ESG NEWSLETTER

2Q 2026

ARWIN & PARTNERS

Sustainability matters!

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ESG REGULATORY UPDATES
2Q 2026

European Sustainability Reporting Standards for Non-EU Groups (N-ESRS)

- *The draft introduces the N-ESRS, a dedicated sustainability reporting standard for non-EU groups that fall within the scope of the EU's CSRD requirements, establishing a common framework for sustainability disclosures*
- *The proposed standards are built primarily on an impact materiality approach, requiring companies to identify, assess, and report material impacts on people and the environment, while reducing disclosure requirements for non-material topics*
- *A key feature is the mixed approach, which allows non-EU groups to focus certain disclosures on impacts connected to their EU activities, operations, products, or services, helping to balance transparency and reporting burden*

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ESG Ratings: ESMA Sets the Rules for Endorsing Third-Country Providers

- *Authorisation required before 2 August 2026: the ESG Rating Regulation applies from 2 July 2026; providers wishing to endorse ratings issued by non-EU entities must obtain prior ESMA authorisation and will be subject to these guidelines from 2 August 2026*
- *Strict requirements at application and ongoing: providers must prove genuine EU establishment, demonstrate that key decisions are taken within the EU, verify third-country standards meet EU equivalence, and notify ESMA immediately of any change with periodic reviews required to maintain authorisation*
- *Open consultation on two key questions: ESMA is seeking market feedback on the adequacy of the proposed documentation requirements (1Q) and the ongoing supervisory expectations (2Q), before finalising the guidelines*

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The EU Parliament Raises the Bar: More Transparency and Impact, Less Burden SFDR 2.0

- *Mandatory disclaimer for non-SFDR products: products outside sustainable categories must explicitly warn retail investors they don't meet EU anti-greenwashing standards*
- *Mandatory PAI indicators: a minimum set of Principal Adverse Impact indicators becomes compulsory, replacing the current voluntary approach, to enable like-for-like product comparisons*
- *Higher thresholds: the EU Taxonomy safe harbour rises from 15% to 20%; the "ESG basics" category must exclude the bottom 20% of rated securities before measuring performance*
- *24-month transition, immediate burden relief: entity-level PAI reporting is removed from day one; all other new obligations apply 24 months after entry into force*

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Corporate sustainability due diligence – development of guidelines

- *This consultation will inform the development of guidelines to support the effective implementation of the CSDDD*
- *The European Commission will issue guidelines that provide practical orientation to companies on how to fulfil their due diligence obligations, to Member State authorities on how to implement and enforce the Directive, and to stakeholders on how to pursue their rights*
- *The guidelines will also be relevant for companies and other stakeholders in non-EU countries that are linked to the supply chains of companies with obligations under the Directive. The purpose of this questionnaire is to pre-consult stakeholders with a view to collect evidence and assess needs to inform the development of the future guidelines*

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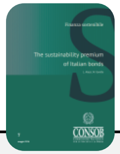
INSIGHTFUL ESG REASERCH

2Q 2026



The sustainability premium of Italian bonds

- *According to the latest study published by CONSOB, sustainable bonds in Italy continue to exhibit a negative and statistically significant risk premium, particularly within the non-financial corporate segment*
- *What does this negative premium mean in practice?*
  - *For issuers: it translates into a clear economic advantage, resulting in a meaningful reduction in funding costs*
  - *For investors: it confirms that Italian ESG bonds are distinctly recognized in the price discovery process and perceived as potentially safer assets, therefore requiring a lower risk premium*
- *The findings also highlight that an issuer's ESG performance has become an integral component of bond pricing, alongside traditional factors such as credit quality and market liquidity*

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ECB to Banks: climate and nature risks are still being underestimated

- *Persistent underestimation: despite structural progress, the ECB warns climate and nature risks remain very likely underestimated, with banks accepting wider uncertainty margins rather than investing in more robust measurement models*
- *Stricter supervision 2026–2028: binding decisions and potential sanctions already issued; the ECB will intensify scrutiny on risk underestimation in line with its upcoming supervisory priorities*
- *Nature risk: the next frontier. Biodiversity risks are still early-stage in banking systems; the ECB flags this as a growing focus, also given the widening insurance protection gap shifting climate losses onto bank balance sheets*

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Fostering Sustainability in Small and Medium-Sized Enterprises

- *Transition stalling. 41% of SMEs have a sustainability strategy: up from 34% in 2020, but flat since 2022*
- *The real barrier is institutional: regulatory complexity and lack of public incentives block over 53% of SMEs, overtaking financial constraints for the first time*
- *ESG pays off: sustainable SMEs report gains in competitiveness (68%), risk management (70%), and operational efficiency (71%)*
- *Climate resilience is the new competitive frontier: 55% of SMEs feel exposed to climate risks, yet 59% remain uninsured against extreme events*

