merely assessing climate risk to actively helping clients implement adaptation and resilience (A&R) measures
- Although today roughly 95 % of climate-related investment focuses on mitigation, spending on adaptation is expected to balloon: from about USD 65 billion in 2023 to USD 2–3 trillion annually by 2030
- Banks have unique advantages that enable them to advise, finance, and orchestrate adaptation initiatives. But to seize this opportunity, they must overcome barriers (data gaps, project complexity, financial structuring) via five "enablers": internal capabilities, data and tooling, go-to-market strategy, partnership ecosystem, and leadership

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INSIGHTFUL ESG NEWS

October 2025



Carbon capture set to be less useful in tackling climate change

A new Nature study has sharply cut estimates of how much CO₂ can be stored underground, reducing safe capacity from 40,000 Gt to just 1,500 Gt. The risks of leakage, earthquakes and technical failures make CCS far less reliable than once hoped, meaning it cannot serve as a silver bullet for climate goals. Instead, experts stress it should be reserved for hard-to-abate sectors, while the priority must remain on rapidly cutting emissions

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Dutch fund reduces BlackRock ties over clash on sustainability

Dutch pension fund PFZW has cut most equity funds managed by BlackRock, citing disagreements over how it votes on sustainability issues. Once managing around €14.5 billion for PFZW, BlackRock now only handles a smaller money-market portion. PFZW also announced a shift away from passive investing, narrowing its equity holdings from 2,600 to 756 companies to better align with return, risk, and sustainability goals

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EU to bring forward review of 2035 vehicle emissions targets

The EU will bring forward to 2025 its review of the 2035 ban on CO₂-emitting cars, addressing concerns over feasibility and the role of e-fuels. Germany backs e-fuels to preserve combustion engines, while Austria supports the full phase-out. Italy calls for a flexible approach, promoting technological neutrality and support for industry. The review will assess market readiness and alternatives, reflecting the EU's pragmatic climate strategy

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SMEs and lead companies building a shared ecosystem

The Euronext Sustainability Week 2025 highlighted the need for a shared ecosystem between large companies and SMEs to drive the green transition. Supply chains are key. Banks and institutions must support SMEs with collaboration, tools, training, and access to capital. Sustainability is now a strategic driver for competitiveness. A systemic approach based on trust and proximity can turn supply chains into levers for sustainable growth

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Euronext sustainability week: spotlight on sustainable issuers

Euronext Sustainability Week 2025 showcased issuers leading in ESG integration, with examples from Enel, Veolia, and AFYREN. Enel focuses on climate and grid resilience, Veolia advances a validated net-zero pathway with coal phase-out, and AFYREN develops circular, bio-based solutions with strong diversity practices. Together, they illustrate how capital markets and companies of all sizes are driving Europe's sustainable transition

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ISO & GHG Protocol planning a unified global standard

The International Organization for Standardization (ISO) and the Greenhouse Gas (GHG) Protocol have announced a landmark partnership to create a single global framework for carbon accounting. The goal is to harmonize the ISO 1406X standards with the GHG Protocol's widely used Corporate Standard, covering Scope 1, 2 and 3 emissions, to reduce reporting fragmentation, enhance transparency and comparability, and support net-zero targets

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CDP-Confindustria deal to support Italian companies

The CDP and Confindustria signed a Memorandum of Understanding to support the development of the Italian industrial system. This will focus on infrastructure for the energy transition and circular economy, investments in innovation and digitalization, Southern Italy revitalization, youth entrepreneurship, export and internationalization. They also call on the government to provide stable incentives and strengthen companies' competitiveness.