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Bank of Italy: Annual report on sustainable investments and climate risks

- *In 2025, the Bank of Italy further strengthened ESG integration across its investment portfolios, increasing its allocation to sustainable finance instruments, including approximately €7 billion in green bonds*
- *The carbon footprint of its investments continued to improve, with a significant reduction in portfolio carbon intensity for both equity and corporate bond holdings compared with pre-ESG baseline levels*
- *The Bank expanded its climate risk monitoring framework by introducing additional metrics, including Scope 3 emissions, sustainable bond exposure, and nature-related risk indicators, enhancing the assessment of environmental and transition risks*

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INSIGHTFUL ESG NEWS
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ISO publishes new 32212 standard for the climate transition of financial institutions

The new ISO 32212 standard provides a globally applicable framework for banks, insurers, asset managers, and other financial institutions to develop credible net-zero transition plans, integrating climate objectives, governance, risk management, and financing decisions into their core business activities

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ESGtoday

S&P Global Launches Solution to Screen Portfolios for UN Global Compact Alignment

S&P Global introduced a new screening tool that helps investors assess portfolio alignment with the UN Global Compact principles, supporting due diligence and responsible investment decisions. The tool is designed to strengthen ESG due diligence, support stewardship activities, and help asset managers identify potential sustainability-related risks across their investments

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ESG Certifications Create Value, Drive Business Growth Through ROI and Social Impact

A recent analysis shows that ESG certifications can generate tangible business benefits, including stronger reputation, improved stakeholder trust, and enhanced access to financing. Companies with recognized sustainability credentials are also better positioned to capture growth opportunities, improve operational performance, and create positive social value

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24 ORE

Renewable Energy Accelerates but Fails to Satisfy Growing Energy Demand

Renewable energy deployment continues to expand at record speed, driven by investments in solar, wind, and other clean technologies. However, rapidly increasing global energy demand is offsetting part of these gains, meaning fossil fuels still play a significant role in meeting consumption needs and emissions reduction targets remain challenging

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TISFD Publishes First Draft Framework for Reporting Social Risks and Impacts

The TISFD released the first public draft of its reporting framework aimed at improving disclosure of social and inequality-related risks, impacts, and opportunities. Inspired by existing sustainability disclosure initiatives, the framework seeks to provide investors and companies with a more consistent approach to assessing social performance and outcomes

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Business & Human Rights Resource Centre

CSDDD Guidance Letter: BHRP Call for Strong Implementation

A coalition of business and human rights professionals called on policymakers to ensure that the CSDDD remains effective and aligned with international standards. The letter emphasizes the importance of robust due diligence processes, legal certainty for companies, and meaningful protection of human rights throughout global value chains

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Norwegian SWF Calls for a Single ESRS Report Compatible with ISSB Standards

The Norwegian sovereign wealth fund urged European policymakers to simplify sustainability reporting by promoting greater interoperability between ESRS and ISSB standards. According to the fund, a single reporting package would reduce complexity, lower compliance costs, and improve the usefulness of sustainability information for global investors

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Seven U.S. States Sue Trump Administration Over $1 Bn TotalEnergies Agreement

Seven U.S. states have filed legal action challenging a federal agreement involving TotalEnergies and offshore wind development projects. The states argue that the arrangement could hinder the expansion of renewable energy infrastructure and create uncertainty for future clean energy investments in the United States

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ESG & SUSTAINABILITY UPCOMING EVENTS
3Q 2026

Organiser	Event Name	Location	Date	Hyperlink (if any)
IWA the international water association	Water in Industry 2026	Delft	27 June – 3 July 2026	Water in Industry 2026
European Center of Sustainable Development	International Conference on Sustainable Development 2026	Rome	9-10 September 2026	International Conference on Sustainable Development 2026
CLIMATE CHANGE 2026	3rd Global Summit on Climate Change & Environmental Sustainability	Budapest	28-29 September 2026	Climate Change & Environmental Sustainability

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ESG CONFERENCES ORGANIZED BY INVESTMENT BANKS AND BROKERS
ANNUAL LIST

Organiser	Event Name	Location	Date	Hyperlink (if any)
Pareto Securities	Energy Conference	Oslo	16-17 Sep 2026	Pareto Securities’ Annual Energy Conference
Kepler Cheuvreux	Energy Services	London	6-7 Oct 2026	Energy Services
J.P.Morgan	Global Energy Conference	London	30 Nov-1 Dec 2026	Global Energy Conference

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