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Decarbonization in Italy: emissions are falling too slowly

Italy is falling behind in the fight against climate change, with emissions only dropping by 2.7% in 2024. This is well below the rate required to meet the EU's climate targets. Despite €101 billion being planned for investment, only 34% of this has been disbursed. The Politecnico di Milano is urging clearer policies, greater investment efficiency and stronger engagement from businesses and communities to accelerate the net zero transition

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ESG & SUSTAINABILITY UPCOMING EVENTS | 2

4Q 2025

Organiser	Event Name	Location	Date	Hyperlink (if any)
 BUILDING BRIDGES <small>Aligning finance with sustainability</small>	Building Bridges 2025	Geneva	30 Sept – 2 Oct 2025	Building Bridges 2025 Summit
	Climate Technology Show	London	1-2 October 2025	Bringing Together Global Climate Action Stakeholders For a Sustainable Tomorrow
	Sustainability data issues and central banks' experience	Amsterdam	4 October 2025	IFC Satellite Seminar on "Sustainability data issues and central banks' experience"
	Sustainability Week Europe	Amsterdam	6-7 October 2025	Sustainability Week Europe
 PRODURABLE	18 th edition Producible	Paris	8-9 October 2025	Producible 18th edition sustainable economy stakeholders and solutions
	IUCN World Conservation Congress	Abu Dhabi	9-15 October 2025	IUCN World Conservation Congress
	The Future of ESG Data EMEA	London	13 October 2025	The Future of ESG Data EMEA
	Sustainable Brands San Diego	San Diego	13-16 October 2025	Sustainable Brands San Diego
	SOSV Climate Tech Summit	Virtual	14 October 2025	SOSV Climate Tech Summit
	Innovatrix 2025	Vienna	15-16 October 2025	2nd ESG Innovation & Finance Summit
	2025 Arctic Circle Assembly	Reykjavik	16-18 October 2025	2025 Arctic Circle Assembly
	Electricity Market 2025	Milan	17 October 2025	Electricity Market 2025
	Green Economy Forum	London	21 October 2025	Green Economy Forum: Financing the Green Transition
	Sustainability Europe 2025	London	21-22 October 2025	Sustainability Europe 2025
	Carbon Market Outlook	Milan	22 October 2025	Carbon Market Outlook 2025

ESG & SUSTAINABILITY UPCOMING EVENTS | 3

4Q 2025

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	Carbon Unbound Europe	London	21-22 October 2025	Carbon Unbound Europe
	Responsible Investor Asia	Singapore	22-23 October 2025	Responsible Investor Asia
	Climate Change week	Milan	22-24 October 2025	4th World Conference on Climate Change & Sustainability
	VERGE Impact 25	San Jose	28-30 October 2025	VERGE Impact 25
	PRI in Person 2025	Sao Paulo	4-6 November 2025	PRI in Person 2025
	Smart City Expo	Barcelona	4-6 November 2025	Smart City Expo World Congress
	Ecomondo – The Green Technology Expo	Rimini	4-7 November 2025	Eco Mondo The ecosystem of the ecological transition
	Greenbuild 2025	Los Angeles	4-7 November 2025	Greenbuild international conference + Expo
	Asia Conference on Environment and Sustainable Development	Fukuoka	8-10 November 2025	2025 10th Asia Conference on Environment and Sustainable Development
	Web Summit	Lisbon	10-13 November 2025	Web Summit
	2025 UN Climate Change Conference	Belem	10-21 November 2025	2025 UN Climate Change Conference (UNFCCC COP 30)
	Sustainable Innovation Forum 2025	Belem	18-25 November 2025	15th annual edition of the Sustainable Innovation Forum
	Slush 2025	Helsinki	19-20 November 2025	Slush annual event

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ESG CONFERENCES ORGANIZED BY INVESTMENT BANKS AND BROKERS

ANNUAL LIST


Organiser	Event Name	Location	Date	Hyperlink (if any)
	Energy Services & Transition Enablers Conference	London	30 Sept - 1 Oct 2025	<u>Energy Services & Transition Enablers Conference</u>
J.P.Morgan	Global Energy Conference	London	3-4 November 2025	<u>Global Energy Conference</u>
Jefferies	Renewables & Clean Energy Conference US	New York	3-5 December 2025	<u>Renewables & Clean Energy Conference US</u>

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